

ANNUAL FINANCIAL REPORT
GRUNDY COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Summary of Audit Findings

Annual Financial Report
Grundy County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Grundy County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ Deficiencies exist related to work performed for other governmental entities.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in purchasing procedures.
- ◆ Deficiencies were noted in the administration of the Little Jackets Daycare.
- ◆ The general ledger cash accounts for the General Purpose School and School Federal Projects funds were not properly reconciled with county trustee reports for May and June 2015.

OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, COUNTY CLERK, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Grundy County Officials

June 30, 2015

Officials

Michael Brady, County Mayor
Hubert Hargis, Highway Superintendent
Dr. William Childers, Director of Schools
Tyler McCullough, Trustee
Joanne Childers, Assessor of Property
Tammy Sholey, County Clerk
Melody Oliver, Circuit and General Sessions Courts Clerk
Phyllis Dent, Clerk and Master
Gayle VanHooser, Register of Deeds
Clint Shrum, Sheriff

Board of County Commissioners

Daniel Crabtree, Chairman
Gary Brewer
Mike Cordell
David Griswold
John Hargis II
Dennis Jones
David Lockhart
Danny Lusk
Charles Rollins

Board of Education

Timothy Spicer, Chairman
Kasey Anderson
Larry Davis
Robert Foster Jr.
Paul Gallagher
Janie Layne
Haskel Meadows
Gary Melton
Michael Yates

Audit Committee

Brenda Andy, Chairman
Danny Lusk
Rusty Payne

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grundy County Emergency Communications District, which represent 4.66 percent, 6.62 percent, and 1.62 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grundy County Emergency Communications District is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United

States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Grundy County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.9 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$74,896 and the discretely presented Grundy County School Department's net position by \$3,247,192 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans on pages 88 - 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grundy County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

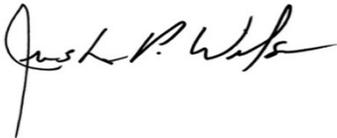
in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grundy County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015, on our consideration of Grundy County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grundy County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2015

JPW/yu

BASIC FINANCIAL STATEMENTS

Grundy County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Grundy County School Department	Grundy County Emergency Communications District	
<u>ASSETS</u>						
Cash	\$ 600	\$ 0	600	\$ 0	\$ 0	704,815
Equity in Pooled Cash and Investments	7,490,708	18,045	7,508,753	2,681,714		0
Accounts Receivable	201	4,558	4,759	81,219		0
Due from Other Governments	501,422	0	501,422	591,205		0
Due from Other Funds	18,060	0	18,060	0		0
Due from Component Units	1,342,721	0	1,342,721	0		0
Property Taxes Receivable	4,165,073	0	4,165,073	1,632,236		0
Allowance for Uncollectible Property Taxes	(193,741)	0	(193,741)	(75,924)		0
Prepaid Items	0	0	0	201,907		5,042
Accrued Interest Receivable	0	0	0	0		249
Net Pension Asset - Agent Plan	224,101	0	224,101	767,496		0
Net Pension Asset - Cost-sharing Plan	0	0	0	37,005		0
Capital Assets:						
Assets Not Depreciated:						
Land	235,273	30,000	265,273	262,199		0
Construction in Progress	822,185	0	822,185	0		0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	2,125,989	822,769	2,948,758	11,613,266		0
Infrastructure	2,030,573	432,166	2,462,739	0		0
Other Capital Assets	574,930	0	574,930	882,128		203,197
Total Assets	\$ 19,338,095	\$ 1,307,538	\$ 20,645,633	\$ 18,674,451	\$	913,303
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Pension Changes in Experience	\$ 0	\$ 0	0	\$ 89,839	\$	0
Pension Contributions After Measurement Date	132,793	0	132,793	953,903		0
Total Deferred Outflows of Resources	\$ 132,793	\$ 0	\$ 132,793	\$ 1,043,742	\$	0

(Continued)

Exhibit B

Grundy County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	0	Governmental Activities	Business-type Activities	Total	Grundy County School Department	Grundy County Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 84,689	\$ 493,302	\$ 35,366	\$ 0	\$ 0	\$ 443,979	\$ 0	\$ 0	\$ 0	\$ 0
Finance	486,041	295,057	300	0	0	(190,684)	0	0	0	0
Administration of Justice	517,174	236,545	0	0	0	(280,629)	0	0	0	0
Public Safety	2,709,183	182,811	81,574	0	0	(2,444,798)	0	0	0	0
Public Health and Welfare	1,435,610	35,429	113,136	448,292	0	(838,753)	0	0	0	0
Social, Cultural, and Recreational Services	48,738	0	0	0	0	(48,738)	0	0	0	0
Agriculture and Natural Resources	103,308	0	0	0	0	(103,308)	0	0	0	0
Highways/Public Works	1,839,869	96,408	1,515,161	752,474	0	524,174	0	0	0	0
Education	220,741	0	0	0	0	(220,741)	0	0	0	0
Interest on Long-term Debt	252,623	0	0	8,331	0	(244,292)	0	0	0	0
Total Governmental Activities	\$ 7,697,976	\$ 1,339,552	\$ 1,745,537	\$ 1,209,097	\$ 0	\$ (3,403,790)	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Waste Water	\$ 108,316	\$ 37,564	\$ 0	\$ 0	\$ 0	\$ (70,752)	\$ (70,752)	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 108,316	\$ 37,564	\$ 0	\$ 0	\$ 0	\$ (70,752)	\$ (70,752)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 7,806,292	\$ 1,377,116	\$ 1,745,537	\$ 1,209,097	\$ 0	\$ (3,403,790)	\$ (70,752)	\$ (3,474,542)	\$ 0	\$ 0
Component Units:										
Grundy County School Department	\$ 19,002,037	\$ 150,097	\$ 3,281,033	\$ 171,066	\$ 0	\$ 0	\$ 0	\$ (15,399,841)	\$ 0	\$ 0
Grundy County Emergency Communications District	331,099	270,740	0	0	0	0	0	0	(60,359)	0
Total Component Units	\$ 19,333,136	\$ 420,837	\$ 3,281,033	\$ 171,066	\$ 0	\$ 0	\$ 0	\$ (15,399,841)	\$ (60,359)	\$ 0

(Continued)

Exhibit B

Grundy County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Grundy County School Department	Grundy County Emergency Communications District	Grundy County		Total
				Governmental Activities	Business-type Activities			School Department	Emergency Communications District	
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes				\$ 3,332,136	\$ 0	\$ 3,332,136	\$ 1,565,473	\$ 0	0	0
Property Taxes Levied for Debt Service				259,147	0	259,147	0	0	0	0
Local Option Sales Taxes				473,249	0	473,249	436,745	0	0	0
Litigation Tax - General				16,336	0	16,336	0	0	0	0
Litigation Tax - Special Purpose				27,870	0	27,870	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				10,844	0	10,844	0	0	0	0
Business Tax				19,899	0	19,899	21,194	0	0	0
Other Local Taxes				1,316	0	1,316	969	0	0	0
Grants and Contributions Not Restricted to Specific Programs				171,431	0	171,431	14,265,135	56,614	56,614	0
Unrestricted Investment Earnings				80,417	12	80,429	0	0	0	2,443
Pension Income				22,588	0	22,588	114,353	0	0	0
Miscellaneous				62,070	8,249	70,319	28,869	0	0	0
Total General Revenues				\$ 4,477,303	\$ 8,261	\$ 4,485,564	\$ 16,432,738	\$ 59,057	\$ 59,057	\$ 59,057
Change in Net Position				\$ 1,073,513	\$ (62,491)	\$ 1,011,022	\$ 1,032,897	\$ (1,302)	\$ (1,302)	\$ (1,302)
Net Position, July 1, 2014				4,376,013	1,343,036	5,719,049	14,476,031	826,105	826,105	826,105
Restatement - See Note I. D. 9				(74,896)	0	(74,896)	(3,247,192)	0	0	0
Restatement - See Note VI. I				0	0	0	0	0	0	0
Net Position, June 30, 2015				\$ 5,374,630	\$ 1,280,545	\$ 6,655,175	\$ 12,261,736	\$ 869,053	\$ 869,053	\$ 869,053

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

Exhibit C-1

Grundy County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600
Equity in Pooled Cash and Investments	1,440,162	1,022,498	595,596	3,810,698	621,754	7,490,708	7,490,708
Accounts Receivable	0	0	0	0	201	201	201
Due from Other Governments	45,265	10,948	367,007	78,202	0	501,422	501,422
Due from Other Funds	18,861	0	0	0	0	18,861	18,861
Property Taxes Receivable	3,447,758	416,498	0	300,817	0	4,165,073	4,165,073
Allowance for Uncollectible Property Taxes	(160,374)	(19,374)	0	(13,993)	0	(193,741)	(193,741)
Total Assets	\$ 4,791,672	\$ 1,430,570	\$ 962,603	\$ 4,175,724	\$ 622,555	\$ 11,983,124	\$ 11,983,124
LIABILITIES							
Payroll Deductions Payable	\$ 746	\$ 0	\$ 212	\$ 0	\$ 0	\$ 958	\$ 958
Due to Other Funds	0	0	0	0	801	801	801
Total Liabilities	\$ 746	\$ 0	\$ 212	\$ 0	\$ 801	\$ 1,759	\$ 1,759
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 3,142,868	\$ 379,667	\$ 0	\$ 274,215	\$ 0	\$ 3,796,750	\$ 3,796,750
Deferred Delinquent Property Taxes	123,701	14,943	0	10,793	0	149,437	149,437
Other Deferred/Unavailable Revenue	0	0	235,777	38,500	0	274,277	274,277
Total Deferred Inflows of Resources	\$ 3,266,569	\$ 394,610	\$ 235,777	\$ 323,508	\$ 0	\$ 4,220,464	\$ 4,220,464
FUND BALANCES							
Restricted:							
Restricted for General Government	\$ 2,006	\$ 0	\$ 0	\$ 0	\$ 558,284	\$ 560,290	\$ 560,290

(Continued)

Exhibit C-1

Grundy 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	Governmental Funds	
Restricted (Cont.):								
Restricted for Administration of Justice	\$ 269,159	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 269,159
Restricted for Public Safety	14,490	0	0	0	0	63,470	0	77,960
Restricted for Public Health and Welfare	12,199	1,035,960	0	0	0	0	0	1,048,159
Restricted for Highways/Public Works	0	0	726,614	0	0	0	0	726,614
Restricted for Capital Outlay	432,052	0	0	0	0	0	0	432,052
Restricted for Debt Service	0	0	0	3,852,216	0	0	0	3,852,216
Unassigned	794,451	0	0	0	0	0	0	794,451
Total Fund Balances	\$ 1,524,357	\$ 1,035,960	\$ 726,614	\$ 3,852,216	\$ 621,754	\$ 0	\$ 0	\$ 7,760,901
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,791,672	\$ 1,430,570	\$ 962,603	\$ 4,175,724	\$ 622,555	\$ 0	\$ 0	\$ 11,983,124

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

Exhibit C-2

Grundy County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,760,901
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	235,273	
Add: construction in progress		822,185	
Add: buildings and improvements net of accumulated depreciation		2,125,989	
Add: infrastructure net of accumulated depreciation		2,030,573	
Add: other capital assets net of accumulated depreciation		<u>574,930</u>	5,788,950
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(4,645,000)	
Less: notes payable		(1,492,764)	
Less: other loans payable		(3,366,075)	
Add: debt to be contributed by the School Department		1,342,721	
Less: compensated absences payable		(12,476)	
Less: other postemployment benefits liability		(90,094)	
Less: landfill closure/postclosure care costs		(378,997)	
Less: accrued interest on bonds and notes		<u>(36,735)</u>	(8,679,420)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	132,793	
Less: deferred inflows of resources related to pensions		<u>(276,409)</u>	(143,616)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			224,101
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>423,714</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>5,374,630</u></u>

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

Exhibit C-3

Grundy County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2015

	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	\$ 3,475,669	\$ 406,228	\$ 0	\$ 760,740	\$ 27,870	\$ 4,670,507	
Licenses and Permits	29,537	0	0	0	0	29,537	
Fines, Forfeitures, and Penalties	45,304	0	0	0	22,004	67,308	
Charges for Current Services	28,365	22	57,400	1	1,908	87,696	
Other Local Revenues	74,535	11,062	47,298	80,439	26,401	239,735	
Fees Received from County Officials	506,068	0	0	0	0	506,068	
State of Tennessee	336,644	33,450	1,515,161	0	0	1,885,255	
Federal Government	543,187	0	0	0	14,872	558,059	
Other Governments and Citizens Groups	4,500	0	0	1,006,339	0	1,010,839	
<u>Total Revenues</u>	\$ 5,043,809	\$ 450,762	\$ 1,619,859	\$ 1,847,519	\$ 93,055	\$ 9,055,004	
<u>Expenditures</u>							
Current:							
General Government	\$ 644,429	\$ 0	\$ 0	\$ 0	\$ 35,964	\$ 680,393	
Finance	454,852	0	0	0	0	454,852	
Administration of Justice	484,903	0	0	0	1,908	486,811	
Public Safety	1,823,692	0	0	0	38,460	1,862,152	
Public Health and Welfare	232,601	730,444	0	0	0	963,045	
Social, Cultural, and Recreational Services	45,269	0	0	0	0	45,269	
Agriculture and Natural Resources	99,045	0	0	0	0	99,045	
Other Operations	827,067	8,180	0	0	319	835,566	
Highways	0	0	1,610,616	0	0	1,610,616	
Operation of Non-instructional Services	49,675	0	0	0	0	49,675	
Debt Service:							
Principal on Debt	35,504	0	0	1,179,078	40,861	1,255,443	
Interest on Debt	877	0	0	255,306	1,717	257,900	

(Continued)

Exhibit C-3

Grundy 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>Expenditures (Cont.)</u>							
Debt Service (Cont.)							
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 16,271	\$ 0	\$ 0	\$ 16,271
Capital Projects	0	0	0	0	888,273	0	888,273
Capital Projects - Donated	0	0	0	0	260,517	0	260,517
Total Expenditures	\$ 4,697,914	\$ 738,624	\$ 1,610,616	\$ 1,450,655	\$ 1,268,019	\$ 0	\$ 9,765,828
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 345,895	\$ (287,862)	\$ 9,243	\$ 396,864	\$ (1,174,964)	\$ 0	\$ (710,824)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 96,000	\$ 0	\$ 0	\$ 0	\$ 943,075	\$ 0	\$ 1,039,075
Other Loans Issued	0	0	0	0	171,066	0	171,066
Proceeds from Sale of Capital Assets	3,025	0	0	0	0	0	3,025
Total Other Financing Sources (Uses)	\$ 99,025	\$ 0	\$ 0	\$ 0	\$ 1,114,141	\$ 0	\$ 1,213,166
Net Change in Fund Balances	\$ 444,920	\$ (287,862)	\$ 9,243	\$ 396,864	\$ (60,823)	\$ 0	\$ 502,342
Fund Balance, July 1, 2014	1,079,437	1,323,822	717,371	3,455,352	682,577	0	7,258,559
Fund Balance, June 30, 2015	\$ 1,524,357	\$ 1,035,960	\$ 726,614	\$ 3,852,216	\$ 621,754	\$ 0	\$ 7,760,901

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

Exhibit C-4

Grundy 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, 2015

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)		\$ 502,342
(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	\$ 1,007,078	
Less: current-year depreciation expense	<u>(430,689)</u>	576,389
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 423,714	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(482,808)</u>	(59,094)
(3) 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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (1,039,075)	
Less: other loan proceeds	(171,066)	
Add: principal payments on bonds	679,044	
Add: principal payments on notes	127,162	
Add: principal payments on other loans	449,237	
Add: contributions to the School Department of note proceeds	89,451	
Less: contributions from the School Department for notes and other loans	<u>(250,034)</u>	(115,281)
(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 accrued interest payable	\$ 5,277	
Change in compensated absences payable	6,699	
Change in net pension liability/asset	298,997	
Change in deferred outflows related to pensions	132,793	
Change in deferred inflows related to pensions	(276,409)	
Change in other postemployment benefits liability	(3,485)	
Change in landfill closure/postclosure care costs	<u>5,285</u>	<u>169,157</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,073,513</u>

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

Exhibit C-5

Grundy County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,475,669	\$ 3,175,800	\$ 3,175,800	\$ 299,869
Licenses and Permits	29,537	31,200	31,200	(1,663)
Fines, Forfeitures, and Penalties	45,304	51,900	51,900	(6,596)
Charges for Current Services	28,365	31,250	36,974	(8,609)
Other Local Revenues	74,535	27,000	50,817	23,718
Fees Received from County Officials	506,068	531,500	533,300	(27,232)
State of Tennessee	336,644	362,342	331,152	5,492
Federal Government	543,187	530,269	627,101	(83,914)
Other Governments and Citizens Groups	4,500	4,500	4,500	0
Total Revenues	\$ 5,043,809	\$ 4,745,761	\$ 4,842,744	\$ 201,065
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 25,275	\$ 26,054	\$ 27,004	\$ 1,729
Board of Equalization	2,000	2,000	2,000	0
Beer Board	224	300	350	126
Other Boards and Committees	0	1,000	0	0
County Mayor/Executive	156,469	158,352	158,352	1,883
County Attorney	20,316	16,000	21,000	684
Election Commission	198,383	204,909	204,909	6,526
Register of Deeds	100,557	104,867	104,867	4,310
County Buildings	140,905	161,029	196,010	55,105
Other General Administration	300	0	300	0
<u>Finance</u>				
Property Assessor's Office	155,771	166,671	166,671	10,900
County Trustee's Office	132,505	118,632	141,161	8,656
County Clerk's Office	166,576	168,611	171,111	4,535
<u>Administration of Justice</u>				
Circuit Court	206,184	223,701	226,486	20,302
General Sessions Judge	134,746	134,421	136,691	1,945
Chancery Court	112,018	112,838	112,838	820
Juvenile Court	31,955	33,405	33,405	1,450
<u>Public Safety</u>				
Sheriff's Department	1,030,806	853,188	1,037,784	6,978
Administration of the Sexual Offender Registry	1,946	500	2,300	354
Jail	712,042	763,428	769,249	57,207
Fire Prevention and Control	5,960	13,000	13,000	7,040
Rescue Squad	3,000	3,000	3,000	0
Other Emergency Management	28,708	30,144	30,144	1,436
County Coroner/Medical Examiner	5,700	2,700	7,200	1,500
Public Safety Grants Program	8,256	0	8,258	2
Other Public Safety	27,274	7,043	42,642	15,368
<u>Public Health and Welfare</u>				
Local Health Center	47,895	49,187	50,017	2,122
Ambulance/Emergency Medical Services	125,000	125,000	125,000	0
Crippled Children Services	0	830	0	0
Other Local Health Services	25,441	50,700	50,700	25,259
Regional Mental Health Center	3,500	3,500	3,500	0
Other Local Welfare Services	9,987	10,000	10,000	13

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Public Health and Welfare	\$ 20,778	\$ 9,752	\$ 28,569	\$ 7,791
<u>Social, Cultural, and Recreational Services</u>				
Libraries	45,269	45,819	45,819	550
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	55,284	77,160	77,160	21,876
Soil Conservation	42,852	44,977	44,977	2,125
Other Agriculture and Natural Resources	909	5,000	5,000	4,091
<u>Other Operations</u>				
Tourism	4,920	5,000	5,000	80
Other Economic and Community Development	458,292	525,215	525,215	66,923
Veterans' Services	15,261	15,322	15,322	61
Other Charges	167,262	171,740	171,740	4,478
Contributions to Other Agencies	19,394	23,850	25,850	6,456
Employee Benefits	144,340	183,000	178,000	33,660
Miscellaneous	17,598	30,000	30,000	12,402
<u>Operation of Non-Instructional Services</u>				
Community Services	49,675	61,142	61,142	11,467
<u>Principal on Debt</u>				
General Government	35,504	54,201	54,201	18,697
<u>Interest on Debt</u>				
General Government	877	1,118	1,118	241
Total Expenditures	\$ 4,697,914	\$ 4,798,306	\$ 5,125,062	\$ 427,148
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 345,895	\$ (52,545)	\$ (282,318)	\$ 628,213
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 96,000	\$ 0	\$ 96,000	\$ 0
Proceeds from Sale of Capital Assets	3,025	0	0	3,025
Insurance Recovery	0	0	42,617	(42,617)
Total Other Financing Sources	\$ 99,025	\$ 0	\$ 138,617	\$ (39,592)
Net Change in Fund Balance	\$ 444,920	\$ (52,545)	\$ (143,701)	\$ 588,621
Fund Balance, July 1, 2014	1,079,437	1,078,200	1,078,200	1,237
Fund Balance, June 30, 2015	\$ 1,524,357	\$ 1,025,655	\$ 934,499	\$ 589,858

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

Exhibit C-6

Grundy County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 406,228	\$ 390,933	\$ 390,933	\$ 15,295
Charges for Current Services	22	10	10	12
Other Local Revenues	11,062	8,100	8,100	2,962
State of Tennessee	33,450	33,700	33,700	(250)
Total Revenues	<u>\$ 450,762</u>	<u>\$ 432,743</u>	<u>\$ 432,743</u>	<u>\$ 18,019</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 33,451	\$ 33,700	\$ 33,700	\$ 249
Convenience Centers	684,923	780,361	780,361	95,438
Landfill Operation and Maintenance	12,070	16,000	16,000	3,930
<u>Other Operations</u>				
Other Charges	8,180	12,000	12,000	3,820
Total Expenditures	<u>\$ 738,624</u>	<u>\$ 842,061</u>	<u>\$ 842,061</u>	<u>\$ 103,437</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (287,862)</u>	<u>\$ (409,318)</u>	<u>\$ (409,318)</u>	<u>\$ 121,456</u>
Net Change in Fund Balance	\$ (287,862)	\$ (409,318)	\$ (409,318)	\$ 121,456
Fund Balance, July 1, 2014	1,323,822	1,328,148	1,328,148	(4,326)
Fund Balance, June 30, 2015	<u>\$ 1,035,960</u>	<u>\$ 918,830</u>	<u>\$ 918,830</u>	<u>\$ 117,130</u>

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

Exhibit C-7

Grundy County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 57,400	\$ 52,000	\$ 52,000	\$ 5,400
Other Local Revenues	47,298	52,800	52,800	(5,502)
State of Tennessee	1,515,161	2,095,000	2,095,000	(579,839)
Total Revenues	<u>\$ 1,619,859</u>	<u>\$ 2,199,800</u>	<u>\$ 2,199,800</u>	<u>\$ (579,941)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 130,643	\$ 134,514	\$ 136,014	\$ 5,371
Highway and Bridge Maintenance	911,113	934,654	1,065,154	154,041
Operation and Maintenance of Equipment	206,459	270,000	268,000	61,541
Other Charges	113,078	117,500	117,500	4,422
Employee Benefits	207,098	266,000	266,000	58,902
Capital Outlay	42,225	826,200	696,200	653,975
Total Expenditures	<u>\$ 1,610,616</u>	<u>\$ 2,548,868</u>	<u>\$ 2,548,868</u>	<u>\$ 938,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,243</u>	<u>\$ (349,068)</u>	<u>\$ (349,068)</u>	<u>\$ 358,311</u>
Net Change in Fund Balance	\$ 9,243	\$ (349,068)	\$ (349,068)	\$ 358,311
Fund Balance, July 1, 2014	<u>717,371</u>	<u>477,498</u>	<u>477,498</u>	<u>239,873</u>
Fund Balance, June 30, 2015	<u>\$ 726,614</u>	<u>\$ 128,430</u>	<u>\$ 128,430</u>	<u>\$ 598,184</u>

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

Grundy County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2015

	Business-type Activities -
	Major Enterprise Fund
	Waste Water Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 18,045
Accounts Receivable	4,558
Total Current Assets	<u>\$ 22,603</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 30,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	822,769
Infrastructure	432,166
Total Noncurrent Assets	<u>\$ 1,284,935</u>
Total Assets	<u><u>\$ 1,307,538</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Due to Other Funds	\$ 18,060
Current Portion of Long-term Liabilities	8,933
Total Current Liabilities	<u>\$ 26,993</u>
Total Liabilities	<u><u>\$ 26,993</u></u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,276,002
Unrestricted	4,543
Total Net Position	<u><u>\$ 1,280,545</u></u>

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

Exhibit D-2

Grundy County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Business-type Activities -
	Major
	Enterprise
	Fund
	Waste
	Water Fund
<u>Operating Revenues</u>	
User Fees/Vending	\$ 37,564
Total Operating Revenues	<u>\$ 37,564</u>
<u>Operating Expenses</u>	
Part-time Personnel	\$ 3,469
Social Security	215
Employer Medicare	50
Communication	1,411
Maintenance and Repair Services - Equipment	6,157
Postal Charges	98
Other Contracted Services	6,826
Electricity	14,180
Water and Sewer	309
Testing	776
Other Supplies and Materials	5,358
Depreciation	68,845
Other Charges	382
Total Operating Expenses	<u>\$ 108,076</u>
Operating Loss	<u>\$ (70,512)</u>
<u>Nonoperating Revenue/(Expenses)</u>	
Interest Income	\$ 12
Insurance Recovery	8,249
Interest on Other Loans Payable	(240)
Total Nonoperating Revenue/(Expenses)	<u>8,021</u>
Change in Net Position	\$ (62,491)
Net Position, July 1, 2014	<u>1,343,036</u>
Net Position, June 30, 2015	<u><u>\$ 1,280,545</u></u>

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

Exhibit D-3

Grundy County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Business-type Activities -
	Major Enterprise Fund
	Waste Water Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 38,226
Payments to Vendors	(35,115)
Payments to Employees	(3,734)
Other Payments	(382)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,005)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Paid on Other Loan	\$ (17,820)
Interest Paid on Other Loan	(240)
Insurance Recovery	8,249
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>\$ (9,811)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contributions to General Fund	\$ (18,060)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>\$ (18,060)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 12
Net Cash Provided by (Used In) Investing Activities	<u>\$ 12</u>
Net Increase (Decrease) in Cash	\$ (28,864)
Cash, July 1, 2014	<u>46,909</u>
Cash, June 30, 2015	<u>\$ 18,045</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (70,512)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	68,845
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	<u>662</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,005)</u>

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

Exhibit E

Grundy County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,769,729
Due from Other Governments	<u>91,962</u>
Total Assets	<u>\$ 1,861,691</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 91,962
Due to Litigants, Heirs, and Others	<u>1,769,729</u>
Total Liabilities	<u>\$ 1,861,691</u>

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

GRUNDY COUNTY, TENNESSEE
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GRUNDY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grundy 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 Grundy County:

A. Reporting Entity

Grundy County is a public municipal corporation governed by an elected nine-member board. As required by GAAP, these financial statements present Grundy 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 Grundy County School Department operates the public school system in the county, and the voters of Grundy County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Grundy County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Grundy County, and its governing body is appointed by the Grundy County Commission. 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 Grundy County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Grundy County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Grundy County Emergency Communications District
P.O. Box 433
Altamont, TN 37301

B. Government-wide and Fund Financial Statements

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

Grundy County issues all debt for the discretely presented Grundy County School Department. Net debt issues totaling \$260,517 were contributed by the county to the School Department during the year ended June 30, 2015

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency

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

Fund financial statements of Grundy County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Grundy County only reports one enterprise fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the enterprise fund 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. Grundy 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.

Proprietary and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Grundy County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions relating to the disposal of Grundy County’s solid waste. 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 and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Grundy County reports the following major proprietary fund:

Waste Water Fund – This fund accounts for a waste water system, which treats waste water for various industries and businesses in the county.

Additionally, Grundy County reports the following fund types:

Capital Projects Funds – These funds are used to account for various capital projects within the county.

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 the 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 Grundy 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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues of this fund.

Additionally, the School Department reports the following fund type:

Private Purpose Trust Fund – The Other Trust Fund is used to account for savings bond awards given to Grundy County students who win an essay contest and a spelling bee. Money for this fund was provided by a citizen.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one enterprise fund used to account for waste water treatment. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Grundy County School Department. Each fund's portion of this pool is displayed on the balance

sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Grundy County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments 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.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.47 percent of total taxes levied.

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

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

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

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 (\$15,000 for roads and bridges) or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience and employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience and changes in investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

Primary Government

The general policy of Grundy County does not allow for the accumulation of vacation and sick days beyond the fiscal year-end, except for the Highway Department, which permits the accumulation of vacation and sick leave exceeding a normal year's accumulation. There is no liability for unpaid accumulated sick leave since the Highway Department does not have a policy to pay any amounts when employees separate from service with the department. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental

funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Grundy County School Department

The general policy of the Grundy County School Department does not allow for the accumulation of personal days beyond the year-end. Unlimited accumulation of unused sick days for all professional personnel (teachers) and up to 30 days for support personnel is allowed. Professional personnel earn two days of personal leave a year and any unused personal leave is converted to sick leave. Support personnel receive one sick day for each month the employee works. Support personnel may request and receive compensation for unused sick leave, accumulated during the current school year, at the end of the fiscal school year. A liability for sick leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

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

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

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

recognized to the extent that the liabilities have matured (come due for payment) each period.

8. **Net Position and Fund Balance**

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

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

As of June 30, 2015, Grundy County had \$8,183,722 in outstanding debt for capital purposes for the discretely presented Grundy County School Department. This debt is a liability of Grundy County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grundy County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to Grundy County's and the Grundy County School Department's beginning net position has been recognized on the Statement of Activities totaling (\$74,896) and (\$3,247,192), respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Grundy County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Grundy County's fiduciary net position have been determined on the same

basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Grundy County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Grundy County School Department

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

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

Primary Government

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

Discretely Presented Grundy County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 was not budgeted, and the capital project funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2015, the Grundy County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Textbooks	\$ 49,769
"	Computers	7,085
"	Cleaning Supplies	9,909
"	Maintenance	15,058

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and

federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled or nonpooled investments as of June 30, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 235,273	\$ 0	\$ 235,273
Construction in Progress	0	822,185	822,185
Total Capital Assets Not Depreciated	\$ 235,273	\$ 822,185	\$ 1,057,458
Capital Assets Depreciated:			
Buildings and Improvements	\$ 3,663,859	\$ 0	\$ 3,663,859
Infrastructure	7,566,118	0	7,566,118
Other Capital Assets	2,530,059	184,893	2,714,952
Total Capital Assets Depreciated	\$ 13,760,036	\$ 184,893	\$ 13,944,929

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Balance 6-30-15
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,451,420	\$ 86,450	\$ 1,537,870
Infrastructure	5,317,832	217,713	5,535,545
Other Capital Assets	2,013,496	126,526	2,140,022
Total Accumulated Depreciation	\$ 8,782,748	\$ 430,689	\$ 9,213,437
Total Capital Assets Depreciated, Net	\$ 4,977,288	\$ (245,796)	\$ 4,731,492
Governmental Activities Capital Assets, Net	\$ 5,212,561	\$ 576,389	\$ 5,788,950

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

General Government	\$ 48,366
Public Safety	66,331
Public Health and Welfare	26,772
Agriculture and Natural Resources	491
Highways/Public Works	288,729
Total Depreciation Expense - Governmental Activities	\$ 430,689

Waste Water Fund (enterprise fund)**Business-type Activities:**

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 30,000	\$ 0	\$ 30,000
Total Capital Assets Not Depreciated	\$ 30,000	\$ 0	\$ 30,000

Business-type Activities (Cont.):

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,654,496	\$ 0	\$ 1,654,496
Infrastructure	777,647	0	777,647
Total Capital Assets Depreciated	<u>\$ 2,432,143</u>	<u>\$ 0</u>	<u>\$ 2,432,143</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 792,433	\$ 39,294	\$ 831,727
Infrastructure	315,930	29,551	345,481
Total Accumulated Depreciation	<u>\$ 1,108,363</u>	<u>\$ 68,845</u>	<u>\$ 1,177,208</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,323,780</u>	<u>\$ (68,845)</u>	<u>\$ 1,254,935</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 1,353,780</u></u>	<u><u>\$ (68,845)</u></u>	<u><u>\$ 1,284,935</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

Depreciation expense was charged to functions of the enterprise fund as follows:

Business-type Activities:

Public Health and Welfare	<u>\$ 68,845</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 68,845</u></u>

Discretely Presented Grundy County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 262,199	\$ 0	\$ 0	\$ 262,199
Construction in Progress	21,500	0	(21,500)	0
Total Capital Assets Not Depreciated	\$ 283,699	\$ 0	\$ (21,500)	\$ 262,199
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,929,819	\$ 403,050	\$ 0	\$ 22,332,869
Other Capital Assets	2,777,540	205,301	(43,779)	2,939,062
Total Capital Assets Depreciated	\$ 24,707,359	\$ 608,351	\$ (43,779)	\$ 25,271,931
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,125,412	\$ 594,191	\$ 0	\$ 10,719,603
Other Capital Assets	1,927,775	170,749	(41,590)	2,056,934
Total Accumulated Depreciation	\$ 12,053,187	\$ 764,940	\$ (41,590)	\$ 12,776,537
Total Capital Assets Depreciated, Net	\$ 12,654,172	\$ (156,589)	\$ (2,189)	\$ 12,495,394
Governmental Activities Capital Assets, Net	\$ 12,937,871	\$ (156,589)	\$ (23,689)	\$ 12,757,593

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

Governmental Activities:

Instruction	\$ 410,030
Support Services	335,820
Operation of Non-instructional Services	<u>19,090</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 764,940</u>

C. Construction Commitments

At June 30, 2015, Grundy County had uncompleted construction contracts of approximately \$5,738,942 for the construction of a jail. Funding for these future expenditures is expected to be received from loan anticipation notes and federal loans.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 801
"	Waste Water	18,060
Component Unit:		
School Department:		
General Purpose School	Nonmajor governmental	200

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.

The receivable in the discretely presented School Department's General Purpose School Fund totaling \$200 was in transit from the School Federal Projects Fund at June 30, 2015.

Due to/from Primary Government and Component Unit:

Receivable	Payable	Amount
	Component Unit:	
Primary Government	School Department	\$ 1,342,721

The Due to Primary Government consists of the balance of notes (\$207,644) and another loan (\$1,135,077) issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire this debt. These long-term debt obligations are reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amount:

Discretely Presented Grundy County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 18,900

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. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 15 years for bonds, up to five years for notes, and up

to 13 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. As of June 30, 2015, all bonds included in long-term debt will be retired from the General Debt Service Fund, capital outlay notes will be retired from the General and General Debt Service funds, and other loans will be retired from the Industrial/Economic Development and General Debt Service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds -				
School Refunding	4.15%	5-1-21	\$ 9,405,000	\$ 4,645,000
Capital Outlay Notes	2.49 to 3.5	10-1-19	1,702,151	1,492,764
Other Loans	0 to 3	9-11-22	2,011,548	1,170,074
Other Loans	Variable	6-1-17	2,690,000	2,196,001

On December 7, 2012, Grundy County entered into a loan agreement with the City of Clarksville, Tennessee, Public Building Authority. This loan agreement provided for the authority to loan \$2,690,000 to Grundy County on an as-needed basis for various school renovation and construction projects. 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 in connection with this loan. At June 30, 2015, the variable interest rate was 1.13 percent, and other fees totaled approximately .123 percent of the outstanding loan principal plus \$125 a month.

On September 19, 2003, the county assumed \$427,739 of a Community Development Block Grant Industrial Development Loan. The original loan totaling \$699,000 had passed through Grundy County to an industrial corporation located in the county. The balance of this loan totaling \$34,997, along with interest of \$483, will be repaid next year.

The annual requirements to amortize all general obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 700,000	\$ 192,767	\$ 892,767
2017	725,000	163,717	888,717
2018	755,000	133,630	888,630
2019	790,000	102,297	892,297
2020	820,000	69,514	889,514
2021	855,000	35,483	890,483
Total	\$ 4,645,000	\$ 697,408	\$ 5,342,408

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 1,297,805	\$ 8,862	\$ 1,306,667
2017	77,791	5,407	83,198
2018	79,930	3,267	83,197
2019	18,357	1,080	19,437
2020	18,881	548	19,429
Total	\$ 1,492,764	\$ 19,164	\$ 1,511,928

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2016	\$ 448,373	\$ 25,298	\$ 4,701	\$ 478,372
2017	418,376	21,933	4,387	444,696
2018	424,376	18,995	4,068	447,439
2019	429,376	15,989	3,741	449,106
2020	435,376	12,927	3,407	451,710
2021-23	1,210,198	19,731	8,147	1,238,076
Total	\$ 3,366,075	\$ 114,873	\$ 28,451	\$ 3,509,399

There is \$3,852,216 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$694, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School

Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-15</u>
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Bus	\$ 32,398
School Bus	85,795
School Bus	89,451

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-15</u>
<u>Other Loans</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Improvements	<u>\$ 1,135,077</u>
Total	<u><u>\$ 1,342,721</u></u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance July 1, 2014	\$ 5,324,044	\$ 580,851	\$ 3,644,246
Additions	0	1,039,075	171,066
Reductions	<u>(679,044)</u>	<u>(127,162)</u>	<u>(449,237)</u>
Balance June 30, 2015	<u>\$ 4,645,000</u>	<u>\$ 1,492,764</u>	<u>\$ 3,366,075</u>
Balance Due Within One Year	<u>\$ 700,000</u>	<u>\$ 1,297,805</u>	<u>\$ 448,373</u>

	Other Postemployment Benefits	Landfill Postclosure Care Costs	Compensated Absences
Balance July 1, 2014	\$ 86,609	\$ 384,282	\$ 19,175
Additions	6,089	5,785	13,653
Reductions	(2,604)	(11,070)	(20,352)
Balance June 30, 2015	<u>\$ 90,094</u>	<u>\$ 378,997</u>	<u>\$ 12,476</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 11,070</u>	<u>\$ 12,476</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 9,985,406
Less: Due Within One Year	<u>(2,469,724)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,515,682</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

During February 2004, Grundy County entered into a revocable contract with a private firm to provide postclosure care for the county's closed landfill. Terms of this agreement require the county to pay an annual fee of \$9,920 for postclosure care costs. The county is required to provide postclosure care for this closed landfill for the next 17 years.

Waste Water Fund (enterprise fund)

Other Loans

Other loans outstanding were issued for original terms of up to ten years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Other loans included in long-term debt as of June 30, 2015, will be retired from the Waste Water Fund.

Other loans outstanding as of June 30, 2015, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
Other Loans	1.26%	12-30-15	\$ 318,980	\$ 8,933

The annual requirements to amortize other loans outstanding as of June 30, 2015, including interest payments, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2016	\$ 8,933	\$ 113	\$ 9,046
Total	\$ 8,933	\$ 113	\$ 9,046

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Business-type Activities:

	Other Loans
Balance July 1, 2014	\$ 26,753
Reductions	(17,820)
Balance June 30, 2015	\$ 8,933
Balance Due Within One Year	\$ 8,933

Discretely Presented Grundy County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Grundy County School Department for the year ended June 30, 2015, was as follows:

	Other Postemployment Benefits	Compensated Absences
Balance July 1, 2014	\$ 521,441	\$ 59,297
Additions	108,537	60,172
Reductions	(96,333)	(59,297)
	<hr/>	<hr/>
Balance June 30, 2015	\$ 533,645	\$ 60,172
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 60,172
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 593,817
Less: Due Within One Year	<u>(60,172)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 533,645</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Grundy County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, were \$300. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Grundy County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grundy 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, 2015, were \$75,637 and \$19,688, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Grundy County is exposed to various risks related to general liability, property, casualty, and workers' compensation. Grundy County is a member of the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the pools for general liability, property, casualty losses, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims of more than \$100,000 for each insured event.

Grundy County and the Highway Department provide health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums. Grundy County also provides commercial health insurance coverage to its employees. Settled claims have not exceeded this commercial coverage over the past three fiscal years. Employees of the county have the option to choose which coverage they prefer. Grundy County's and the Highway Department's pre-65 age retirees are not allowed to remain in the commercial insurance program.

Discretely Presented Grundy County School Department

The discretely presented Grundy County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department is a member of the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The School Department pays annual premiums to these pools for general liability, property, casualty losses, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Events

On August 26, 2015, Grundy County issued a capital outlay note totaling \$315,000 for dump trucks.

Between July 1, 2015, and October 14, 2015, Grundy County issued other loan anticipation notes totaling \$1,265,813 for jail construction.

D. Contingent Liabilities

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

E. Changes in Administration

On August 31, 2014, Lonnie Cleek left the Office of County Mayor and was succeeded by Michael Brady, Lucyle Hampton left the Office of Trustee and was succeeded by Tyler McCullough, Marcia Bess left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Melody Oliver, and Brent Myers left the Office of Sheriff and was succeeded by Clint Shrum. On March 16, 2015, Dr. David Dickerson left the office of Director of Schools and was succeeded by Dr. William Childers.

F. Landfill Postclosure Care Costs

Grundy 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 landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Although the Grundy County landfill closed in 2001, the county has contracted with a private company for its waste disposal. The Solid Waste/Sanitation Fund (special revenue fund) reports postclosure care costs as expenditures in each period in which they are incurred. The \$378,997 reported as landfill postclosure care cost liability at June 30, 2015, represents the net amount reported to date based on 100 percent use of the estimated capacity of the landfill. The county maintains a revocable contract with a private firm for postclosure care costs on the closed landfill. The county is required to monitor the closed landfill for the next 20 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district includes Grundy, Franklin, Grundy, Marion, Rhea, and Sequatchie 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 and the sheriffs and police chiefs of the participating law enforcement agencies within the judicial district. Grundy County made no contributions to the DTF for the year ended June 30, 2015, 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
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Grundy County and non-certified employees of the discretely presented Grundy County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 22.6 percent and the non-certified employees of the discretely present School Department comprise 77.4 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vest members at age 55. Members vest with five years

of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	122
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	117
Active Employees	177
 Total	 <u><u>416</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Grundy County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the employer contributions for Grundy County were \$314,169 based on a rate of 8.85 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Grundy County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Grundy County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
	0.98		29	
	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Grundy County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 14,817,592	\$ 14,106,156	\$ 711,436
Changes for the year:			
Service Cost	\$ 323,260	\$ 0	\$ 323,260
Interest	1,109,654	0	1,109,654
Differences Between Expected and Actual Experience	(254,053)	0	(254,053)
Contributions-Employer	0	380,039	(380,039)
Contributions-Employees	0	181,333	(181,333)
Net Investment Income	0	2,327,596	(2,327,596)
Benefit Payments, Including Refunds of Employee Contributions	(690,937)	(690,937)	0
Administrative Expense	0	(7,074)	7,074
Other Changes	0	0	0
Net Changes	\$ 487,924	\$ 2,190,957	\$ (1,703,033)
Balance, June 30, 2014	\$ 15,305,516	\$ 16,297,113	\$ (991,597)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	22.6%	\$ 3,459,047	\$ 3,683,148	\$ (224,101)
School Department	77.4%	11,846,469	12,613,965	(767,496)
Total		\$ 15,305,516	\$ 16,297,113	\$ (991,597)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Grundy County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Grundy County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 846,488	\$ (991,597)	\$ (2,531,513)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Grundy County recognized pension income of \$99,946.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Grundy County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 203,242
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,019,806
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>314,169</u>	<u>N/A</u>
Total	<u>\$ 314,169</u>	<u>\$ 1,223,048</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 132,793	\$ 276,409
School Department	181,376	946,639
Total	<u>\$ 314,169</u>	<u>\$ 1,223,048</u>

Amounts reported as deferred outflows of resources, with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (305,763)
2017	(305,763)
2018	(305,763)
2019	(305,763)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Grundy County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Grundy County and non-certified employees of the discretely presented Grundy County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 22.6 percent and the non-certified employees of the discretely present School Department comprise 77.4 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Grundy County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost

controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$12,037, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is not any net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Grundy County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Grundy County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 12,037	N/A

The Grundy County School Department's employer contributions of \$12,037 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Grundy County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change

is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Grundy County Schools for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$760,490 which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Grundy County School Department reported an asset of \$37,005 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Grundy County School Department's proportion of the net pension asset was based on the Grundy County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At June 30, 2014, the Grundy County School Department's proportion was .22773 percent. The proportion measured as of June 30, 2013, was .229967 percent.

Pension Income. For the year ended June 30, 2015, the Grundy County School Department recognized a pension income of \$36,995.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Grundy County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 89,839	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,048,988
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	31,552
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>760,490</u>	<u>N/A</u>
Total	<u>\$ 850,329</u>	<u>\$ 3,080,540</u>

Grundy County School's employer contributions of \$760,490 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (752,533)
2017	(752,533)
2018	(752,533)
2019	(752,533)
2020	9,714
Thereafter	9,714

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Grundy County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Grundy County School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 6,241,335 \$ (37,005) \$ (5,234,790)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Grundy County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Grundy County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Grundy County School Department contributed \$15,047 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

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

I. Other Postemployment Benefits (OPEB)

Plan Description

Grundy County and the School Department participate in the state-administered Local Education Group Insurance Plan, Local Government Group Insurance Plan, and Medicare Supplement Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, Section 8-27-207, *TCA*, for local governments, and Section 8-27-701,

TCA, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for health care 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 each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Grundy County retirees' contributions would vary depending on the insurance options they select, currently there are no Grundy County retirees on the state insurance plan. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$190 to 1,144 per month. Grundy County and the School Department recognized expenditures of \$2,604 and \$96,333, respectively, for postemployment health care during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
	<hr/>	<hr/>
ARC	\$ 108,000	\$ 6,000
Interest on the NOPEBO	20,857	3,464
Adjustment to the ARC	(20,320)	(3,375)
Annual OPEB cost	<hr/> \$ 108,537	<hr/> \$ 6,089
Amount of contribution	(96,333)	(2,604)
Increase/decrease in NOPEBO	<hr/> \$ 12,204	<hr/> \$ 3,485
Net OPEB obligation, 7-1-14	<hr/> 521,441	<hr/> 86,609
Net OPEB obligation, 6-30-15	<hr/> <hr/> \$ 533,645	<hr/> <hr/> \$ 90,094

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Adjusted Obligation at Year End
6-30-13	Local Education Group	\$ 245,090	37.54 %	\$ 523,025
6-30-14	"	104,539	101.52	521,441
6-30-15	"	108,537	88.76	533,645
6-30-13	Local Government Group	12,824	14.89	82,251
6-30-14	"	5,085	14.30	86,609
6-30-15	"	6,089	42.76	90,094

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 1,116,000	\$ 48,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,116,000	\$ 48,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,436,149	\$ 909,020
UAAL as a % of covered payroll	17.34%	5.28%

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, 2013, actuarial valuation for the Local Government Plan and the Local Education 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 health care cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. This rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 435, Private Acts of 1939, and the Uniform Road Law, Section 54-7-113, *TCA*, which 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 School Department are governed by purchasing laws applicable to the 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 the 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.

VI. OTHER NOTES – DISCRETELY PRESENTED GRUNDY COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

Business Activities

The Grundy County Emergency Communications District provides funds and support to procure, lease, and maintain necessary equipment and services related to fielding emergency phone calls in Grundy County, Tennessee.

The district is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts. The district is defined as a component unit of the

local government of Grundy County, Tennessee under the criteria of Government Accounting Standards Board. The Grundy County Commission appoints the Board of Directors. The Grundy County Commission may appropriate funds to the district for its operation and maintenance. No funds have been appropriated by the Grundy County Commission. The district must obtain permission from the Grundy County Commission prior to issuing long-term debt.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fund Financial Statements

The district's proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The district classifies net position in the proprietary fund financial statements as follows:

- Net investment in capital assets – includes the district's capital assets (net of accumulated depreciation).
- Restricted net position – includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The district uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project. The district had no restrictions at June 30, 2015.

- Unrestricted net position – the district includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

Cash Deposits

The district is authorized to invest in the following types of securities and indebtedness, in accordance with governing statutes:

- (1) Bonds, notes, treasury bills, or similar types of indebtedness of the United States.
- (2) Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- (3) Other obligations not specified above, which provide guaranteed principal and interest by the United States or any of its agencies.
- (4) Repurchase agreements, which involve obligations of the United States or its agencies, provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.
- (5) Money market funds invested in any of the aforementioned securities.

The district's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the district's custodial bank in the district's name. The carrying amount of total cash deposits for the year ended June 30, 2015, was \$704,815. The entire amount of deposits is collateralized with securities held by pledging financial institution and federal depository insurance.

Utility Plant

Equipment and property additions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life. The district estimates the useful life of its equipment to be seven years, as well as five years for general office equipment.

Mapping Costs

This intangible asset represents amounts paid for mapping the area and preparing a database for information purposes. These costs are being amortized over a ten-year period.

Amortization expense for the year ended June 30, 2015, was \$2,276.

Cash Flow

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

Budgetary Data

Formal budgetary accounting is employed as a management control for all funds of the district. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the line-item level. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

B. Utility Plant

A summary of changes in the utility plant is as follows:

Capital Assets	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Depreciated:				
Equipment	\$ 599,410	\$ 0	\$ (2,308)	\$ 597,102
Total Capital Assets Depreciated	\$ 599,410	\$ 0	\$ (2,308)	\$ 597,102
Less Accumulated Depreciation For:				
Equipment	\$ 337,177	\$ 59,036	\$ (2,308)	\$ 393,905
Total Accumulated Depreciation	\$ 337,177	\$ 59,036	\$ (2,308)	\$ 393,905
Total Capital Assets Depreciated, Net	\$ 262,233	\$ (59,036)	\$ 0	\$ 203,197

C. Cash and Cash Equivalents

At June 30, 2015, total cash was \$704,815 of which \$214,464 is held in certificates of deposit with maturities of more than three months, leaving \$490,351 considered as cash and cash equivalents.

D. Budgeting Procedures

The official and amended budget for June 30, 2015, was prepared for adoption for the proprietary fund by July 10, 2014.

The district's actual expenditures exceeded the amount appropriated in the final budget passed on July 9, 2014. This practice is contrary to state statutes, which require all expenditures of the general and special revenue funds be authorized by the governing body.

E. Compensated Absences

At June 30, 2015, the district did not have any employees. The district has deferred establishing policies for vacation and/or sick pay until such time as it has full-time employees. As a result, no liability is recorded in the financial statements.

F. Intergovernmental Cooperation

The district has agreed to participate in an intergovernmental cooperation that includes Grundy, Sequatchie, and Van Buren counties in Tennessee. The cooperation was formed for the sole purpose of assisting the counties involved in the addressing, mapping, and database development needed for the implementation of a dispatch center. The cooperation does not obligate any district to any expenditure without express, written approval from the applicable county. The cooperation's board of directors is composed of three individuals from each district's board of directors.

G. Emergency Communications Agreement

On July 1, 2004, the district entered into an Emergency Communications Agreement with the City of Monteagle pursuant to *Tennessee Code Annotated*, Section 5-11-113. The agreement was renewed in 2008 for a period of four years expiring on June 30, 2012. Following 2012, the district and the City of Monteagle agreed upon a one-year contract ended June 30, 2013. The agreement shall automatically renew for additional terms unless either party elects to withdraw by providing written notice no less than 180 days prior to the end of the term. Each term ends June 30 and no withdrawal notices have been provided as of the date of this audit report.

The agreement provides for the City of Monteagle to supply trained and certified dispatchers as required under state law and Emergency Communications Board Standards to handle dispatching calls. The city agrees to adequately staff and operate the 911 system twenty-four hours a day, seven days per week. The agreement specified that the district shall cover all costs the city incurs and other payments are discretionary to the district's Board of Directors.

The city agrees to name the district and its designees as an additional named insurer on city property and liability insurance policies, to cover any loss, damage or destruction of the PSAP equipment or other property of the district that may result from any cause or peril, or provide an acceptable equivalent guarantee, provided the district reimburse the city any cost relating to premiums, or portions of premiums, that relate to district property.

Payments under this agreement for the year ended June 30, 2015, totaled \$191,750.

H. Interest Income

For the year ended June 30, 2015, the district had total interest income of \$2,443. This amount is different from the interest received of \$2,467 due to the change in interest receivable.

I. Restatement

During 2015, certain matters were noted that require restatement of the prior year. During the audit period, testing revealed that prior-year accounts payable were overstated by an amount above the tolerable misstatement, which required a restatement to correctly report certain expense accounts.

The following summarizes the aforementioned adjustments to net position at July 1, 2014:

Net Position, beginning of year, as previously noted	\$	826,105
Restatement, as discussed above		<u>44,250</u>
Fund Net Position, beginning of the year, as restated	\$	<u><u>870,355</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

GRUNDY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	2 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

Exhibit F-1

Grundy County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 323,260
Interest	1,109,654
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(254,053)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(690,937)</u>
Net Change in Total Pension Liability (Asset)	\$ 487,924
Total Pension Liability (Asset), Beginning	<u>14,817,592</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 15,305,516</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 380,039
Contributions - Employee	181,333
Net Investment Income	2,327,596
Benefit Payments, Including Refunds of Employee Contributions	(690,937)
Administrative Expense	<u>(7,074)</u>
Net Change in Plan Fiduciary Net Position	\$ 2,190,957
Plan Fiduciary Net Position, Beginning	<u>14,106,156</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 16,297,113</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (991,597)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 106.48%
Covered Employee Payroll	\$ 3,622,870
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	27.37%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit F-2

Grundy County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 380,039	\$ 314,169
Less Contributions in Relation to the Actuarially Determined Contribution	(380,039)	(314,169)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 3,622,870	 \$ 3,556,423
Contributions as a Percentage of Covered Employee Payroll	10.49%	8.83%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit F-3

Grundy County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Grundy County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 7,523
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(12,037)</u>
Contribution Deficiency (Excess)	<u>\$ (4,514)</u>
Covered Employee Payroll	\$ 300,932
Contributions as a Percentage of Covered Employee Payroll	4%

Note: ten years of data will be presented when available.

Exhibit F-4

Grundy County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Grundy County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 793,730	\$ 760,490
Less Contributions in Relation to the Actuarially Determined Contribution	(793,730)	(760,490)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,938,382	\$ 8,412,496
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-5

Grundy County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Grundy County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.227730%
School Department's Proportionate Share of the Net Pension Asset	\$ 37,005
Covered Employee Payroll	\$ 8,938,382
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Grundy County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Grundy County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	330	\$ 330	0 %	\$ 850	39 %
"	7-1-11	0	172	172	0	864	20
"	7-1-13	0	48	48	0	909	5
<u>DISCRETELY PRESENTED GRUNDY COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,548	1,548	0	6,960	22
"	7-1-11	0	2,178	2,178	0	6,611	33
"	7-1-13	0	1,116	1,116	0	6,436	17

**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. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for lease/rental revenues on county industrial buildings and state/federal grants related to industrial/economic development.

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

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

Capital Projects Funds

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Grundy County that is subsequently contributed to the discretely presented Grundy County School Department for construction and renovation projects.

Exhibit G-1

Grundy County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

		Special Revenue Funds					
		Courthouse and Jail Maintenance	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees	Total	
<u>ASSETS</u>							
Cash	\$	0 \$	0 \$	0 \$	600 \$	600	
Equity in Pooled Cash and Investments		122,086	436,198	54,468	0	612,752	
Accounts Receivable		0	0	0	201	201	
Total Assets	\$	122,086 \$	436,198 \$	54,468 \$	801 \$	613,553	
<u>LIABILITIES</u>							
Due to Other Funds	\$	0 \$	0 \$	0 \$	801 \$	801	
Total Liabilities	\$	0 \$	0 \$	0 \$	801 \$	801	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for General Government	\$	122,086 \$	436,198 \$	0 \$	0 \$	558,284	
Restricted for Public Safety		0	0	54,468	0	54,468	
Total Fund Balances	\$	122,086 \$	436,198 \$	54,468 \$	0 \$	612,752	
Total Liabilities and Fund Balances	\$	122,086 \$	436,198 \$	54,468 \$	801 \$	613,553	

(Continued)

Grundy County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds (Cont.)

	Capital Projects Fund	Total Nonmajor Governmental Funds
	0 \$	600
	9,002	621,754
	0	201
	<u>9,002 \$</u>	<u>622,555</u>
	0 \$	801
	0 \$	801
	0 \$	558,284
	9,002	63,470
	<u>9,002 \$</u>	<u>621,754</u>
	<u>9,002 \$</u>	<u>622,555</u>

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable

Total Assets

LIABILITIES

Due to Other Funds
 Total Liabilities

FUND BALANCES

Restricted:
 Restricted for General Government
 Restricted for Public Safety
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit G-2

Grundy County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2015

	Special Revenue Funds					Capital Projects Funds
	Courthouse and Jail Maintenance	Industrial / Economic Development	Drug Control	Constitu- tional Officers - Fees	Total	
Revenues						
Local Taxes	\$ 27,870	\$ 0	\$ 0	\$ 0	\$ 27,870	\$ 0
Fines, Forfeitures, and Penalties	0	0	22,004	0	22,004	0
Charges for Current Services	0	0	0	1,908	1,908	0
Other Local Revenues	0	26,401	0	0	26,401	0
Federal Government	0	0	14,872	0	14,872	0
Total Revenues	\$ 27,870	\$ 26,401	\$ 36,876	\$ 1,908	\$ 93,055	\$ 0
Expenditures						
Current:						
General Government	\$ 35,964	\$ 0	\$ 0	\$ 0	\$ 35,964	\$ 0
Administration of Justice	0	0	0	1,908	1,908	0
Public Safety	0	0	38,460	0	38,460	0
Other Operations	279	40	0	0	319	0
Debt Service:						
Principal on Debt	0	40,861	0	0	40,861	0
Interest on Debt	0	1,717	0	0	1,717	0
Capital Projects	0	0	0	0	0	888,273
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 36,243	\$ 42,618	\$ 38,460	\$ 1,908	\$ 119,229	\$ 888,273
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,373)	\$ (16,217)	\$ (1,584)	\$ 0	\$ (26,174)	\$ (888,273)

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Capital Projects Funds
	Courthouse and Jail Maintenance	Industrial / Economic Development	Drug Control	Constitu- tional - Officers - Fees	Total	
Other Financing Sources (Uses)						
Notes Issued	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	853,624
Other Loans Issued	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	853,624
Net Change in Fund Balances	\$ (8,373) \$	(16,217) \$	(1,584) \$	0 \$	(26,174) \$	(34,649)
Fund Balance, July 1, 2014	130,459	452,415	56,052	0	638,926	43,651
Fund Balance, June 30, 2015	\$ 122,086 \$	436,198 \$	54,468 \$	0 \$	612,752 \$	9,002

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0 \$	0 \$	27,870
Fines, Forfeitures, and Penalties	0	0	22,004
Charges for Current Services	0	0	1,908
Other Local Revenues	0	0	26,401
Federal Government	0	0	14,872
Total Revenues	\$ 0 \$	0 \$	93,055
<u>Expenditures</u>			
Current:			
General Government	0 \$	0 \$	35,964
Administration of Justice	0	0	1,908
Public Safety	0	0	38,460
Other Operations	0	0	319
Debt Service:			
Principal on Debt	0	0	40,861
Interest on Debt	0	0	1,717
Capital Projects	0	888,273	888,273
Capital Projects - Donated	260,517	260,517	260,517
Total Expenditures	\$ 260,517 \$	1,148,790 \$	1,268,019
Excess (Deficiency) of Revenues Over Expenditures	\$ (260,517) \$	(1,148,790) \$	(1,174,964)

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 89,451	\$ 943,075	\$ 943,075
Other Loans Issued	171,066	171,066	171,066
Total Other Financing Sources (Uses)	\$ 260,517	\$ 1,114,141	\$ 1,114,141
Net Change in Fund Balances	\$ 0	\$ (34,649)	\$ (60,823)
Fund Balance, July 1, 2014	0	43,651	682,577
Fund Balance, June 30, 2015	\$ 0	\$ 9,002	\$ 621,754

Exhibit G-3

Grundy 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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 27,870	\$ 40,000	\$ 40,000	\$ (12,130)
Total Revenues	\$ 27,870	\$ 40,000	\$ 40,000	\$ (12,130)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 35,964	\$ 31,000	\$ 37,500	\$ 1,536
<u>Other Operations</u>				
Other Charges	279	700	700	421
Total Expenditures	\$ 36,243	\$ 31,700	\$ 38,200	\$ 1,957
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,373)	\$ 8,300	\$ 1,800	\$ (10,173)
Net Change in Fund Balance	\$ (8,373)	\$ 8,300	\$ 1,800	\$ (10,173)
Fund Balance, July 1, 2014	130,459	130,459	130,459	0
Fund Balance, June 30, 2015	\$ 122,086	\$ 138,759	\$ 132,259	\$ (10,173)

Exhibit G-4

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 26,401	\$ 26,000	\$ 26,000	\$ 401
Total Revenues	\$ 26,401	\$ 26,000	\$ 26,000	\$ 401
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 40	\$ 1,000	\$ 1,000	\$ 960
<u>Principal on Debt</u>				
General Government	40,861	40,862	40,862	1
<u>Interest on Debt</u>				
General Government	1,717	1,718	1,718	1
Total Expenditures	\$ 42,618	\$ 43,580	\$ 43,580	\$ 962
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,217)	\$ (17,580)	\$ (17,580)	\$ 1,363
Net Change in Fund Balance	\$ (16,217)	\$ (17,580)	\$ (17,580)	\$ 1,363
Fund Balance, July 1, 2014	452,415	452,416	452,416	(1)
Fund Balance, June 30, 2015	\$ 436,198	\$ 434,836	\$ 434,836	\$ 1,362

Exhibit G-5

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 22,004	\$ 11,000	\$ 11,000	\$ 11,004
Federal Government	14,872	0	14,929	(57)
Total Revenues	<u>\$ 36,876</u>	<u>\$ 11,000</u>	<u>\$ 25,929</u>	<u>\$ 10,947</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 38,460	\$ 8,000	\$ 44,575	\$ 6,115
Total Expenditures	<u>\$ 38,460</u>	<u>\$ 8,000</u>	<u>\$ 44,575</u>	<u>\$ 6,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,584)</u>	<u>\$ 3,000</u>	<u>\$ (18,646)</u>	<u>\$ 17,062</u>
Net Change in Fund Balance	\$ (1,584)	\$ 3,000	\$ (18,646)	\$ 17,062
Fund Balance, July 1, 2014	<u>56,052</u>	<u>56,053</u>	<u>56,053</u>	<u>(1)</u>
Fund Balance, June 30, 2015	<u>\$ 54,468</u>	<u>\$ 59,053</u>	<u>\$ 37,407</u>	<u>\$ 17,061</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 H

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 760,740	\$ 717,026	\$ 717,026	\$ 43,714
Charges for Current Services	1	5	5	(4)
Other Local Revenues	80,439	78,000	78,000	2,439
Other Governments and Citizens Groups	1,006,339	500,000	756,239	250,100
Total Revenues	<u>\$ 1,847,519</u>	<u>\$ 1,295,031</u>	<u>\$ 1,551,270</u>	<u>\$ 296,249</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 9,044	\$ 0	\$ 9,045	\$ 1
Education	1,170,034	670,000	1,170,034	0
<u>Interest on Debt</u>				
General Government	329	0	329	0
Education	254,977	220,573	254,977	0
<u>Other Debt Service</u>				
General Government	11,208	12,000	12,000	792
Education	5,063	348,640	69,678	64,615
Total Expenditures	<u>\$ 1,450,655</u>	<u>\$ 1,251,213</u>	<u>\$ 1,516,063</u>	<u>\$ 65,408</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 396,864</u>	<u>\$ 43,818</u>	<u>\$ 35,207</u>	<u>\$ 361,657</u>
Net Change in Fund Balance	\$ 396,864	\$ 43,818	\$ 35,207	\$ 361,657
Fund Balance, July 1, 2014	<u>3,455,352</u>	<u>3,456,719</u>	<u>3,456,719</u>	<u>(1,367)</u>
Fund Balance, June 30, 2015	<u>\$ 3,852,216</u>	<u>\$ 3,500,537</u>	<u>\$ 3,491,926</u>	<u>\$ 360,290</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 of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Grundy County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,769,729	\$ 1,769,729
Due from Other Governments	91,962	0	91,962
Total Assets	<u>\$ 91,962</u>	<u>\$ 1,769,729</u>	<u>\$ 1,861,691</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 91,962	\$ 0	\$ 91,962
Due to Litigants, Heirs, and Others	0	1,769,729	1,769,729
Total Liabilities	<u>\$ 91,962</u>	<u>\$ 1,769,729</u>	<u>\$ 1,861,691</u>

Exhibit I-2

Grundy County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 566,335	\$ 566,335	\$ 0
Due from Other Governments	95,575	91,962	95,575	91,962
Total Assets	<u>\$ 95,575</u>	<u>\$ 658,297</u>	<u>\$ 661,910</u>	<u>\$ 91,962</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 95,575	\$ 658,297	\$ 661,910	\$ 91,962
Total Liabilities	<u>\$ 95,575</u>	<u>\$ 658,297</u>	<u>\$ 661,910</u>	<u>\$ 91,962</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,666,733	\$ 2,433,760	\$ 2,330,764	\$ 1,769,729
Total Assets	<u>\$ 1,666,733</u>	<u>\$ 2,433,760</u>	<u>\$ 2,330,764</u>	<u>\$ 1,769,729</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,666,733	\$ 2,433,760	\$ 2,330,764	\$ 1,769,729
Total Liabilities	<u>\$ 1,666,733</u>	<u>\$ 2,433,760</u>	<u>\$ 2,330,764</u>	<u>\$ 1,769,729</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,666,733	\$ 2,433,760	\$ 2,330,764	\$ 1,769,729
Equity in Pooled Cash and Investments	0	566,335	566,335	0
Due from Other Governments	95,575	91,962	95,575	91,962
Total Assets	<u>\$ 1,762,308</u>	<u>\$ 3,092,057</u>	<u>\$ 2,992,674</u>	<u>\$ 1,861,691</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 95,575	\$ 658,297	\$ 661,910	\$ 91,962
Due to Litigants, Heirs, and Others	1,666,733	2,433,760	2,330,764	1,769,729
Total Liabilities	<u>\$ 1,762,308</u>	<u>\$ 3,092,057</u>	<u>\$ 2,992,674</u>	<u>\$ 1,861,691</u>

Grundy County School Department

This section presents fund financial statements for the Grundy County School Department, a discretely presented component unit. The Grundy County School Department uses a General Fund, two Special Revenue Funds, and a Private Purpose Trust Fund.

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

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

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

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for savings bond awards given to Grundy County students who win an essay contest and a spelling bee. Money for this fund was provided by a citizen.

Exhibit J-1

Grundy County, Tennessee
Statement of Activities
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 11,203,638	\$ 0	\$ 1,185,688	\$ (9,846,884)
Support Services	5,846,159	0	364,747	(5,481,412)
Operation of Noninstructional Services	1,945,970	150,097	1,730,598	(65,275)
Interest on Long-term Debt	6,270	0	0	(6,270)
Total Governmental Activities	\$ 19,002,037	\$ 150,097	\$ 3,281,033	\$ (15,399,841)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,565,473
Local Option Sales Taxes				436,745
Business Tax				21,194
Other Local Taxes				969
Grants and Contributions Not Restricted to Specific Programs				14,265,135
Pension Income				114,353
Miscellaneous				28,869
Total General Revenues				\$ 16,432,738
Change in Net Position				\$ 1,032,897
Net Position, July 1, 2014				14,476,031
Restatement - See Note I. D. 9				(3,247,192)
Net Position, June 30, 2015				\$ 12,261,736

Grundy County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Grundy County School Department
June 30, 2015

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects		
\$ 2,217,860	\$ 423,243	\$ 40,411	\$ 2,681,514		
68,232	7,049	5,938	81,219		
334,822	99,055	157,328	591,205		
200	0	0	200		
1,632,236	0	0	1,632,236		
(75,924)	0	0	(75,924)		
201,907	0	0	201,907		
\$ 4,379,333	\$ 529,347	\$ 203,677	\$ 5,112,357		

ASSETS

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

LIABILITIES

Payroll Deductions Payable
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

FUND BALANCES

Nonspendable:
 Prepaid Items

(Continued)

Grundy County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Grundy County School Department (Cont.)

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects		
\$	73,697	\$ 529,347	\$ 3,677	\$	606,721
	0	0	200,000		200,000
	192,866	0	0	0	192,866
	2,320,172	0	0	0	2,320,172
\$	<u>2,788,642</u>	<u>\$ 529,347</u>	<u>\$ 203,677</u>	<u>\$</u>	<u>3,521,666</u>
\$	<u>4,379,333</u>	<u>\$ 529,347</u>	<u>\$ 203,677</u>	<u>\$</u>	<u>5,112,357</u>

FUND BALANCES (Cont.)

Restricted:	
Restricted for Education	
Committed:	
Committed for Education	
Assigned:	
Assigned for Education	
Unassigned	
Total Fund Balances	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	

Exhibit J-3

Grundy County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Grundy County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 3,521,666
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 262,199	
Add: buildings and improvements net of accumulated depreciation	11,613,266	
Add: other capital assets net of accumulated depreciation	<u>882,128</u>	12,757,593
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for notes	\$ (207,644)	
Less: contributions due on primary government debt for other loans	(1,135,077)	
Less: compensated absences payable	(60,172)	
Less: other postemployment benefits liability	<u>(533,645)</u>	(1,936,538)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,043,742	
Less: deferred inflows of resources related to pensions	<u>(4,027,179)</u>	(2,983,437)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension assets - agent plan	\$ 767,496	
Add: net pension assets - cost-sharing plan	<u>37,005</u>	804,501
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>97,951</u>
Net position of governmental activities (Exhibit A)		<u>\$ 12,261,736</u>

Grundy County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects		
<u>Revenues</u>					
Local Taxes	\$ 2,046,269	\$ 0	\$ 0	\$ 0	\$ 2,046,269
Licenses and Permits	508	0	0	0	508
Charges for Current Services	39,717	109,738	0	0	149,455
Other Local Revenues	83,058	0	0	0	83,058
State of Tennessee	13,882,213	12,415	0	0	13,894,628
Federal Government	303,832	1,377,124	1,861,769	0	3,542,725
Other Governments and Citizens Groups	315,277	0	0	0	315,277
Total Revenues	\$ 16,670,874	\$ 1,499,277	\$ 1,861,769	\$ 0	\$ 20,031,920
<u>Expenditures</u>					
Current:					
Instruction	\$ 9,608,830	\$ 0	\$ 1,107,367	\$ 0	\$ 10,716,197
Support Services	5,166,459	0	732,064	0	5,898,523
Operation of Non-instructional Services	519,973	1,408,582	0	0	1,928,555
Capital Outlay	464,138	0	0	0	464,138
Debt Service:					
Principal on Debt	250,034	0	0	0	250,034
Interest on Debt	6,270	0	0	0	6,270
Other Debt Service	750,100	0	0	0	750,100
Total Expenditures	\$ 16,765,804	\$ 1,408,582	\$ 1,839,431	\$ 0	\$ 20,013,817
Excess (Deficiency) of Revenues Over Expenditures	\$ (94,930)	\$ 90,695	\$ 22,338	\$ 0	\$ 18,103

(Continued)

Exhibit J-4

Grundy County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Grundy County School Department (Cont.)

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	Central Cafeteria		School Federal Projects		
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 1,200	\$ 0	\$ 0	\$ 0	\$ 0	1,200
Transfers In	18,900	0	0	0	0	18,900
Transfers Out	0	0	0	(18,900)	(18,900)	(18,900)
Total Other Financing Sources (Uses)	\$ 20,100	\$ 0	\$ 0	\$ (18,900)	\$ (18,900)	1,200
Net Change in Fund Balances	\$ (74,830)	\$ 90,695	\$ 90,695	\$ 3,438	\$ 3,438	19,303
Fund Balance, July 1, 2014	2,863,472	438,652	438,652	200,239	200,239	3,502,363
Fund Balance, June 30, 2015	\$ 2,788,642	\$ 529,347	\$ 529,347	\$ 203,677	\$ 203,677	3,521,666

Exhibit J-5

Grundy County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	19,303
(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	\$	586,851	
Less: current-year depreciation expense		<u>(764,940)</u>	(178,089)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value on capital assets disposed			(2,189)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	97,951	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(119,839)</u>	(21,888)
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Less: note proceeds contributed by the primary government	\$	(89,451)	
Add: principal contributions on notes to primary government		91,658	
Add: principal contributions on other loans to primary government		<u>158,376</u>	160,583
(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 compensated absences payable	\$	(875)	
Change in other postemployment benefits liability		(12,204)	
Change in net pension liability/asset		4,051,693	
Change in deferred outflows related to pensions		1,043,742	
Change in deferred inflows related to pensions		<u>(4,027,179)</u>	1,055,177
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,032,897</u>

Exhibit J-6

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundy County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,046,269	\$ 0	\$ 0	\$ 2,046,269	\$ 1,947,670	\$ 1,947,670	\$ 98,599
Licenses and Permits	508	0	0	508	400	400	108
Charges for Current Services	39,717	0	0	39,717	47,500	47,500	(7,783)
Other Local Revenues	83,058	0	0	83,058	94,334	94,334	(11,276)
State of Tennessee	13,882,213	0	0	13,882,213	13,684,291	13,781,616	100,597
Federal Government	303,832	0	0	303,832	105,876	309,649	(5,817)
Other Governments and Citizens Groups	315,277	0	0	315,277	0	250,754	64,523
Total Revenues	\$ 16,670,874	\$ 0	\$ 0	\$ 16,670,874	\$ 15,880,071	\$ 16,431,923	\$ 238,951

<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,846,761	\$ (42,355)	\$ 58,284	\$ 6,862,690	\$ 6,997,522	\$ 6,945,653	\$ 82,963
Alternative Instruction Program	67,423	0	0	67,423	95,160	95,160	27,737
Special Education Program	2,068,003	(542)	0	2,067,461	2,129,038	2,129,037	61,576
Vocational Education Program	626,643	(2,055)	0	624,588	666,475	650,375	25,787
<u>Support Services</u>							
Attendance	116,780	0	0	116,780	118,268	120,255	3,475
Health Services	242,629	0	0	242,629	237,196	247,561	4,932
Other Student Support	433,554	0	0	433,554	391,080	450,365	16,811
Regular Instruction Program	240,757	(144)	0	240,613	238,765	256,407	15,794
Special Education Program	189,928	(552)	0	189,376	206,131	206,131	16,755
Vocational Education Program	81,503	0	0	81,503	81,046	81,712	209
Other Programs	95,325	0	0	95,325	0	95,325	0
Board of Education	329,643	(1,000)	500	329,143	360,470	335,470	6,327
Director of Schools	185,728	0	0	185,728	188,912	192,355	6,627
Office of the Principal	711,214	0	0	711,214	722,480	726,117	14,903
Fiscal Services	160,810	(116)	479	161,173	167,790	167,790	6,617
Operation of Plant	1,072,729	(11,031)	12,265	1,073,963	1,157,219	1,157,219	83,256
Maintenance of Plant	240,061	(7,883)	39,925	272,103	306,203	306,203	34,100
Transportation	830,571	(27,032)	19,464	823,003	911,035	911,035	88,032

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
<u>Central and Other</u>	\$ 235,227	\$ (1,638)	\$ 36	\$ 233,625	\$ 38,098	\$ 238,098	\$ 4,473
<u>Operation of Non-instructional Services</u>							
<u>Community Services</u>	74,844	0	0	74,844	29,612	106,009	31,165
<u>Early Childhood Education</u>	445,129	0	0	445,129	457,431	459,011	13,882
<u>Capital Outlay</u>							
<u>Regular Capital Outlay</u>	464,138	(381,693)	2,092	84,537	55,000	135,498	50,961
<u>Principal on Debt</u>							
<u>Education</u>	250,034	0	0	250,034	250,036	250,063	29
<u>Interest on Debt</u>							
<u>Education</u>	6,270	0	0	6,270	38,297	6,270	0
<u>Other Debt Service</u>							
<u>Education</u>	750,100	0	0	750,100	500,000	750,100	0
<u>Total Expenditures</u>	\$ 16,765,804	\$ (476,041)	\$ 133,045	\$ 16,422,808	\$ 16,343,264	\$ 17,019,219	\$ 596,411
<u>Excess (Deficiency) of Revenues</u>	\$ (94,930)	\$ 476,041	\$ (133,045)	\$ 248,066	\$ (463,193)	\$ (587,296)	\$ 835,362
<u>Over Expenditures</u>							
<u>Other Financing Sources (Uses)</u>							
<u>Notes Issued</u>	0	0	0	0	180,000	0	0
<u>Proceeds from Sale of Capital Assets</u>	1,200	0	0	1,200	0	0	1,200
<u>Transfers In</u>	18,900	0	0	18,900	38,049	38,049	(19,149)
<u>Transfers Out</u>	0	0	0	0	(1,328)	(1,021)	1,021
<u>Total Other Financing Sources</u>	\$ 20,100	\$ 0	\$ 0	\$ 20,100	\$ 216,721	\$ 37,028	\$ (16,928)
<u>Net Change in Fund Balance</u>	\$ (74,830)	\$ 476,041	\$ (133,045)	\$ 268,166	\$ (246,472)	\$ (550,268)	\$ 818,434
<u>Fund Balance, July 1, 2014</u>	2,863,472	(476,041)	0	2,387,431	2,620,742	2,620,742	(233,311)
<u>Fund Balance, June 30, 2015</u>	\$ 2,788,642	\$ 0	\$ (133,045)	\$ 2,655,597	\$ 2,374,270	\$ 2,070,474	\$ 585,123

Exhibit J-7

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grundy County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,861,769	\$ 1,793,109	\$ 2,058,062	\$ (196,293)
Total Revenues	\$ 1,861,769	\$ 1,793,109	\$ 2,058,062	\$ (196,293)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 609,238	\$ 530,957	\$ 702,770	\$ 93,532
Special Education Program	465,911	513,763	538,436	72,525
Vocational Education Program	32,218	32,236	32,344	126
<u>Support Services</u>				
Other Student Support	74,912	97,545	95,469	20,557
Regular Instruction Program	477,595	519,560	538,569	60,974
Special Education Program	157,086	156,922	206,399	49,313
Vocational Education Program	1,912	2,100	2,100	188
Transportation	20,559	32,976	39,675	19,116
Total Expenditures	\$ 1,839,431	\$ 1,886,059	\$ 2,155,762	\$ 316,331
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,338	\$ (92,950)	\$ (97,700)	\$ 120,038
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 112,000	\$ 116,600	\$ (116,600)
Transfers Out	(18,900)	(19,050)	(18,900)	0
Total Other Financing Sources	\$ (18,900)	\$ 92,950	\$ 97,700	\$ (116,600)
Net Change in Fund Balance	\$ 3,438	\$ 0	\$ 0	\$ 3,438
Fund Balance, July 1, 2014	200,239	343,414	343,414	(143,175)
Fund Balance, June 30, 2015	\$ 203,677	\$ 343,414	\$ 343,414	\$ (139,737)

Exhibit J-8

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grundy County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 109,738 \$	0 \$	109,738 \$	200,000 \$	200,000 \$	(90,262)
State of Tennessee	12,415	0	12,415	20,000	20,000	(7,585)
Federal Government	1,377,124	0	1,377,124	1,201,300	1,201,300	175,824
Total Revenues	\$ 1,499,277 \$	0 \$	1,499,277 \$	1,421,300 \$	1,421,300 \$	77,977
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 1,408,582 \$	(599) \$	1,407,983 \$	1,421,300 \$	1,421,300 \$	13,317
Total Expenditures	\$ 1,408,582 \$	(599) \$	1,407,983 \$	1,421,300 \$	1,421,300 \$	13,317
Excess (Deficiency) of Revenues Over Expenditures	\$ 90,695 \$	599 \$	91,294 \$	0 \$	0 \$	91,294
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 90,695 \$	599 \$	91,294 \$	0 \$	0 \$	91,294
	438,652	(599)	438,053	202,113	202,113	235,940
Fund Balance, June 30, 2015	\$ 529,347 \$	0 \$	529,347 \$	202,113 \$	202,113 \$	327,234

Exhibit J-9

Grundy County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Fund
Discretely Presented Grundy County School Department
June 30, 2015

	<u>Private Purpose Trust Fund</u>	<u>Other Trust Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash with Trustee	\$	21,702
Total Assets	<u>\$</u>	<u>21,702</u>
<u>NET POSITION</u>		
Funds Held in Trust for Scholarships	<u>\$</u>	<u>21,702</u>
Total Net Position	<u>\$</u>	<u>21,702</u>

Exhibit J-10

Grundy County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

	Private Purpose Trust Fund
	<u>Other Trust Fund</u>
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 725
Total Additions	<u>\$ 725</u>
<u>DEDUCTIONS</u>	
Awards	\$ 675
Total Deductions	<u>\$ 675</u>
Change in Net Position	\$ 50
Net Position, July 1, 2014	<u>21,652</u>
Net Position, June 30, 2015	<u>\$ 21,702</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Crundy County, Tennessee
Schedule of Changes in Long-term Other Loans, Bonds, and Notes
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<u>GOVERNMENTAL ACTIVITIES</u>								
<u>OTHER LOANS PAYABLE</u>								
Payable through Industrial/Economic Development Fund								
Assumption Agreement - Industrial Building	\$ 427,739	2 to 3 %	9-13-03	6-30-16	\$ 75,858	0 \$	40,861 \$	34,997
Total Payable through Industrial/Economic Development Fund					\$ 75,858	0 \$	40,861 \$	34,997
Payable through General Debt Service Fund								
School Renovations	2,690,000	Various	Various	6-1-23	\$ 2,274,935	\$ 171,066	\$ 250,000	\$ 2,196,001
Total Payable through General Debt Service Fund					\$ 2,274,935	\$ 171,066	\$ 250,000	\$ 2,196,001
Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund								
Energy Efficient Improvements	1,583,809	0	8-22-11	9-11-22	\$ 1,293,453	0 \$	158,376 \$	1,135,077
Total Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 1,293,453	0 \$	158,376 \$	1,135,077
Total Other Loans Payable					\$ 3,644,246	\$ 171,066	\$ 449,237	\$ 3,366,075
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
School Refunding Series 2006	9,405,000	4.15	5-1-06	5-1-21	\$ 5,315,000	0 \$	670,000 \$	4,645,000
General Obligation Bond - Convenience Centers	91,000	4.75	9-30-1999	9-30-14	9,044	0	9,044	0
Total Bonds Payable					\$ 5,324,044	0 \$	679,044 \$	4,645,000
<u>NOTES PAYABLE</u>								
Payable through General Fund								
Patrol Cars	71,000	2.49	2-5-14	8-5-15	\$ 71,000	0 \$	35,504 \$	35,496
Patrol Cars	96,000	2.69	5-29-15	4-5-18	0	96,000	0	96,000
Total Payable through General Fund					\$ 71,000	\$ 96,000	\$ 35,504	\$ 131,496
Payable through General Debt Service Fund								
Jail Construction - Other Loans Anticipation	(1)	3.50	5-22-14	5-22-16	\$ 300,000	\$ 853,624	0 \$	1,153,624
Total Payable through General Debt Service Fund					\$ 300,000	\$ 853,624	0 \$	1,153,624

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>								
<u>NOTES PAYABLE (CONT.)</u>								
Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund								
School Bus	\$ 155,592	3.49 %	9-25-09	8-20-14	\$ 33,179	\$ 0	\$ 33,179	\$ 0
School Bus	151,967	3.25	2-14-11	2-14-16	63,762	0	31,364	32,398
School Bus	140,109	2.69	11-7-12	8-20-17	112,910	0	27,115	85,795
School Bus	89,451	3.50	9-29-14	10-1-19	0	89,451	0	89,451
Total Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 209,851	\$ 89,451	\$ 91,658	\$ 207,644
Total Notes Payable					\$ 580,851	\$ 1,039,075	\$ 127,162	\$ 1,492,764
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>OTHER LOANS PAYABLE</u>								
Payable through Waste Water Fund	318,980	1.26	Various	12-30-15	\$ 26,753	\$ 0	\$ 17,820	\$ 8,933
Waste Water System								
Total Other Loans Payable					\$ 26,753	\$ 0	\$ 17,820	\$ 8,933

(1) This note was issued for a jail construction project. The county intends to retire this note with the issuance of \$7,000,000 in USDA Rural Development loans.

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES:

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2016	\$ 448,373	\$ 25,298	\$ 4,701	\$ 478,372
2017	418,376	21,933	4,387	444,696
2018	424,376	18,995	4,068	447,439
2019	429,376	15,989	3,741	449,106
2020	435,376	12,927	3,407	451,710
2021	441,376	9,797	3,066	454,239
2022	447,376	6,599	2,718	456,693
2023	321,446	3,335	2,363	327,144
Total	<u>\$ 3,366,075</u>	<u>\$ 114,873</u>	<u>\$ 28,451</u>	<u>\$ 3,509,399</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 700,000	\$ 192,767	\$ 892,767
2017	725,000	163,717	888,717
2018	755,000	133,630	888,630
2019	790,000	102,297	892,297
2020	820,000	69,514	889,514
2021	855,000	35,483	890,483
Total	<u>\$ 4,645,000</u>	<u>\$ 697,408</u>	<u>\$ 5,342,408</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 1,297,805	\$ 8,862	\$ 1,306,667
2017	77,791	5,407	83,198
2018	79,930	3,267	83,197
2019	18,357	1,080	19,437
2020	18,881	548	19,429
Total	<u>\$ 1,492,764</u>	<u>\$ 19,164</u>	<u>\$ 1,511,928</u>

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2016	\$ 8,933	\$ 113	\$ 9,046
Total	<u>\$ 8,933</u>	<u>\$ 113</u>	<u>\$ 9,046</u>

Exhibit K-3

Grundy County, Tennessee
Schedule of Transfers
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	\$ 18,900
Total Transfers Discretely Presented Grundy County School Department			<u>\$ 18,900</u>

Grundy County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Lonnie Cleek (July 1, 2014, to August 31, 2014)	Section 8-24-102, TCA	\$ 12,290	\$ 50,000	Travelers Casualty and Surety Company of America
Michael Brady (September 1, 2014, to June 30, 2015)	Section 8-24-102, TCA	61,448	100,000	"
Highway Superintendent	Section 8-24-102, TCA	70,228	100,000	"
Director of Schools:				
Dr. David Dickerson (July 1, 2014, through March 16, 2015)	State Board of Education and Grundy County Board of Education	63,750	100,000	Western Surety Company
Dr. William Childers (March 17, 2015, through June 30, 2015)	State Board of Education and Grundy County Board of Education	19,817	(2)	
Trustee:				
Lucyle Hampton (July 1, 2014, through August 31, 2014)	Section 8-24-102, TCA	10,640	637,200	Western Surety Company
Tyler McCullough (September 1, 2014, through June 30, 2015)	Section 8-24-102, TCA	53,203	663,954	"
Assessor of Property	Section 8-24-102, TCA	63,843	50,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, TCA	63,843	55,000	"
Circuit and General Sessions Courts Clerk:				
Marcia Bess (July 1, 2014, through August 31, 2014)	Section 8-24-102, TCA	10,640	50,000	"
Melody Oliver (September 1, 2014, through June 30, 2015)	Section 8-24-102, TCA	53,203	75,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	63,843 (1)	75,000	"
Register of Deeds	Section 8-24-102, TCA	63,843	50,000	"
Sheriff:				
Brent Myers (July 1, 2014, through August 31, 2014)	Section 8-24-102, TCA	11,705	25,000	"
Clint Shrum (September 1, 2014, through June 30, 2015)	Section 8-24-102, TCA	58,523	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments and School Department			150,000	Local Government Property and Casualty Fund

(1) Does not include special commissioner fees of \$1,908.

(2) The director of schools is covered under the employee dishonesty blanket bond.

Exhibit K-5

Grundy County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,725,385	\$ 0	\$ 329,299	\$ 0	\$ 0
Trustee's Collections - Prior Year	194,300	0	23,483	0	0
Trustee's Collections - Bankruptcy	90	0	12	0	0
Circuit/Clerk and Master Collections - Prior Years	75,332	0	9,100	0	0
Interest and Penalty	33,316	0	4,027	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,202	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	326,178	0	39,411	0	0
Payments in-Lieu-of Taxes - Other	7,415	0	896	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	16,336	0	0	0	0
Litigation Tax - Special Purpose	0	27,870	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	10,844	0	0	0	0
Business Tax	19,899	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	63,056	0	0	0	0
Interstate Telecommunications Tax	1,316	0	0	0	0
Total Local Taxes	\$ 3,475,669	\$ 27,870	\$ 406,228	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 546	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	28,753	0	0	0	0
<u>Permits</u>					
Beer Permits	238	0	0	0	0
Total Licenses and Permits	\$ 29,537	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	General	Courtthouse and Jail Maintenance	Special Revenue Funds			
			Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0 \$	0 \$	0 \$	0	0
Officers Costs	1,235	0	0	0	0	0
Drug Control Fines	4,992	0	0	0	9,652	0
Drug Court Fees	0	0	0	0	0	0
Data Entry Fee - Circuit Court	1,412	0	0	0	0	0
Courtroom Security Fee	871	0	0	0	0	0
Criminal Court	532	0	0	0	0	0
DUI Treatment Fines	285	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	9,592	0	0	0	0	0
Officers Costs	13,434	0	0	0	0	0
Game and Fish Fines	205	0	0	0	0	0
Drug Control Fines	0	0	0	0	4,511	0
Drug Court Fees	727	0	0	0	0	0
Jail Fees	1,806	0	0	0	0	0
DUI Treatment Fines	3,073	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,779	0	0	0	0	0
Courtroom Security Fee	108	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	95	0	0	0	0	0
Officers Costs	403	0	0	0	0	0
Data Entry Fee - Juvenile Court	72	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	593	0	0	0	0	0
Data Entry Fee - Chancery Court	2,084	0	0	0	0	0
Courtroom Security Fee	6	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0 \$	0 \$	0 \$	0 \$	7,841
Total Fines, Forfeitures, and Penalties	45,304 \$	0 \$	0 \$	0 \$	22,004
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Work Release Charges for Board	70 \$	0 \$	0 \$	0 \$	0
Other General Service Charges	13,895	0	0	0	0
Service Charges	135	0	0	0	0
<u>Fees</u>					
Archives and Records Management Fee - County Clerk	134	0	0	0	0
Greenbelt Late Application Fee	143	0	22	0	0
Telephone Commissions	5,724	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	3,358	0	0	0	0
Data Processing Fee - Sheriff	1,608	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,700	0	0	0	0
Data Processing Fee - County Clerk	598	0	0	0	0
Total Charges for Current Services	28,365 \$	0 \$	22 \$	0 \$	0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	0 \$	0 \$	0
Lease/Rentals	0	0	1,200	26,401	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	2,060	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Sale of Gasoline	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Refunds	32,323	0	0	0	0
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	1,100	0	0	0	0
Sale of Equipment	0	0	0	0	0
Sale of Property	8,808	0	0	0	0
Contributions and Gifts	7,430	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	22,814	0	9,862	0	0
Total Other Local Revenues	\$ 74,535	\$ 0	\$ 11,062	\$ 26,401	\$ 0
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Juvenile Court Clerk	\$ 6,735	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees in-Lieu-of Salary</u>					
County Clerk	104,947	0	0	0	0
Circuit Court Clerk	49,462	0	0	0	0
General Sessions Court Clerk	59,100	0	0	0	0
Clerk and Master	52,032	0	0	0	0
Register	39,193	0	0	0	0
Sheriff	5,387	0	0	0	0
Trustee	189,212	0	0	0	0
Total Fees Received from County Officials	\$ 506,068	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	General	Courthouse and Jail Maintenance	Special Revenue Funds			
			Solid Waste / Sanitation	Industrial/ Economic Development	Drug Control	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	300 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	35,429	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	0	0	33,450	0	0	0
<u>Other State Revenues</u>						
Beer Tax	66,264	0	0	0	0	0
Vehicle Certificate of Title Fees	2,635	0	0	0	0	0
Alcoholic Beverage Tax	28,317	0	0	0	0	0
Contracted Prisoner Boarding	151,367	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	17,936	0	0	0	0	0
Other State Grants	10,000	0	0	0	0	0
Other State Revenues	24,396	0	0	0	0	0
Total State of Tennessee	\$ 336,644 \$	0 \$	33,450 \$	0 \$	0 \$	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	448,292 \$	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	17,856	0	0	0	0	0
Law Enforcement Grants	26,032	0	0	0	0	14,872
Other Federal through State	51,007	0	0	0	0	0
Total Federal Government	\$ 543,187 \$	0 \$	0 \$	0 \$	0 \$	14,872

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 5,043,809	\$ 27,870	\$ 450,762	\$ 26,401	\$ 36,876	

(Continued)

Exhibit K-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt	Service	
<u>Local Taxes</u>						
County Property Taxes						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 237,588	\$ 3,292,272	
Trustee's Collections - Prior Year	0	0	0	16,923	234,706	
Trustee's Collections - Bankruptcy	0	0	0	5	107	
Circuit/Clerk and Master Collections - Prior Years	0	0	0	6,573	91,005	
Interest and Penalty	0	0	0	2,900	40,243	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	2,202	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	28,435	394,024	
Payments in-Lieu-of Taxes - Other	0	0	0	646	8,957	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	467,670	467,670	
Litigation Tax - General	0	0	0	0	16,336	
Litigation Tax - Special Purpose	0	0	0	0	27,870	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	10,844	
Business Tax	0	0	0	0	19,899	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	63,056	
Interstate Telecommunications Tax	0	0	0	0	1,316	
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 760,740	\$ 4,670,507	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	0	0	0	0	546	
Cable TV Franchise	0	0	0	0	28,753	
<u>Permits</u>						
Beer Permits	0	0	0	0	238	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,537	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,235
Officers Costs	0	0	0	0	0	4,992
Drug Control Fines	0	0	0	0	0	9,652
Drug Court Fees	0	0	0	0	0	1,412
Data Entry Fee - Circuit Court	0	0	0	0	0	871
Courtroom Security Fee	0	0	0	0	0	532
<u>Criminal Court</u>						
DUI Treatment Fines	0	0	0	0	0	285
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	9,592
Officers Costs	0	0	0	0	0	13,434
Game and Fish Fines	0	0	0	0	0	205
Drug Control Fines	0	0	0	0	0	4,511
Drug Court Fees	0	0	0	0	0	727
Jail Fees	0	0	0	0	0	1,806
DUI Treatment Fines	0	0	0	0	0	3,073
Data Entry Fee - General Sessions Court	0	0	0	0	0	3,779
Courtroom Security Fee	0	0	0	0	0	108
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	95
Officers Costs	0	0	0	0	0	403
Data Entry Fee - Juvenile Court	0	0	0	0	0	72
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	593
Data Entry Fee - Chancery Court	0	0	0	0	0	2,084
Courtroom Security Fee	0	0	0	0	0	6

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
Fines, Forfeitures, and Penalties (Cont.)						
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0 \$	0 \$	0 \$	0 \$		7,841
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$		67,308
Charges for Current Services						
General Service Charges						
Work Release Charges for Board	0 \$	0 \$	0 \$	0 \$		70
Other General Service Charges	0	57,400	0	0		71,295
Service Charges	0	0	0	0		135
Fees						
Archives and Records Management Fee - County Clerk	0	0	0	0		134
Greenbelt Late Application Fee	0	0	0	1		166
Telephone Commissions	0	0	0	0		5,724
Special Commissioner Fees/Special Master Fees	1,908	0	0	0		1,908
Data Processing Fee - Register	0	0	0	0		3,358
Data Processing Fee - Sheriff	0	0	0	0		1,608
Sexual Offender Registration Fee - Sheriff	0	0	0	0		2,700
Data Processing Fee - County Clerk	0	0	0	0		598
Total Charges for Current Services	1,908 \$	57,400 \$	0 \$	1 \$		87,696
Other Local Revenues						
Recurring Items						
Investment Income	0 \$	0 \$	0 \$	80,417 \$		80,417
Lease/Rentals	0	0	0	0		27,601
Sale of Materials and Supplies	0	524	0	0		524
Commissary Sales	0	0	0	0		2,060

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Gasoline	\$ 0	\$ 30,528	\$ 0	\$ 0	\$ 30,528	
Miscellaneous Refunds	0	2,815	22		35,160	
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	1,100	
Sale of Equipment	0	13,431	0	0	13,431	
Sale of Property	0	0	0	0	8,808	
Contributions and Gifts	0	0	0	0	7,430	
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	32,676	
Total Other Local Revenues	\$ 0	\$ 47,298	\$ 80,439	\$ 0	\$ 239,735	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Juvenile Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,735	
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0	0	0	0	104,947	
Circuit Court Clerk	0	0	0	0	49,462	
General Sessions Court Clerk	0	0	0	0	59,100	
Clerk and Master	0	0	0	0	52,032	
Register	0	0	0	0	39,193	
Sheriff	0	0	0	0	5,387	
Trustee	0	0	0	0	189,212	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 506,068	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service		
State of Tennessee						
General Government Grants						
On-behalf Contributions for OPEB	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	300
Health and Welfare Grants						
Other Health and Welfare Grants	0	0	0	0	0	35,429
Public Works Grants						
Litter Program	0	0	0	0	0	33,450
Other State Revenues						
Beer Tax	0	0	0	0	0	66,264
Vehicle Certificate of Title Fees	0	0	0	0	0	2,635
Alcoholic Beverage Tax	0	0	0	0	0	28,317
Contracted Prisoner Boarding	0	0	0	0	0	151,367
Gasoline and Motor Fuel Tax	0	1,505,274	0	0	0	1,505,274
Petroleum Special Tax	0	9,887	0	0	0	9,887
Registrar's Salary Supplement	0	0	0	0	0	17,936
Other State Grants	0	0	0	0	0	10,000
Other State Revenues	0	0	0	0	0	24,396
Total State of Tennessee	\$ 0	\$ 1,515,161	\$ 0	\$ 0	\$ 0	1,885,255
Federal Government						
Federal Through State						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	448,292
Homeland Security Grants	0	0	0	0	0	17,856
Law Enforcement Grants	0	0	0	0	0	40,904
Other Federal through State	0	0	0	0	0	51,007
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	558,059

(Continued)

Exhibit K-5

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

	Special Revenue Funds (Cont.)			Debt Service Fund	
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Total	
Other Governments and Citizens Groups					
Other Governments					
Contributions	\$ 0	0 \$	1,006,339 \$	1,010,839	
Total Other Governments and Citizens Groups	\$ 0	0 \$	1,006,339 \$	1,010,839	
Total	\$ 1,908	\$ 1,619,859	\$ 1,847,519	\$ 9,055,004	

Exhibit K-6

Grundy County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,290,295	\$ 0	\$ 0	\$ 0	\$ 1,290,295
Trustee's Collections - Prior Year	92,028	0	0	0	92,028
Trustee's Collections - Bankruptcy	47	0	0	0	47
Circuit/Clerk and Master Collections - Prior Years	35,664	0	0	0	35,664
Interest and Penalty	15,781	0	0	0	15,781
Payments in-Lieu-of Taxes - Local Utilities	154,424	0	0	0	154,424
Payments in-Lieu-of Taxes - Other	3,510	0	0	0	3,510
<u>County Local Option Taxes</u>					
Local Option Sales Tax	432,706	0	0	0	432,706
Business Tax	21,194	0	0	0	21,194
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	620	0	0	0	620
<u>Total Local Taxes</u>	\$ 2,046,269	\$ 0	\$ 0	\$ 0	\$ 2,046,269
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 508	\$ 0	\$ 0	\$ 0	\$ 508
<u>Total Licenses and Permits</u>	\$ 508	\$ 0	\$ 0	\$ 0	\$ 508
<u>Charges for Current Services</u>					
<u>Fees</u>					
Greenbelt Late Application Fee	\$ 84	\$ 0	\$ 0	\$ 0	\$ 84
<u>Education Charges</u>					
Tuition - Other	39,633	0	0	0	39,633

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Children	0 \$	0 \$	965 \$		965
Lunch Payments - Adults	0	0	27,566		27,566
Income from Breakfast	0	0	260		260
A la carte Sales	0	0	80,947		80,947
Total Charges for Current Services	39,717 \$	0 \$	109,738 \$		149,455
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
E-Rate Funding	53,959 \$	0 \$	0 \$		53,959
Miscellaneous Refunds	27,948	0	0		27,948
Nonrecurring Items					
Sale of Equipment	921	0	0		921
Contributions and Gifts	230	0	0		230
Total Other Local Revenues	83,058 \$	0 \$	0 \$		83,058
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	95,325 \$	0 \$	0 \$		95,325
<u>State Education Funds</u>					
Basic Education Program	12,653,999	0	0		12,653,999
Early Childhood Education	321,098	0	0		321,098
School Food Service	0	0	12,415		12,415
Driver Education	9,682	0	0		9,682
Other State Education Funds	127,691	0	0		127,691

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
State of Tennessee (Cont.)					
State Education Funds (Cont.)					
Coordinated School Health	\$ 100,000	\$ 0	\$ 0	\$ 0	100,000
Internet Connectivity	6,177	0	0	0	6,177
Family Resource Centers	17,973	0	0	0	17,973
Career Ladder Program	66,070	0	0	0	66,070
Career Ladder - Extended Contract	17,320	0	0	0	17,320
Other Vocational	2,000	0	0	0	2,000
Other State Revenues					
State Revenue Sharing - T.V.A.	458,514	0	0	0	458,514
Other State Grants	5,638	0	0	0	5,638
Other State Revenues	726	0	0	0	726
Total State of Tennessee	\$ 13,882,213	\$ 0	\$ 12,415	\$ 0	\$ 13,894,628
Federal Government					
Federal Through State					
USDA School Lunch Program	\$ 0	\$ 0	\$ 890,477	\$ 0	890,477
USDA - Commodities	0	0	76,643	0	76,643
Breakfast	0	0	361,575	0	361,575
USDA - Other	0	0	48,429	0	48,429
Vocational Education - Basic Grants to States	0	43,448	0	0	43,448
Title I Grants to Local Education Agencies	0	970,150	0	0	970,150
Special Education - Grants to States	63,697	567,841	0	0	631,538
Special Education Preschool Grants	0	29,904	0	0	29,904
Rural Education	0	45,960	0	0	45,960
Appalachian Regional Commission	2,500	0	0	0	2,500

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
<u>Federal Through State (Cont.)</u>					
Eisenhower Professional Development State Grants	\$ 0 \$	146,986 \$	0 \$	0 \$	146,986
Race to the Top - ARRA	0	6,468	0	0	6,468
Other Federal through State	237,635	51,012	0	0	288,647
Total Federal Government	\$ 303,832 \$	1,861,769 \$	1,377,124 \$	0 \$	3,542,725
<u>Other Governments and Citizens Groups</u>					
Other Governments	\$ 260,517 \$	0 \$	0 \$	0 \$	260,517
Contributions					
<u>Other</u>	54,760	0	0	0	54,760
Total Other Governments and Citizens Groups	\$ 315,277 \$	0 \$	0 \$	0 \$	315,277
Total	\$ 16,670,874 \$	1,861,769 \$	1,499,277 \$	0 \$	20,031,920

Exhibit K-7

Grundy County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	16,050	
Social Security		977	
Unemployment Compensation		91	
Employer Medicare		233	
Audit Services		4,111	
Dues and Memberships		1,750	
Printing, Stationery, and Forms		2,063	
Total County Commission			\$ 25,275

Board of Equalization

Board and Committee Members Fees	\$	2,000	
Total Board of Equalization			2,000

Beer Board

Board and Committee Members Fees	\$	224	
Total Beer Board			224

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Assistant(s)		27,092	
Part-time Personnel		22,522	
Social Security		7,648	
Unemployment Compensation		216	
Employer Medicare		1,712	
Communication		5,536	
Data Processing Services		10,671	
Maintenance and Repair Services - Vehicles		888	
Postal Charges		1,524	
Printing, Stationery, and Forms		232	
Travel		1,667	
Office Supplies		2,373	
Other Charges		650	
Total County Mayor/Executive			156,469

County Attorney

County Official/Administrative Officer	\$	3,457	
Legal Services		16,859	
Total County Attorney			20,316

Election Commission

County Official/Administrative Officer	\$	57,459	
Clerical Personnel		20,769	
Board and Committee Members Fees		7,797	
Election Workers		28,931	
In-service Training		7,998	
Social Security		5,319	
Unemployment Compensation		211	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Employer Medicare	\$	1,244	
Communication		5,035	
Data Processing Services		11,546	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		8,680	
Maintenance and Repair Services - Equipment		20,709	
Postal Charges		2,304	
Printing, Stationery, and Forms		6,922	
Travel		8,922	
Office Supplies		2,130	
Office Equipment		2,257	
Total Election Commission	\$		198,383

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		21,831	
Part-time Personnel		651	
Social Security		5,352	
Unemployment Compensation		111	
Employer Medicare		1,252	
Communication		1,158	
Data Processing Services		3,844	
Dues and Memberships		522	
Postal Charges		344	
Travel		656	
Other Contracted Services		922	
Office Supplies		71	
Total Register of Deeds			100,557

County Buildings

Custodial Personnel	\$	23,101	
Social Security		1,432	
Unemployment Compensation		201	
Employer Medicare		335	
Communication		3,611	
Maintenance and Repair Services - Buildings		27,240	
Other Contracted Services		945	
Custodial Supplies		3,680	
Duplicating Supplies		7,791	
Electricity		37,508	
Natural Gas		16,809	
Water and Sewer		16,056	
Other Supplies and Materials		2,196	
Total County Buildings			140,905

Other General Administration

On-behalf Payments to OPEB	\$	300	
Total Other General Administration			300

(Continued)

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Secretary(ies)		23,021	
Part-time Personnel		34,282	
Social Security		7,511	
Unemployment Compensation		341	
Employer Medicare		1,757	
Audit Services		2,905	
Communication		3,329	
Data Processing Services		7,624	
Postal Charges		1,267	
Printing, Stationery, and Forms		1,188	
Travel		7,484	
Office Supplies		1,219	
Total Property Assessor's Office			\$ 155,771

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		22,331	
Part-time Personnel		5,261	
Social Security		5,666	
Unemployment Compensation		172	
Employer Medicare		1,325	
Communication		2,233	
Data Processing Services		20,271	
Dues and Memberships		707	
Postal Charges		1,538	
Printing, Stationery, and Forms		284	
Travel		844	
Other Contracted Services		5,621	
Office Supplies		2,409	
Total County Trustee's Office			132,505

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		65,167	
Part-time Personnel		2,537	
Social Security		8,156	
Unemployment Compensation		437	
Employer Medicare		1,907	
Communication		4,058	
Data Processing Services		10,325	
Dues and Memberships		852	
Postal Charges		3,761	
Travel		951	
Office Supplies		4,582	
Total County Clerk's Office			166,576

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		90,779	
Jury and Witness Expense		8,014	
Social Security		9,569	
Unemployment Compensation		700	
Employer Medicare		2,270	
Communication		6,104	
Data Processing Services		14,006	
Dues and Memberships		487	
Postal Charges		1,510	
Printing, Stationery, and Forms		518	
Travel		46	
Office Supplies		7,513	
Other Charges		825	
Total Circuit Court			\$ 206,184

General Sessions Judge

Judge(s)	\$	89,466	
Youth Service Officer(s)		31,500	
Part-time Personnel		1,800	
Social Security		7,612	
Unemployment Compensation		108	
Employer Medicare		1,780	
Communication		1,316	
Office Supplies		65	
In Service/Staff Development		1,099	
Total General Sessions Judge			134,746

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		21,831	
Part-time Personnel		835	
Social Security		5,363	
Unemployment Compensation		130	
Employer Medicare		1,254	
Communication		1,545	
Data Processing Services		12,331	
Dues and Memberships		567	
Postal Charges		1,194	
Office Supplies		3,125	
Total Chancery Court			112,018

Juvenile Court

Part-time Personnel	\$	14,772	
Social Security		916	
Unemployment Compensation		155	
Employer Medicare		214	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	2,831	
Postal Charges		1,266	
Rentals		4,500	
Travel		423	
Office Supplies		4,483	
Other Charges		2,395	
Total Juvenile Court			\$ 31,955

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		428,646	
School Resource Officer		17,767	
In-service Training		5,723	
Social Security		32,218	
Unemployment Compensation		1,708	
Employer Medicare		7,499	
Communication		4,389	
Maintenance and Repair Services - Vehicles		27,718	
Postal Charges		1,255	
Printing, Stationery, and Forms		1,447	
Towing Services		6,665	
Other Contracted Services		121,338	
Gasoline		77,571	
Office Supplies		10,199	
Tires and Tubes		6,500	
Uniforms		8,714	
Other Supplies and Materials		1,417	
Liability Insurance		17,662	
Vehicle and Equipment Insurance		24,797	
Workers' Compensation Insurance		44,171	
In Service/Staff Development		3,060	
Other Charges		5,415	
Motor Vehicles		100,780	
Other Equipment		3,919	
Total Sheriff's Department			1,030,806

Administration of the Sexual Offender Registry

Communication	\$	750	
Other Supplies and Materials		1,196	
Total Administration of the Sexual Offender Registry			1,946

Jail

Accountants/Bookkeepers	\$	29,348	
Guards		199,843	
Cafeteria Personnel		15,600	
Social Security		15,158	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Unemployment Compensation	\$	2,356	
Employer Medicare		3,545	
Communication		13,842	
Medical and Dental Services		243,571	
Other Contracted Services		50,846	
Electricity		16,137	
Food Supplies		84,604	
Natural Gas		5,722	
Water and Sewer		9,865	
Other Supplies and Materials		15,784	
Other Construction		5,821	
Total Jail			\$ 712,042

Fire Prevention and Control

Contracts with Other Public Agencies	\$	1,960	
Contributions		4,000	
Total Fire Prevention and Control			5,960

Rescue Squad

Contributions	\$	3,000	
Total Rescue Squad			3,000

Other Emergency Management

Assistant(s)	\$	19,000	
Social Security		1,453	
Unemployment Compensation		140	
Communication		535	
Maintenance and Repair Services - Vehicles		34	
Rentals		6,000	
Gasoline		1,023	
Office Supplies		38	
Other Charges		485	
Total Other Emergency Management			28,708

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	4,500	
Pauper Burials		1,200	
Total County Coroner/Medical Examiner			5,700

Public Safety Grants Programs

Other Equipment	\$	8,256	
Total Public Safety Grants Programs			8,256

Other Public Safety

Deputy(ies)	\$	4,977	
Social Security		309	
Employer Medicare		72	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Contributions	\$	2,000	
Other Supplies and Materials		18,527	
Other Charges		1,389	
Total Other Public Safety	\$		27,274

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	9,030	
Social Security		560	
Unemployment Compensation		108	
Employer Medicare		131	
Communication		6,958	
Contracts with Government Agencies		12,816	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		800	
Maintenance and Repair Services - Equipment		399	
Postal Charges		54	
Other Contracted Services		1,400	
Electricity		6,114	
Natural Gas		5,663	
Office Supplies		770	
Water and Sewer		809	
Other Supplies and Materials		2,083	
Total Local Health Center			47,895

Ambulance/Emergency Medical Services

Contributions	\$	125,000	
Total Ambulance/Emergency Medical Services			125,000

Other Local Health Services

Medical Personnel	\$	21,402	
Social Security		1,327	
Unemployment Compensation		198	
Employer Medicare		310	
Travel		2,204	
Total Other Local Health Services			25,441

Regional Mental Health Center

Contributions	\$	3,500	
Total Regional Mental Health Center			3,500

Other Local Welfare Services

Other Charges	\$	9,987	
Total Other Local Welfare Services			9,987

Other Public Health and Welfare

Other Charges	\$	20,778	
Total Other Public Health and Welfare			20,778

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	41,624	
Social Security		2,567	
Unemployment Compensation		478	
Employer Medicare		600	
Total Libraries			\$ 45,269

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	46,907	
Communication		4,264	
Maintenance and Repair Services - Buildings		363	
Travel		1,250	
Duplicating Supplies		724	
Other Supplies and Materials		1,776	
Total Agricultural Extension Service			55,284

Soil Conservation

Clerical Personnel	\$	20,789	
Part-time Personnel		15,826	
Social Security		2,270	
Unemployment Compensation		216	
Employer Medicare		531	
Communication		986	
Travel		980	
Other Supplies and Materials		530	
Other Charges		724	
Total Soil Conservation			42,852

Other Agriculture and Natural Resources

Other Charges	\$	909	
Total Other Agriculture and Natural Resources			909

Other Operations

Tourism

Other Supplies and Materials	\$	4,920	
Total Tourism			4,920

Other Economic and Community Development

Other Charges	\$	458,292	
Total Other Economic and Community Development			458,292

Veterans' Services

Supervisor/Director	\$	10,394	
Social Security		644	
Employer Medicare		151	
Postal Charges		441	
Travel		3,631	
Total Veterans' Services			15,261

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Building and Contents Insurance	\$	12,796	
Liability Insurance		25,098	
Premiums on Corporate Surety Bonds		5,953	
Trustee's Commission		70,569	
Vehicle and Equipment Insurance		7,385	
Workers' Compensation Insurance		45,461	
Total Other Charges			\$ 167,262

Contributions to Other Agencies

Contributions	\$	19,394	
Total Contributions to Other Agencies			19,394

Employee Benefits

Social Security	\$	18	
Pensions		95,298	
Medical Insurance		48,858	
Unemployment Compensation		122	
Employer Medicare		44	
Total Employee Benefits			144,340

Miscellaneous

Other Charges	\$	17,598	
Total Miscellaneous			17,598

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	23,849	
Social Security		1,479	
Unemployment Compensation		216	
Employer Medicare		346	
Communication		184	
Postal Charges		83	
Printing, Stationery, and Forms		249	
Travel		2,793	
Other Supplies and Materials		925	
Access Fees		1,100	
Other Charges		18,451	
Total Community Services			49,675

Principal on Debt

General Government

Principal on Notes	\$	35,504	
Total General Government			35,504

Interest on Debt

General Government

Interest on Notes	\$	877	
Total General Government			877

Total General Fund \$ 4,697,914

(Continued)

Grundy 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	\$ 35,964	
Total County Buildings		\$ 35,964

Other Operations

Other Charges

Trustee's Commission	\$ 279	
Total Other Charges		<u>279</u>

Total Courthouse and Jail Maintenance Fund		\$ 36,243
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$ 20,729	
Social Security	1,586	
Unemployment Compensation	156	
Maintenance and Repair Services - Vehicles	45	
Gasoline	15	
Instructional Supplies and Materials	4,934	
Other Supplies and Materials	<u>5,986</u>	
Total Waste Pickup		\$ 33,451

Convenience Centers

Truck Drivers	\$ 67,341	
Maintenance Personnel	28,500	
Part-time Personnel	160,067	
Social Security	19,583	
Unemployment Compensation	1,489	
Communication	8,637	
Maintenance and Repair Services - Vehicles	39,587	
Disposal Fees	208,604	
Diesel Fuel	38,510	
Electricity	9,984	
Water and Sewer	2,082	
Other Supplies and Materials	20,705	
Other Charges	5,418	
Solid Waste Equipment	<u>74,416</u>	
Total Convenience Centers		684,923

Landfill Operation and Maintenance

Contracts with Private Agencies	\$ 11,070	
Other Charges	<u>1,000</u>	
Total Landfill Operation and Maintenance		12,070

Other Operations

Other Charges

Trustee's Commission	\$ 8,180	
Total Other Charges		<u>8,180</u>

Total Solid Waste/Sanitation Fund		738,624
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(Continued)

Exhibit K-7

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

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Charges	\$ 40	
Total Industrial Development		\$ 40

Principal on Debt

General Government

Principal on Other Loans	\$ 40,861	
Total General Government		40,861

Interest on Debt

General Government

Interest on Other Loans	\$ 1,717	
Total General Government		<u>1,717</u>

Total Industrial/Economic Development Fund		\$ 42,618
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Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$ 1,819	
Trustee's Commission	142	
Motor Vehicles	16,670	
Other Equipment	<u>19,829</u>	
Total Drug Enforcement		<u>\$ 38,460</u>

Total Drug Control Fund		38,460
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Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,908	
Total Chancery Court		<u>\$ 1,908</u>

Total Constitutional Officers - Fees Fund		1,908
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,228
Accountants/Bookkeepers	33,295
Secretary(ies)	1,657
Advertising	225
Communication	4,654
Data Processing Services	4,783
Dues and Memberships	483
Evaluation and Testing	915
Maintenance and Repair Services - Office Equipment	260
Postal Charges	348

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Printing, Stationery, and Forms	\$	581	
Travel		1,671	
Electricity		3,352	
Office Supplies		698	
Water and Sewer		570	
Other Charges		3,860	
Data Processing Equipment		52	
Office Equipment		3,011	
Total Administration			\$ 130,643

Highway and Bridge Maintenance

Foremen	\$	40,000	
Equipment Operators - Heavy		83,246	
Truck Drivers		130,454	
Laborers		118,239	
Asphalt - Liquid		332,958	
Crushed Stone		190,971	
Ice		3	
Pipe		12,051	
Road Signs		1,266	
Small Tools		1,013	
Other Supplies and Materials		405	
Other Charges		507	
Total Highway and Bridge Maintenance			911,113

Operation and Maintenance of Equipment

Mechanic(s)	\$	29,240	
Maintenance and Repair Services - Equipment		11,502	
Towing Services		100	
Diesel Fuel		84,340	
Equipment and Machinery Parts		36,485	
Garage Supplies		1,841	
Gasoline		15,074	
Lubricants		3,994	
Propane Gas		1,138	
Small Tools		3,098	
Tires and Tubes		17,959	
Other Supplies and Materials		1,089	
Other Charges		599	
Total Operation and Maintenance of Equipment			206,459

Other Charges

Liability Insurance	\$	34,444	
Trustee's Commission		15,746	
Workers' Compensation Insurance		62,888	
Total Other Charges			113,078

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	31,394	
Pensions		37,452	
Employee and Dependent Insurance		124,916	
Unemployment Compensation		5,994	
Employer Medicare		7,342	
Total Employee Benefits			\$ 207,098

Capital Outlay

Engineering Services	\$	17,200	
Highway Equipment		7,525	
Motor Vehicles		17,500	
Total Capital Outlay			42,225

Total Highway/Public Works Fund \$ 1,610,616

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	9,044	
Total General Government			\$ 9,044

Education

Principal on Bonds	\$	670,000	
Principal on Notes		91,658	
Principal on Other Loans		408,376	
Total Education			1,170,034

Interest on Debt

General Government

Interest on Bonds	\$	329	
Total General Government			329

Education

Interest on Bonds	\$	220,573	
Interest on Notes		6,205	
Interest on Other Loans		28,199	
Total Education			254,977

Other Debt Service

General Government

Trustee's Commission	\$	11,208	
Total General Government			11,208

Education

Other Debt Service	\$	5,063	
Total Education			5,063

Total General Debt Service Fund 1,450,655

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Building Construction	<u>\$ 888,273</u>	
Total Public Safety Projects		<u>\$ 888,273</u>
Total General Capital Projects Fund		\$ 888,273
 <u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	<u>\$ 260,517</u>	
Total Capital Projects Donated to School Department		<u>\$ 260,517</u>
Total Education Capital Projects Fund		<u>260,517</u>
Total Governmental Funds - Primary Government		<u><u>\$ 9,765,828</u></u>

Exhibit K-8

Grundy County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,459,117	
Career Ladder Program		36,799	
Career Ladder Extended Contracts		8,030	
Homebound Teachers		11,675	
Clerical Personnel		1,670	
Educational Assistants		160,533	
Other Salaries and Wages		126,325	
Non-certified Substitute Teachers		143,981	
Social Security		291,847	
Pensions		428,321	
Life Insurance		521	
Medical Insurance		679,325	
Employer Medicare		68,457	
Communication		1,421	
Travel		438	
Other Contracted Services		38,790	
Instructional Supplies and Materials		96,711	
Textbooks		222,939	
Other Supplies and Materials		156	
Other Charges		1,200	
Regular Instruction Equipment		68,505	
Total Regular Instruction Program			\$ 6,846,761

Alternative Instruction Program

Teachers	\$	41,166	
Career Ladder Program		417	
Educational Assistants		11,360	
Social Security		3,259	
Pensions		4,764	
Life Insurance		37	
Medical Insurance		5,658	
Employer Medicare		762	
Total Alternative Instruction Program			67,423

Special Education Program

Teachers	\$	1,242,335	
Career Ladder Program		15,283	
Homebound Teachers		3,090	
Educational Assistants		223,802	
Speech Pathologist		150,628	
Certified Substitute Teachers		375	
Non-certified Substitute Teachers		1,029	
Social Security		97,902	
Pensions		146,120	
Life Insurance		731	
Medical Insurance		162,768	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	22,896	
Evaluation and Testing		374	
Instructional Supplies and Materials		390	
Other Supplies and Materials		76	
Special Education Equipment		204	
Total Special Education Program			\$ 2,068,003

Vocational Education Program

Teachers	\$	459,281	
Educational Assistants		19,462	
Social Security		28,605	
Pensions		40,175	
Life Insurance		37	
Medical Insurance		58,383	
Employer Medicare		6,690	
Instructional Supplies and Materials		11,555	
Other Charges		480	
Vocational Instruction Equipment		1,975	
Total Vocational Education Program			626,643

Support Services

Attendance

Supervisor/Director	\$	58,303	
Career Ladder Program		1,000	
Clerical Personnel		10,640	
Social Security		4,311	
Pensions		6,303	
Life Insurance		37	
Medical Insurance		6,083	
Employer Medicare		1,008	
Postal Charges		2,797	
Travel		2,014	
Other Contracted Services		21,300	
Other Supplies and Materials		2,984	
Total Attendance			116,780

Health Services

Medical Personnel	\$	48,688	
Other Salaries and Wages		130,248	
Social Security		10,792	
Pensions		15,928	
Life Insurance		111	
Medical Insurance		19,323	
Employer Medicare		2,524	
Travel		967	
Other Contracted Services		8,567	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Drugs and Medical Supplies	\$	4,866	
Other Charges		615	
Total Health Services			\$ 242,629

Other Student Support

Guidance Personnel	\$	191,786	
Social Workers		55,000	
Secretary(ies)		27,708	
School Resource Officer		24,620	
Other Salaries and Wages		11,629	
Social Security		16,702	
Pensions		24,764	
Life Insurance		74	
Medical Insurance		40,028	
Employer Medicare		3,906	
Evaluation and Testing		4,059	
Travel		3,837	
Other Supplies and Materials		5,865	
In Service/Staff Development		75	
Other Charges		23,021	
Other Equipment		480	
Total Other Student Support			433,554

Regular Instruction Program

Supervisor/Director	\$	133,783	
Career Ladder Program		917	
Librarians		49,060	
Social Security		9,895	
Pensions		15,078	
Medical Insurance		17,391	
Employer Medicare		2,314	
Travel		783	
Library Books/Media		2,993	
In Service/Staff Development		8,543	
Total Regular Instruction Program			240,757

Special Education Program

Supervisor/Director	\$	60,971	
Career Ladder Program		1,000	
Psychological Personnel		47,332	
Secretary(ies)		28,106	
Social Security		8,461	
Pensions		12,368	
Medical Insurance		12,273	
Employer Medicare		1,979	
Communication		10,907	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Postal Charges	\$	302	
Travel		4,985	
Other Contracted Services		61	
Other Supplies and Materials		928	
In Service/Staff Development		225	
Other Charges		30	
Total Special Education Program			\$ 189,928

Vocational Education Program

Supervisor/Director	\$	60,930	
Career Ladder Program		1,000	
Social Security		3,671	
Pensions		5,599	
Medical Insurance		7,981	
Employer Medicare		859	
Travel		1,463	
Total Vocational Education Program			81,503

Other Programs

On-behalf Payments to OPEB	\$	95,325	
Total Other Programs			95,325

Board of Education

Board and Committee Members Fees	\$	11,475	
Social Security		712	
Pensions		101	
Unemployment Compensation		18,141	
Employer Medicare		166	
Dues and Memberships		7,596	
Legal Services		39,546	
Travel		485	
Other Contracted Services		8,000	
Liability Insurance		37,475	
Premiums on Corporate Surety Bonds		850	
Trustee's Commission		77,031	
Workers' Compensation Insurance		97,618	
Refund to Applicant for Criminal Investigation		84	
Other Charges		30,363	
Total Board of Education			329,643

Director of Schools

County Official/Administrative Officer	\$	83,567	
Clerical Personnel		21,955	
Social Security		7,232	
Pensions		10,581	
Life Insurance		881	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	19,949	
Employer Medicare		1,691	
Communication		39,382	
Postal Charges		490	
Total Director of Schools			\$ 185,728

Office of the Principal

Principals	\$	407,806	
Career Ladder Program		1,917	
Assistant Principals		54,421	
Secretary(ies)		34,424	
Clerical Personnel		48,073	
Social Security		32,279	
Pensions		48,138	
Life Insurance		259	
Medical Insurance		76,348	
Employer Medicare		7,549	
Total Office of the Principal			711,214

Fiscal Services

Accountants/Bookkeepers	\$	60,211	
Secretary(ies)		24,473	
Clerical Personnel		15,720	
Other Salaries and Wages		18,997	
Social Security		7,388	
Pensions		10,546	
Life Insurance		120	
Employer Medicare		1,728	
Postal Charges		1,070	
Travel		1,612	
Other Contracted Services		14,420	
Office Supplies		4,344	
Other Charges		181	
Total Fiscal Services			160,810

Operation of Plant

Custodial Personnel	\$	247,538	
Social Security		14,582	
Pensions		17,246	
Life Insurance		413	
Employer Medicare		3,410	
Maintenance and Repair Services - Equipment		8,807	
Other Contracted Services		17,148	
Custodial Supplies		90,956	
Electricity		392,733	
Natural Gas		137,557	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	63,961	
Boiler Insurance		100	
Building and Contents Insurance		58,372	
Other Charges		19,906	
Total Operation of Plant			\$ 1,072,729

Maintenance of Plant

Maintenance Personnel	\$	121,508	
Social Security		6,951	
Pensions		9,064	
Life Insurance		182	
Employer Medicare		1,626	
Communication		1,953	
Maintenance and Repair Services - Equipment		36,040	
Other Supplies and Materials		62,737	
Total Maintenance of Plant			240,061

Transportation

Supervisor/Director	\$	41,798	
Mechanic(s)		47,660	
Bus Drivers		253,962	
Social Security		21,535	
Pensions		25,135	
Life Insurance		697	
Employer Medicare		5,036	
Communication		3,097	
Medical and Dental Services		1,857	
Travel		4,204	
Other Contracted Services		4,977	
Diesel Fuel		70,239	
Gasoline		26,437	
Tires and Tubes		10,329	
Vehicle Parts		70,857	
Other Supplies and Materials		7,580	
Vehicle and Equipment Insurance		25,995	
Other Charges		3,875	
Transportation Equipment		205,301	
Total Transportation			830,571

Central and Other

Supervisor/Director	\$	20,160	
Other Salaries and Wages		118,703	
Social Security		8,610	
Pensions		12,155	
Employer Medicare		2,014	
Communication		1,019	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Travel	\$	10,451	
Other Supplies and Materials		56,813	
Other Charges		5,302	
Total Central and Other			\$ 235,227

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	20,255	
Other Salaries and Wages		960	
Social Security		1,177	
Pensions		2,086	
Employer Medicare		275	
Communication		579	
Travel		2,370	
Other Contracted Services		7,502	
Other Supplies and Materials		8,562	
Other Charges		31,078	
Total Community Services			74,844

Early Childhood Education

Supervisor/Director	\$	42,621	
Teachers		155,814	
Clerical Personnel		4,576	
Educational Assistants		34,064	
Non-certified Substitute Teachers		2,745	
Social Security		13,987	
Pensions		21,358	
Life Insurance		111	
Medical Insurance		34,639	
Employer Medicare		3,271	
Communication		2,427	
Travel		11,564	
Instructional Supplies and Materials		51,356	
Other Supplies and Materials		1,100	
Other Charges		32,884	
Other Equipment		32,612	
Total Early Childhood Education			445,129

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	24,813	
Building Improvements		416,215	
Site Development		22,310	
Other Capital Outlay		800	
Total Regular Capital Outlay			464,138

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$ 250,034	
Total Education		\$ 250,034

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$ 6,270	
Total Education		6,270

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 750,100	
Total Education		<u>750,100</u>

Total General Purpose School Fund		\$ 16,765,804
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 263,067	
Educational Assistants	112,173	
Other Salaries and Wages	4,730	
Non-certified Substitute Teachers	6,145	
Social Security	23,126	
Pensions	30,508	
Life Insurance	273	
Medical Insurance	37,724	
Employer Medicare	5,408	
Other Contracted Services	24,667	
Instructional Supplies and Materials	95,503	
Other Supplies and Materials	169	
Other Charges	434	
Regular Instruction Equipment	5,311	
Total Regular Instruction Program		\$ 609,238

Special Education Program

Teachers	\$ 7,985	
Educational Assistants	180,543	
Other Salaries and Wages	144,430	
Social Security	22,497	
Pensions	16,222	
Medical Insurance	12,406	
Employer Medicare	5,261	
Other Contracted Services	31,000	
Instructional Supplies and Materials	9,772	
Other Supplies and Materials	5,414	
Fee Waivers	412	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Charges	\$	647	
Special Education Equipment		29,322	
Total Special Education Program			\$ 465,911

Vocational Education Program

Instructional Supplies and Materials	\$	1,220	
Vocational Instruction Equipment		30,998	
Total Vocational Education Program			32,218

Support Services

Other Student Support

Guidance Personnel	\$	34,192	
Other Salaries and Wages		838	
Social Security		2,470	
Pensions		3,465	
Medical Insurance		6,184	
Employer Medicare		578	
Travel		8,508	
Other Supplies and Materials		6,007	
In Service/Staff Development		1,881	
Other Charges		10,789	
Total Other Student Support			74,912

Regular Instruction Program

Supervisor/Director	\$	55,536	
Other Salaries and Wages		208,068	
Social Security		14,773	
Pensions		22,178	
Life Insurance		37	
Medical Insurance		29,215	
Employer Medicare		3,455	
Communication		3,316	
Operating Lease Payments		1,986	
Travel		1,484	
Other Supplies and Materials		1,267	
In Service/Staff Development		103,212	
Other Charges		249	
Regular Instruction Equipment		405	
Other Equipment		32,414	
Total Regular Instruction Program			477,595

Special Education Program

Clerical Personnel	\$	13,735	
Other Salaries and Wages		1,270	
Social Security		960	
Pensions		1,354	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	225	
Travel		2,488	
Other Contracted Services		100,723	
Other Supplies and Materials		6,274	
In Service/Staff Development		23,366	
Other Charges		1,470	
Other Equipment		5,221	
Total Special Education Program			\$ 157,086

Vocational Education Program

Travel	\$	1,912	
Total Vocational Education Program			1,912

Transportation

Other Salaries and Wages	\$	16,709	
Social Security		1,036	
Pensions		1,241	
Employer Medicare		242	
Contracts with Parents		1,331	
Total Transportation			<u>20,559</u>

Total School Federal Projects Fund \$ 1,839,431

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	64,728	
Clerical Personnel		25,521	
Cafeteria Personnel		460,855	
Social Security		33,358	
Pensions		39,762	
Life Insurance		1,219	
Medical Insurance		14,131	
Employer Medicare		7,945	
Communication		5,160	
Maintenance and Repair Services - Equipment		1,919	
Travel		4,630	
Other Contracted Services		6,333	
Food Preparation Supplies		2,515	
Food Supplies		608,786	
Office Supplies		2,024	
Uniforms		160	
USDA - Commodities		76,643	
In Service/Staff Development		126	
Other Charges		4,184	
Food Service Equipment		2,168	
Other Equipment		46,415	
Total Food Service			<u>\$ 1,408,582</u>

Total Central Cafeteria Fund 1,408,582

Total Governmental Funds - Grundy County School Department \$ 20,013,817

Exhibit K-9

Grundy County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 566,335
Total Cash Receipts	<u>\$ 566,335</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 560,672
Trustee's Commission	5,663
Total Cash Disbursements	<u>\$ 566,335</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<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
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**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Grundy County's basic financial statements, and have issued our report thereon dated October 14, 2015. Our report includes a reference to other auditors who audited the financial statements of the Grundy County Emergency Communications District as described in our report on Grundy County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grundy County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grundy County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy County's internal control.

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001(A), 2015-002, 2015-003(A,B), and 2015-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grundy County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2015-001(B), 2015-003(C), and 2015-004.

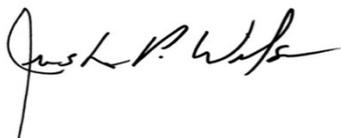
Grundy County's Responses to Findings

Grundy County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Grundy County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2015

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Grundy County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grundy County's major federal programs for the year ended June 30, 2015. Grundy County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, Grundy County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

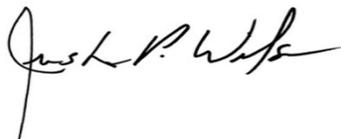
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Grundy County's basic financial statements. We issued our report thereon dated October 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 14, 2015

JPW/yu

Grundy County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 76,643 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	361,575
National School Lunch Program	10.555	N/A	895,928 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	42,978
Total U.S. Department of Agriculture			<u>\$ 1,377,124</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 and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 181,537
Total U.S. Department of Housing and Urban Development			<u>\$ 181,537</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	(2)	\$ 14,872
Total U.S. Department of Justice			<u>\$ 14,872</u>
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 38,218
Total U.S. Department of Labor			<u>\$ 38,218</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-14-GHS-145	\$ 26,032
Total U.S. Department of Transportation			<u>\$ 26,032</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	(2)	\$ 266,755
Passed-through East Tennessee State University:			
Appalachian Area Development	23.002	(2)	2,500
Total Appalachian Regional Commission			<u>\$ 269,255</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 968,190
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	618,853
Special Education - Preschool Grants	84.173	N/A	29,904
Career and Technical Education - Basic Grants to States	84.048	N/A	43,448
Special Education - Grants for Infants and Families	84.181	N/A	63,697
Twenty-first Century Community Learning Centers	84.287	N/A	199,417
Rural Education	84.358	N/A	44,483
Improving Teacher Quality State Grants	84.367	N/A	146,986
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	6,468
Total U.S. Department of Education			<u>\$ 2,121,446</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 726
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	51,007
Total U.S. Department of Health and Human Services			<u>\$ 51,733</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 17,856
Total U.S. Department of Homeland Security			<u>\$ 17,856</u>
Total Expenditures of Federal Awards			<u>\$ 4,098,073</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	\$ 321,098
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Family Resource Center - State Department of Education	N/A	(2)	17,973
Community Garden Grant - State Department of Health	N/A	(2)	1,988
Student Ticket Subsidy Grant - State Arts Commission	N/A	(2)	3,650
Archery in the Schools Grant - State Wildlife Resource Agency	N/A	(2)	2,000
Litter Program - State Department of Transportation	N/A	(2)	33,450
Rural Local Health Services - State Department of Health	N/A	(2)	35,429
Three Star Grant - State Department of Economic and Community Development	N/A	(2)	10,000
Total State Grants			<u>\$ 525,588</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$972,571.

Grundy County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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 Grundy County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-006	174	Deficiencies exist related to work performed for other governmental entities

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-008(B)	175	The office had deficiencies in purchasing procedures
2014-009	176	Deficiencies were noted in the administration of the Little Jackets Daycare

**OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, COUNTY CLERK,
AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-013	179	Duties were not segregated adequately

GRUNDY COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Grundy County is unmodified.
2. The audit of the financial statements of Grundy County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit reported no instances of noncompliance that are material to the financial statements of Grundy County.
4. Our audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit disclosed 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 Grants to Local Educational Agencies (CFDA No. 84.010); and the Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Grundy County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of schools provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2015-001

DEFICIENCIES EXIST RELATED TO WORK PERFORMED FOR OTHER GOVERNMENTAL ENTITIES

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

The Highway Department performs road repairs for the cities of Coalmont, Gruetli-Laager, Palmer, and Tracy City, Tennessee. We noted the following deficiencies related to this work, which are the result of management's failure to correct the finding noted in the prior-year audit report.

- A. The Highway Department did not have formal written contracts with the cities for the repair work performed. Without formal written contracts, the Highway Department and the cities have no formal guidance of their responsibilities.
- B. The Highway Department is reimbursed only the cost of the materials used on the city projects. Section 54-7-202(d), *Tennessee Code Annotated*, provides that the County Commission has the authority to authorize the Highway Department to perform work for other governmental entities; provided, the cost of the projects so authorized is reimbursed to the Highway Department. Without charging the cities for the Highway Department's costs of providing men and equipment, the department is not recovering its actual costs.

RECOMMENDATION

The Highway Department should enter into formal written contracts approved by the County Commission with all cities that have work performed. The Highway Department should recover the actual costs of performing work for other governmental entities

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2015-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 45 disbursements totaling \$302,568 from a population of 4,272 vendor checks totaling \$16,735,864. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management’s failure to correct the finding noted in the prior-year audit report.

- A. In one instance, an invoice from a roofing company totaled \$351,663; however, the amount paid to the roofing company was \$355,000. The office could not produce documentation to support the additional \$3,337 payment.
- B. Our sample revealed that expenditures were coded to accounts that did not reflect the true nature of the expenditures in three of 43 applicable purchases. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

RECOMMENDATION

Invoices should be on file to support the amount of the disbursements. All transaction should be properly classified in the accounting records using the current County Uniform Chart of Accounts.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Part A: Those involved remember that the project came in under what was bid and that additional work was done, but a change order cannot be found for these changes that would equal the final bid amount.

Part B: Conversations with the Tennessee Department of Education concerning the nature of what the expenditures ought to focus on will result in spending that is more in line and help eliminate misclassifying expenditures.

FINDING 2015-003

DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE LITTLE JACKETS DAYCARE

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

The School Department operates a child care program known as the Little Jackets Daycare, and the daycare’s financial transactions are channeled through the General Purpose School

Fund. Our examination revealed the following deficiencies, which can be attributed to the failure of management to monitor and review the daycare operations adequately and the failure to correct the finding noted in the prior-year audit report.

- A. The duties of the daycare employees were not segregated adequately. The site director took attendance, calculated the tuition, collected funds, and prepared the deposit. These duties were performed without effective monitoring or review by supervisory personnel. 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.
- B. Official receipts were not always issued at the time collections were received, and some collections were not receipted. The practice of issuing receipts subsequent to the actual collection or not issuing receipts for all collections increases risks that collections may not be accounted for properly.
- C. As part of our audit procedures for obtaining reasonable assurance that Little Jackets Daycare funds were deposited to the bank within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of July 2014 through June 2015 to examine receipts and deposits. The program office did not deposit some funds with the bank within three days of collections in 13 of 49 deposits made during this time period. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources, and these duties should be closely monitored and reviewed by supervisory personnel. The daycare should issue receipts for all collections at the time funds are collected. The Little Jackets Daycare should deposit all funds with the bank within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Collaboration will begin that will result in clear job descriptions for each Little Jacket Daycare employee, especially their fiscal responsibilities. Also, a procedural manual will be created that details a step-by-step process on how money is to be collected, documented, and deposited.

FINDING 2015-004

THE GENERAL LEDGER CASH ACCOUNTS FOR THE GENERAL PURPOSE SCHOOL AND SCHOOL FEDERAL PROJECTS FUNDS WERE NOT PROPERLY RECONCILED WITH COUNTY TRUSTEE REPORTS FOR MAY AND JUNE 2015

(Noncompliance Under *Government Auditing Standards*)

The office did not properly reconcile the general ledger cash accounts in the General Purpose School and School Federal Projects funds with county trustee reports for May and June 2015. The office attempted to reconcile the cash accounts with the trustee's reports for these months; however, at June 30, 2015, the accounts did not reconcile with the trustee's report by \$5,616 for the General Purpose School Fund and \$4,704 for the School Federal Projects Fund. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the trustee's reports monthly. Failure to reconcile the general ledger cash accounts with the county trustee's reports increases the risks that errors may occur and not be detected. This deficiency is the result of a lack of management oversight. Cash balances were determined by substantive tests and alternative audit procedures.

RECOMMENDATION

The office should reconcile each funds' general ledger cash account with county trustee reports monthly as required by state statute, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Due to a complete changeover in bookkeepers, there were instances in which processes were not known; therefore, the timing of reports, in this case, the reconciliation of funds with the trustee did not take place on time. As the new bookkeepers become more acclimated with the bookkeeping process, this deficiency will be remedied.

OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, COUNTY CLERK, AND SHERIFF

FINDING 2015-005

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Highway Superintendent, County Clerk, and Sheriff. Officials and employees responsible for maintaining the accounting records in 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 control that increases the risk of unauthorized transactions. Also, this

deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal programs.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice 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 Grundy County.

GRUNDY COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Grundy 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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Grundy County. Therefore, 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.

**GRUNDY COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

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