

**ANNUAL FINANCIAL REPORT  
OF  
GILES COUNTY, TENNESSEE  
AND  
GILES COUNTY SCHOOL DEPARTMENT**

---

**SINGLE AUDIT REPORT**



**FOR THE YEAR ENDED JUNE 30, 2005**

**Comptroller of the Treasury  
Department of Audit  
Division of County Audit  
Nashville, Tennessee**

**ANNUAL FINANCIAL REPORT  
GILES COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2005**

***DEPARTMENT OF AUDIT  
JOHN G. MORGAN  
Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT  
RICHARD V. NORMENT  
Assistant to the Comptroller***

***ARTHUR L. ALEXANDER  
Director***

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

***JERRY DURHAM, CPA, CGFM, CFE  
Auditor 4***

***RHONDA DAVIS, CFE  
SHERRIE GILL, CFE  
PATTY VARGO, CFE  
TERA HAYNES  
NATHAN ABBOTT, CISA, CFE  
State Auditors***

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

---



---

## GILES COUNTY, TENNESSEE TABLE OF CONTENTS

---



---

	Exhibit/Table	Page(s)
Audit Highlights		1-2
<u>INTRODUCTORY SECTION</u>		3
Giles County Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-11
BASIC FINANCIAL STATEMENTS:		13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	15-16
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	17-18
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	C	19
Notes to the Financial Statements		21-36
REQUIRED SUPPLEMENTARY INFORMATION:		37
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	D-1	39-42
Special Purpose Fund	D-2	43
Highway/Public Works Fund	D-3	44
Notes to the Required Supplementary Information		45
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		47
Nonmajor Governmental Funds:		49-50
Combining Balance Sheet	E-1	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	52
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Solid Waste/Sanitation Fund	E-3	53
Industrial/Economic Development Fund	E-4	54
Drug Control Fund	E-5	55
General Capital Projects Fund	E-6	56

	Exhibit/Table	Page(s)
Major Governmental Fund:		57
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	F	59
Fiduciary Funds:		61
Combining Statement of Fiduciary Assets and Liabilities	G-1	63
Combining Statement of Changes in Assets and Liabilities	G-2	64
Miscellaneous Schedules:		65
Schedule of Changes in Long-term Notes and Bonds	H-1	67
Schedule of Bond and Interest Requirements by Year	H-2	68
Schedule of Transfers – All Funds	H-3	69
Schedule of Salaries and Official Bonds of Principal Officials	H-4	70
Schedule of Detailed Revenues – All Governmental Fund Types	H-5	71-74
Schedule of Detailed Expenditures – All Governmental Fund Types	H-6	75-90
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	H-7	91
 <u>STATISTICAL SECTION</u>		 93
Uncollected Taxes Filed in Chancery Court	1	95
Tax Rates and Assessments – Last Ten Years	2	96

# ***Audit Highlights***

Annual Financial Report  
Giles County, Tennessee  
For the Year Ended June 30, 2005

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of Giles County as of and for the year ended June 30, 2005.

## ***Results***

Our report on Giles County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in seven findings and recommendations, which we have reviewed with Giles County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **GILES COUNTY**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

---

### **OFFICE OF COUNTY MAYOR**

- ◆ The Ambulance Service had several deficiencies concerning the write-off of uncollectible accounts.
- ◆ Purchase orders were not issued for some purchases, several invoices were paid without documentation that goods had been received or services had been rendered, and several expenditures were misclassified.

---

### **OFFICE OF HIGHWAY COMMISSIONER**

- ◆ Purchase orders were not issued for some purchases, some purchase orders had been issued after purchases were made, invoices were paid without documentation that goods had been received or services had been rendered, and the Highway Department did not document the reason for purchasing rock from a vendor who was not the low bidder.
-



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

- ◆ The office did not maintain formal user documentation for the court software.
- 

**OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Highway Commissioner, Trustee, Clerk and Master, Register, and Sheriff.

---

---

## INTRODUCTORY SECTION

---

---

# Giles County Officials

## June 30, 2005

---

### Officials:

Janet Vanzant, County Mayor  
Barry Hyatt, Highway Commissioner  
JoAnn Townsend, Trustee  
Steve McGill, Assessor of Property  
Carol Wade, County Clerk  
Crystal Greene, Circuit and General Sessions Courts Clerk  
Merry Sigmon, Clerk and Master  
Kaye Gibbons, Register  
Eddie Bass, Sheriff

### Board of County Commissioners:

Janet Vanzant, Chairman	Ramona Flacy
Alfred Harris	Garland Moore
Charles Greene	Stoney Jackson
Edmund McMasters	Chris Morris
Billy Beets	Tim Risner
Edwin Lovell	Roger Reedy
Ronald Shirey	Connie Howell
Bill Holt	Larry Worsham
Jeff Hatfield	Stanley Newton
Tommy Campbell	Terry Harwell
Paul Walker	Butch White

---

---

## **FINANCIAL SECTION**

---

---



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

March 13, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Giles County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 15 through 36, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Giles County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements

for the county's governmental activities and discretely presented component units are not reasonably determinable.

As described in Note I, Giles County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Giles County, Tennessee, as of June 30, 2005, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Giles County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2006, on our consideration of Giles County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note III.B., Giles County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 39 through 45 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Giles 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, miscellaneous schedules, and statistical tables 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, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Giles County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2005

	Major Funds				Nonmajor	Total
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 168,578	\$ 168,578
Equity in Pooled Cash and Investments	4,038,427	15,069,087	355,987	2,028,407	580,861	22,072,769
Inventories	0	0	85,000	0	0	85,000
Accounts Receivable	333,685	0	40,037	0	10,180	383,902
Allowance for Uncollectibles	(71,394)	0	0	0	0	(71,394)
Due from Other Governments	101,568	0	404,942	128,754	2,196	637,460
Due from Other Funds	2,546	0	0	0	44,226	46,772
Due from Component Units	14,860	0	0	0	0	14,860
Property Taxes Receivable	5,001,261	0	817,435	1,548,704	0	7,367,400
Allowance for Uncollectible Property Taxes	(123,762)	0	(20,033)	(38,909)	0	(182,704)
<b>Total Assets</b>	<b>\$ 9,297,191</b>	<b>\$ 15,069,087</b>	<b>\$ 1,683,368</b>	<b>\$ 3,666,956</b>	<b>\$ 806,041</b>	<b>\$ 30,522,643</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 52,888	\$ 0	\$ 85,696	\$ 0	\$ 1,573	\$ 140,157
Payroll Deductions Payable	91	0	45	0	0	136
Due to Other Funds	44,226	0	2,546	0	0	46,772
Deferred Revenue - Current Property Taxes	4,675,460	0	765,075	1,445,143	0	6,885,678
Deferred Revenue - Delinquent Property Taxes	180,085	0	28,814	57,627	0	266,526
Other Deferred Revenues	180,821	0	245,261	66,606	2,196	494,884
<b>Total Liabilities</b>	<b>\$ 5,133,571</b>	<b>\$ 0</b>	<b>\$ 1,127,437</b>	<b>\$ 1,569,376</b>	<b>\$ 3,769</b>	<b>\$ 7,834,153</b>
<b>Fund Balances</b>						
Reserved for Alcohol and Drug Treatment	\$ 45,948	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,948
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	195,510	0	0	0	0	195,510
Reserved for Drug Court	8,813	0	0	0	0	8,813
Reserved for Sexual Offender Registration	1,006	0	0	0	0	1,006
Reserved for Courthouse and Jail Maintenance	445,612	0	0	0	0	445,612
Reserved for Computer System - Register	11,370	0	0	0	0	11,370
Reserved for Automation Purposes - Circuit Court	33,411	0	0	0	0	33,411

(Continued)

Exhibit A

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Reserved for Automation Purposes - Chancery Court  
 Reserved for Automation Purposes - Sheriff  
 Reserved for Capital Outlay  
 Unreserved, Reported In:  
   General Fund  
   Special Revenue Funds  
   Debt Service Funds  
   Capital Projects Funds

Total Fund Balances

Total Liabilities and Fund Balances

	Major Funds			Nonmajor	Total	
	General	Special Purpose	Highway / Public Works	General Debt Service		Other Governmental Funds
Reserved for Automation Purposes - Chancery Court	\$ 848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 848
Reserved for Automation Purposes - Sheriff	9,685	0	0	0	0	9,685
Reserved for Capital Outlay	0	0	0	0	239,469	239,469
Unreserved, Reported In:						
General Fund	3,411,417	0	0	0	0	3,411,417
Special Revenue Funds	0	15,069,087	555,931	0	395,450	16,020,468
Debt Service Funds	0	0	0	2,097,580	0	2,097,580
Capital Projects Funds	0	0	0	0	167,353	167,353
Total Fund Balances	<u>\$ 4,163,620</u>	<u>\$ 15,069,087</u>	<u>\$ 555,931</u>	<u>\$ 2,097,580</u>	<u>\$ 802,272</u>	<u>\$ 22,688,490</u>
Total Liabilities and Fund Balances	<u>\$ 9,297,191</u>	<u>\$ 15,069,087</u>	<u>\$ 1,683,368</u>	<u>\$ 3,666,956</u>	<u>\$ 806,041</u>	<u>\$ 30,522,643</u>

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

Exhibit B

Giles County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005

	Major Funds				Nonmajor	Total
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,485,823	\$ 0	\$ 760,698	\$ 2,174,374	\$ 0	\$ 8,420,895
Licenses and Permits	17,400	0	0	0	0	17,400
Fines, Forfeitures, and Penalties	162,805	0	0	0	37,040	199,845
Charges for Current Services	1,308,488	0	0	0	625,075	1,933,563
Other Local Revenues	162,912	684,041	111,457	26,392	13,942	998,744
Fees Received from County Officials	627,852	0	0	0	0	627,852
State of Tennessee	577,210	0	2,134,967	0	20,264	2,732,441
Federal Government	97,278	0	150,197	0	254,153	501,628
Other Governments and Citizens Groups	0	0	26,518	0	750	27,268
Total Revenues	\$ 8,439,768	\$ 684,041	\$ 3,183,837	\$ 2,200,766	\$ 951,224	\$ 15,459,636
<u>Expenditures</u>						
Current:						
General Government	\$ 581,331	\$ 6,848	\$ 0	\$ 0	\$ 497,065	\$ 1,085,244
Finance	420,307	0	0	0	306,260	726,567
Administration of Justice	312,851	0	0	0	229,996	542,847
Public Safety	2,192,046	0	0	0	506,395	2,698,441
Public Health and Welfare	1,637,478	0	0	0	47,528	1,685,006
Social, Cultural, and Recreational Services	193,431	0	0	0	0	193,431
Agricultural and Natural Resources	154,231	0	0	0	0	154,231
Other Operations	2,112,512	0	0	0	724,780	2,837,292
Highways	0	0	3,742,726	0	0	3,742,726
Debt Service:						
Debt Service Principal	0	0	0	3,647,000	0	3,647,000
Debt Service Interest	0	0	0	885,536	0	885,536
Other Debt Service	0	0	0	256,283	0	256,283
Capital Projects	1,517	0	0	0	68,358	69,875
Total Expenditures	\$ 7,605,704	\$ 6,848	\$ 3,742,726	\$ 4,788,819	\$ 2,380,382	\$ 18,524,479
Excess (Deficiency) of Revenues Over Expenditures	\$ 834,064	\$ 677,193	\$ (558,889)	\$ (2,588,053)	\$ (1,429,158)	\$ (3,064,843)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 2,100,000	\$ 1,000,000	\$ 3,100,000
Transfers In	939,967	0	571,000	0	1,094,248	2,605,215

(Continued)

Exhibit B

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (1,094,248)	\$ (1,241,000)	\$ 0	\$ 0	\$ (269,967)	\$ (2,605,215)
Total Other Financing Sources (Uses)	\$ (154,281)	\$ (1,241,000)	\$ 571,000	\$ 2,100,000	\$ 1,824,281	\$ 3,100,000
Net Change in Fund Balances	\$ 679,783	\$ (563,807)	\$ 12,111	\$ (488,053)	\$ 395,123	\$ 35,157
Fund Balance, July 1, 2004	3,483,837	15,632,894	543,820	2,585,633	407,149	22,653,333
Fund Balance, June 30, 2005	\$ 4,163,620	\$ 15,069,087	\$ 555,931	\$ 2,097,580	\$ 802,272	\$ 22,688,490

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

Exhibit C

Giles County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,252,368
Due from Other Governments	<u>346,684</u>
Total Assets	<u>\$ 1,599,052</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 346,684
Due to Litigants, Heirs, and Others	<u>1,252,368</u>
Total Liabilities	<u>\$ 1,599,052</u>

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

**GILES COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Giles County's financial statements are not 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.

Giles County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. Giles County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Giles County's auditor to issue an adverse opinion on the county's financial statements.

Although Giles County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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

**A. Reporting Entity**

Giles County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Giles County, the primary government.

**Blended Component Units** – There are no legally separate component units of Giles County that meet the criteria for being reported as part of the primary government by the blending method.

**Excluded Component Units** – The following entities meet the criteria for discretely presented component units of the county. Since Giles County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

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

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

The Giles County School Department and the Giles County Emergency Communications District issue separate financial statements from those of the county. The School Department’s financial statements are published as a separate report but under the same cover as the county’s financial statements. The Giles County Emergency Communications District’s financial statements are published as a separate report. Complete financial statements of the Giles County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Giles County Emergency Communications District  
P.O. Box 153  
Pulaski, TN 38478

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

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

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

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

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

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Giles County reports the following major governmental funds:

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

**Special Purpose Fund** – This fund accounts for proceeds received in a prior year from the sale of the county’s hospital and interest earned on the proceeds.

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

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

Additionally, Giles County reports the following fund types:

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in 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.

C. **Assets, Liabilities, and Equity**

1. **Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all Giles County and Giles County School Department funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General and Special Purpose Funds. Giles County and the Giles County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state

treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Outstanding balances between funds are reported as due to/from other funds.

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to one 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 deferred revenue as of June 30.

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

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

**3. Inventories**

Inventories of Giles County are recorded at cost, determined on the first-in, first-out method.

**4. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Giles County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Giles County does not present government-wide statements.

**5. Compensated Absences**

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

**6. Long-term Obligations**

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

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.

## 7. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

## II. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

Giles County and the Giles County School Department participate in an internal cash and investment pool through the Office of Trustee. The Giles County School Department meets the criteria for a discretely presented component unit of Giles County. Since Giles County is presenting fund financial statements only, the financial information for the Giles County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2005, Giles County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Giles County and the discretely presented Giles County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 3,680,751

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments, as previously explained. Giles County has no investment policy that would further limit its investment choices. As of June 30, 2005, Giles County's investment in the State Treasurer's Investment Pool was unrated.

## **B. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2005, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 44,226
General	Highway/Public Works	2,546

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.

**Due to/from primary government and component units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary government: General	Component unit: School Department: General Purpose School	\$ 14,860

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Highway/ Public Works Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$ 0	\$ 0	\$ 1,094,248
Special Purpose Fund	670,000	571,000	0
Nonmajor governmental funds	269,967	0	0
Total	<u>\$ 939,967</u>	<u>\$ 571,000</u>	<u>\$ 1,094,248</u>

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

**C. Long-term Debt**

Since Giles County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Giles County is not presenting government-wide financial statements.

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to 11 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	2.25 to 5.75 %	\$ 19,865,000	\$ 6,575,000
General Obligation Bonds - Refunding	1.75 to 5.25	20,375,000	12,400,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2006	\$ 1,700,000	\$ 794,783
2007	975,000	741,882
2008	1,020,000	700,965
2009	1,070,000	656,792
2010	1,120,000	608,951
2011-2015	6,335,000	2,336,777
2016-2020	6,755,000	971,203
Total	<u>\$ 18,975,000</u>	<u>\$ 6,811,353</u>

There is \$2,097,580 available in the General Debt Service Fund to service long-term debt. Total debt per capita amounted to \$644, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:	Bonds	Notes	Compensated Absences
Balance, July 1, 2004	\$ 17,495,000	\$ 2,027,000	\$ 73,214
Additions	3,100,000	0	160,546
Deductions	(1,620,000)	(2,027,000)	(156,256)
Balance, June 30, 2005	<u>\$ 18,975,000</u>	<u>\$ 0</u>	<u>\$ 77,504</u>
Balance Due Within One Year	<u>\$ 1,700,000</u>	<u>\$ 0</u>	<u>\$ 77,504</u>

Compensated absences payable will be paid from the employing fund, primarily the General Fund.

Defeasance of Prior Debt

In prior years, Giles County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for a portion of the future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2005, the following outstanding bond is considered defeased:

2000 School Building	\$10,580,000
----------------------	--------------

**III. OTHER INFORMATION**

**A. Risk Management**

The county is exposed to various risks related to general liability, property, and casualty losses. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$500,000 (property) and \$250,000 (casualty) for each insured event.

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

**B. Accounting Change**

During the year, Giles County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

**C. Contingent Liabilities**

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

**D. Changes in Administration**

On August 31, 2004, Pete Britton left the Office of Highway Commissioner and was succeeded by Barry Hyatt, and William C. Gordon, Jr., left the Office of Assessor of Property and was succeeded by Steve McGill.

**E. Joint Ventures**

The Economic Development Commission for Pulaski-Giles County, Tennessee, Inc., is a joint venture between Giles County and the City of Pulaski, and is governed by a 14-member board. The purpose of the board is to promote and facilitate the economic development of the City of Pulaski and Giles County, Tennessee. Giles County and the City of Pulaski provide the majority of the funding for the board. Each of these entities is required to fund 40 percent of the board's annual operating budget. Giles County contributed \$82,649 to the operation of the Economic Development Commission during the year ended June 30, 2005.

The Interlocal Solid Waste Authority was formed by joint resolution of the counties of Giles, Franklin, and Lincoln, and the municipalities of Tullahoma and Fayetteville for the purpose of developing a solid waste regional plan. Each participating County Commission or City Council appointed the authority's board for varying terms of office. Giles County made no contributions to the Interlocal Solid Waste Authority for the year ended June 30, 2005.

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

Administrative Offices:

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

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

**F. Jointly Governed Organizations**

Industrial Development Board

The Industrial Development Board of Giles County and the City of Pulaski was created by Giles County and the City of Pulaski. The Industrial Development Board comprises eight members. The county and the city each appoint four members. However, the county does not have any ongoing financial interest or responsibility for the entity. Giles County made no appropriations to the Industrial Development Board for the year ended June 30, 2005.

Tennessee Southern Railroad Authority

The Tennessee Southern Railroad Authority (TSRA) was created by the county in conjunction with Lawrence and Maury Counties, and its board comprises the county mayors and a representative appointed by the respective County Commissions from each of the three counties and a representative from the cities of Mt. Pleasant and Lawrenceburg. However, Giles County does not have any ongoing financial interest or responsibility for the entity. The majority of TSRA's funding is received from various grants from the Tennessee Department of Transportation. Giles County made no appropriations to the Tennessee Southern Railroad Authority for the year ended June 30, 2005.

**G. Commitments**

Airport

Giles County and the City of Pulaski jointly own the Abernathy Field Airport; however, the day-to-day operation of the airport is administered by the City of Pulaski. The financial activity of the airport is reported in the General

Fund financial statements of the City of Pulaski. Giles County is committed to contributing one-half of the operating expenses of the Abernathy Field Airport. Giles County contributed \$32,540 to the operations of the airport during the year ended June 30, 2005.

### Industrial Park

On October 20, 1997, the County Commission adopted a resolution “to participate and fund the county’s share or one-half of the costs and expenses associated with the development of the new industrial park ...” Based on this resolution, the county will participate with the City of Pulaski to develop an industrial park. A written contract that documents this arrangement has been approved by a County Commission resolution. As of June 30, 2005, the City of Pulaski had borrowed certain funds and also funded part of this project from its local funds. Giles County made a contribution of \$137,992 to the City of Pulaski to pay its portion of these obligations during the year ended June 30, 2005, from the General Debt Service Fund.

## **H. Retirement Commitments**

### **Plan Description**

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

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

[www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

**Funding Policy**

Giles County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 7.33 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Giles County is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2005, Giles County’s annual pension cost of \$631,912 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Giles County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$631,912	100%	\$0
6-30-04	491,080	100	0
6-30-03	490,448	100	0

**Required Supplementary Information**  
Schedule of Funding Progress for Giles County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$19,024	\$21,096	\$2,072	90.18%	\$8,146	25.44%
6-30-01	16,967	19,168	2,201	88.52	8,073	27.26
6-30-1999	14,515	16,676	2,161	87.04	7,464	28.95

**I. 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 all purchases exceeding \$5,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Commissioner

Purchasing procedures for the Highway Department are governed by provisions of Chapter 415, Private Acts of 1939, and the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for the highway commissioner to make all purchases and for all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit D-1

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,485,823	\$ 0	\$ 5,485,823	\$ 5,176,767	\$ 5,176,767	\$ 309,056
Licenses and Permits	17,400	0	17,400	16,500	16,500	900
Fines, Forfeitures, and Penalties	162,805	0	162,805	110,450	115,450	47,355
Charges for Current Services	1,308,488	0	1,308,488	966,000	967,078	341,410
Other Local Revenues	162,912	0	162,912	148,000	176,194	(13,282)
Fees Received from County Officials	627,852	0	627,852	480,000	560,000	67,852
State of Tennessee	577,210	0	577,210	485,818	600,086	(22,876)
Federal Government	97,278	0	97,278	50,000	129,887	(32,609)
<b>Total Revenues</b>	<b>\$ 8,439,768</b>	<b>\$ 0</b>	<b>\$ 8,439,768</b>	<b>\$ 7,433,535</b>	<b>\$ 7,741,962</b>	<b>\$ 697,806</b>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 22,080	\$ 0	\$ 22,080	\$ 27,495	\$ 27,495	\$ 5,415
County Mayor/County Executive	120,886	0	120,886	124,346	124,346	3,460
County Attorney	44,988	0	44,988	45,900	45,900	912
Election Commission	127,663	0	127,663	141,079	141,079	13,416
Register of Deeds	23,645	0	23,645	37,180	37,180	13,535
County Buildings	242,069	0	242,069	294,172	297,268	55,199
<u>Finance</u>						
Accounting and Budgeting	88,060	0	88,060	89,585	89,585	1,525
Property Assessor's Office	249,660	0	249,660	235,338	271,338	21,678
Reappraisal Program	46,671	0	46,671	47,000	47,000	329
County Trustee's Office	11,893	0	11,893	12,726	12,726	833
County Clerk's Office	24,023	0	24,023	26,078	26,078	2,055
<u>Administration of Justice</u>						
Circuit Court	80,522	0	80,522	100,985	100,985	20,463
General Sessions Court	79,020	0	79,020	80,507	80,507	1,487

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice (Cont.)</u>						
Chancery Court	\$ 126,359	\$ 0	\$ 126,359	\$ 119,331	\$ 127,331	\$ 972
Judicial Commissioners	26,950	0	26,950	27,399	27,399	449
<u>Public Safety</u>						
Sheriff's Department	849,999	0	849,999	925,995	925,995	75,996
Traffic Control	6,245	0	6,245	4,000	8,000	1,755
Administration of the Sexual Offender Registry	74	0	74	0	400	326
Jail	1,040,135	0	1,040,135	1,079,263	1,079,263	39,128
Juvenile Services	41,974	0	41,974	48,931	48,931	6,957
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Rescue Squad	140,000	0	140,000	140,000	140,000	0
Other Emergency Management	1,950	0	1,950	1,950	1,950	0
County Coroner/Medical Examiner	23,521	0	23,521	35,000	35,000	11,479
Public Safety Grant Programs	77,035	0	77,035	50,000	80,000	2,965
Other Public Safety	9,113	0	9,113	9,200	9,200	87
<u>Public Health and Welfare</u>						
Local Health Center	69,900	0	69,900	74,450	74,450	4,550
Rabies and Animal Control	38,623	0	38,623	40,970	41,965	3,342
Ambulance/Emergency Medical Services	1,187,698	0	1,187,698	1,157,513	1,248,037	60,339
Regional Mental Health Center	23,000	0	23,000	23,000	23,000	0
Aid to Dependent Children	6,938	0	6,938	8,645	8,645	1,707
Other Local Welfare Services	28,642	0	28,642	29,662	30,462	1,820
Sanitation Management	16,272	0	16,272	16,273	16,273	1
Other Public Health and Welfare	266,405	0	266,405	294,500	350,800	84,395
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	26,500	0	26,500	26,500	26,500	0
Libraries	78,188	0	78,188	78,188	78,188	0

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Parks and Fair Boards	\$ 46,000	\$ 0	\$ 46,000	\$ 46,000	\$ 46,000	\$ 0
Other Social, Cultural and Recreational	42,743	0	42,743	53,965	53,965	11,222
<u>Agriculture &amp; Natural Resources</u>						
Agriculture Extension Service	130,068	0	130,068	147,657	147,657	17,589
Forest Service	901	0	901	815	1,000	99
Soil Conservation	23,262	0	23,262	23,710	23,710	448
<u>Other Operations</u>						
Other Economic and Community Development	22,633	0	22,633	23,154	23,154	521
Public Transportation	12,038	0	12,038	67,631	67,631	55,593
Airport	32,540	0	32,540	27,995	32,541	1
Veterans' Services	9,278	0	9,278	9,314	9,314	36
Other Charges	742,014	0	742,014	525,000	782,000	39,986
Contributions to Other Agencies	125,058	(6,700)	118,358	920,022	121,358	3,000
Employee Benefits	1,144,813	0	1,144,813	1,199,000	1,199,000	54,187
Miscellaneous	24,138	0	24,138	5,000	35,000	10,862
<u>Capital Projects</u>						
Highway & Street Capital Projects	1,517	0	1,517	30,000	30,000	28,483
Total Expenditures	\$ 7,605,704	\$ (6,700)	\$ 7,599,004	\$ 8,534,424	\$ 8,257,606	\$ 658,602
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 834,064	\$ 6,700	\$ 840,764	\$ (1,100,889)	\$ (515,644)	\$ 1,356,408
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 269,967	\$ 0	\$ 0
Transfers In	939,967	0	939,967	670,000	939,967	0
Transfers Out	(1,094,248)	0	(1,094,248)	(221,358)	(1,094,248)	0
Total Other Financing Sources (Uses)	\$ (154,281)	\$ 0	\$ (154,281)	\$ 718,609	\$ (154,281)	\$ 0

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 679,783	\$ 6,700	\$ 686,483	\$ (382,280)	\$ (669,925)	\$ 1,356,408
Fund Balance, July 1, 2004	3,483,837	(6,700)	3,477,137	3,356,352	3,356,352	120,785
Fund Balance, June 30, 2005	\$ 4,163,620	\$ 0	\$ 4,163,620	\$ 2,974,072	\$ 2,686,427	\$ 1,477,193

Exhibit D-2

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 684,041	\$ 666,000	\$ 666,000	\$ 18,041
Total Revenues	\$ 684,041	\$ 666,000	\$ 666,000	\$ 18,041
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 6,848	\$ 10,000	\$ 10,000	\$ 3,152
Total Expenditures	\$ 6,848	\$ 10,000	\$ 10,000	\$ 3,152
Excess (Deficiency) of Revenues Over Expenditures	\$ 677,193	\$ 656,000	\$ 656,000	\$ 21,193
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (1,241,000)	\$ (1,241,000)	\$ (1,241,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (1,241,000)	\$ (1,241,000)	\$ (1,241,000)	\$ 0
Net Change in Fund Balance	\$ (563,807)	\$ (585,000)	\$ (585,000)	\$ 21,193
Fund Balance, July 1, 2004	15,632,894	15,606,151	15,606,151	26,743
Fund Balance, June 30, 2005	\$ 15,069,087	\$ 15,021,151	\$ 15,021,151	\$ 47,936

Exhibit D-3

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 760,698	\$ 802,620	\$ 802,620	\$ (41,922)
Other Local Revenues	111,457	70,000	155,000	(43,543)
State of Tennessee	2,134,967	2,238,150	2,227,701	(92,734)
Federal Government	150,197	36,000	151,000	(803)
Other Governments and Citizens Groups	26,518	0	15,000	11,518
Total Revenues	<u>\$ 3,183,837</u>	<u>\$ 3,146,770</u>	<u>\$ 3,351,321</u>	<u>\$ (167,484)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 195,436	\$ 192,005	\$ 201,505	\$ 6,069
Highway and Bridge Maintenance	1,658,066	1,901,500	1,788,000	129,934
Operation and Maintenance of Equipment	424,325	414,000	441,000	16,675
Litter and Trash Collection	35,826	48,650	38,201	2,375
Other Charges	160,916	213,900	178,900	17,984
Employee Benefits	445,097	525,000	475,000	29,903
Capital Outlay	823,060	540,000	927,000	103,940
Total Expenditures	<u>\$ 3,742,726</u>	<u>\$ 3,835,055</u>	<u>\$ 4,049,606</u>	<u>\$ 306,880</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (558,889)</u>	<u>\$ (688,285)</u>	<u>\$ (698,285)</u>	<u>\$ 139,396</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 571,000	\$ 571,000	\$ 571,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 571,000</u>	<u>\$ 571,000</u>	<u>\$ 571,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 12,111	\$ (117,285)	\$ (127,285)	\$ 139,396
Fund Balance, July 1, 2004	543,820	249,898	249,898	293,922
Fund Balance, June 30, 2005	<u>\$ 555,931</u>	<u>\$ 132,613</u>	<u>\$ 122,613</u>	<u>\$ 433,318</u>

**GILES COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2005**

**BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 State 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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

---

---

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

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

---

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

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for industrial development projects.

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

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

# Capital Projects Funds

---

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

---

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for expenditures of community development federal grants related to waterline projects.

Exhibit E-1

Giles County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2005

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 168,578	\$ 168,578	\$ 0	\$ 168,578
Equity in Pooled Cash and Investments	45,626	28,054	144,585	0	218,265	362,596	580,861
Accounts Receivable	69	0	0	10,111	10,180	0	10,180
Due from Other Governments	2,196	0	0	0	2,196	0	2,196
Due from Other Funds	0	0	0	0	0	44,226	44,226
<b>Total Assets</b>	<b>\$ 47,891</b>	<b>\$ 28,054</b>	<b>\$ 144,585</b>	<b>\$ 178,689</b>	<b>\$ 399,219</b>	<b>\$ 406,822</b>	<b>\$ 806,041</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 552	\$ 0	\$ 1,021	\$ 0	\$ 1,573	\$ 0	\$ 1,573
Other Deferred Revenues	2,196	0	0	0	2,196	0	2,196
<b>Total Liabilities</b>	<b>\$ 2,748</b>	<b>\$ 0</b>	<b>\$ 1,021</b>	<b>\$ 0</b>	<b>\$ 3,769</b>	<b>\$ 0</b>	<b>\$ 3,769</b>
<u>Fund Balances</u>							
Reserved for Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 239,469	\$ 239,469
Unreserved	45,143	28,054	143,564	178,689	395,450	167,353	562,803
<b>Total Fund Balances</b>	<b>\$ 45,143</b>	<b>\$ 28,054</b>	<b>\$ 143,564</b>	<b>\$ 178,689</b>	<b>\$ 395,450</b>	<b>\$ 406,822</b>	<b>\$ 802,272</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 47,891</b>	<b>\$ 28,054</b>	<b>\$ 144,585</b>	<b>\$ 178,689</b>	<b>\$ 399,219</b>	<b>\$ 406,822</b>	<b>\$ 806,041</b>

Exhibit E-2

Giles County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2005

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>									
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 37,040	\$ 0	\$ 37,040	\$ 0	\$ 0	\$ 0	\$ 37,040
Charges for Current Services	0	0	0	625,075	625,075	0	0	0	625,075
Other Local Revenues	11,117	0	2,825	0	13,942	0	0	0	13,942
State of Tennessee	20,264	0	0	0	20,264	0	0	0	20,264
Federal Government	0	0	0	0	0	0	254,153	254,153	254,153
Other Governments and Citizens Groups	0	0	750	0	750	0	0	0	750
<b>Total Revenues</b>	<b>\$ 31,381</b>	<b>\$ 0</b>	<b>\$ 40,615</b>	<b>\$ 625,075</b>	<b>\$ 697,071</b>	<b>\$ 0</b>	<b>\$ 254,153</b>	<b>\$ 254,153</b>	<b>\$ 951,224</b>
<u>Expenditures</u>									
Current:									
General Government	\$ 40,713	\$ 82,649	\$ 0	\$ 119,550	\$ 242,912	\$ 0	\$ 254,153	\$ 254,153	\$ 497,065
Finance	0	0	0	306,260	306,260	0	0	0	306,260
Administration of Justice	0	0	0	229,996	229,996	0	0	0	229,996
Public Safety	0	0	12,074	0	12,074	494,321	0	494,321	506,395
Public Health and Welfare	47,528	0	0	0	47,528	0	0	0	47,528
Other Operations	0	0	0	0	0	724,780	0	724,780	724,780
Capital Projects	0	0	0	0	0	68,358	0	68,358	68,358
<b>Total Expenditures</b>	<b>\$ 88,241</b>	<b>\$ 82,649</b>	<b>\$ 12,074</b>	<b>\$ 655,806</b>	<b>\$ 838,770</b>	<b>\$ 1,287,459</b>	<b>\$ 254,153</b>	<b>\$ 1,541,612</b>	<b>\$ 2,380,382</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (56,860)	\$ (82,649)	\$ 28,541	\$ (30,731)	\$ (141,699)	\$ (1,287,459)	\$ 0	\$ (1,287,459)	\$ (1,429,158)
<u>Other Financing Sources (Uses)</u>									
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 1,000,000
Transfers In	60,000	70,000	0	0	130,000	964,248	0	964,248	1,094,248
Transfers Out	0	0	0	0	0	(269,967)	0	(269,967)	(269,967)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 60,000</b>	<b>\$ 70,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 130,000</b>	<b>\$ 1,694,281</b>	<b>\$ 0</b>	<b>\$ 1,694,281</b>	<b>\$ 1,824,281</b>
Net Change in Fund Balances	\$ 3,140	\$ (12,649)	\$ 28,541	\$ (30,731)	\$ (11,699)	\$ 406,822	\$ 0	\$ 406,822	\$ 395,123
Fund Balance, July 1, 2004	42,003	40,703	115,023	209,420	407,149	0	0	0	407,149
<b>Fund Balance, June 30, 2005</b>	<b>\$ 45,143</b>	<b>\$ 28,054</b>	<b>\$ 143,564</b>	<b>\$ 178,689</b>	<b>\$ 395,450</b>	<b>\$ 406,822</b>	<b>\$ 0</b>	<b>\$ 406,822</b>	<b>\$ 802,272</b>

Exhibit E-3

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 11,117	\$ 0	\$ 11,038	\$ 79
State of Tennessee	20,264	16,000	16,000	4,264
Total Revenues	<u>\$ 31,381</u>	<u>\$ 16,000</u>	<u>\$ 27,038</u>	<u>\$ 4,343</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 40,713	\$ 43,686	\$ 43,686	\$ 2,973
<u>Public Health and Welfare</u>				
Waste Pickup	23,328	20,000	25,000	1,672
Recycling Center	24,200	26,400	26,400	2,200
Total Expenditures	<u>\$ 88,241</u>	<u>\$ 90,086</u>	<u>\$ 95,086</u>	<u>\$ 6,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (56,860)</u>	<u>\$ (74,086)</u>	<u>\$ (68,048)</u>	<u>\$ 11,188</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 60,000	\$ 60,000	\$ 60,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 3,140	\$ (14,086)	\$ (8,048)	\$ 11,188
Fund Balance, July 1, 2004	<u>42,003</u>	<u>42,501</u>	<u>42,501</u>	<u>(498)</u>
Fund Balance, June 30, 2005	<u><u>\$ 45,143</u></u>	<u><u>\$ 28,415</u></u>	<u><u>\$ 34,453</u></u>	<u><u>\$ 10,690</u></u>

Exhibit E-4

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Industrial/Economic Development Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 82,649	\$ 82,650	\$ 82,650	\$ 1
Total Expenditures	\$ 82,649	\$ 82,650	\$ 82,650	\$ 1
Excess (Deficiency) of Revenues Over Expenditures	\$ (82,649)	\$ (82,650)	\$ (82,650)	\$ 1
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 70,000	\$ 70,000	\$ 70,000	\$ 0
Total Other Financing Sources (Uses)	\$ 70,000	\$ 70,000	\$ 70,000	\$ 0
Net Change in Fund Balance	\$ (12,649)	\$ (12,650)	\$ (12,650)	\$ 1
Fund Balance, July 1, 2004	40,703	33,403	33,403	7,300
Fund Balance, June 30, 2005	\$ 28,054	\$ 20,753	\$ 20,753	\$ 7,301

Exhibit E-5

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 37,040	\$ 21,600	\$ 21,600	\$ 15,440
Other Local Revenues	2,825	1,500	4,325	(1,500)
State of Tennessee	0	35,500	35,500	(35,500)
Other Governments and Citizens Groups	750	0	750	0
Total Revenues	<u>\$ 40,615</u>	<u>\$ 58,600</u>	<u>\$ 62,175</u>	<u>\$ (21,560)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 12,074	\$ 113,255	\$ 113,255	\$ 101,181
Total Expenditures	<u>\$ 12,074</u>	<u>\$ 113,255</u>	<u>\$ 113,255</u>	<u>\$ 101,181</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,541</u>	<u>\$ (54,655)</u>	<u>\$ (51,080)</u>	<u>\$ 79,621</u>
Net Change in Fund Balance	\$ 28,541	\$ (54,655)	\$ (51,080)	\$ 79,621
Fund Balance, July 1, 2004	<u>115,023</u>	<u>116,889</u>	<u>116,889</u>	<u>(1,866)</u>
Fund Balance, June 30, 2005	<u><u>\$ 143,564</u></u>	<u><u>\$ 62,234</u></u>	<u><u>\$ 65,809</u></u>	<u><u>\$ 77,755</u></u>

Exhibit E-6

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Public Safety</u>				
Jail	\$ 494,321	\$ 750,000	\$ 494,321	\$ 0
<u>Other Operations</u>				
Contributions to Other Agencies	724,780	920,022	920,022	195,242
<u>Capital Projects</u>				
Other General Government Projects	68,358	250,000	235,712	167,354
Total Expenditures	\$ 1,287,459	\$ 1,920,022	\$ 1,650,055	\$ 362,596
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,287,459)	\$ (1,920,022)	\$ (1,650,055)	\$ 362,596
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 0
Transfers In	964,248	920,022	920,022	44,226
Transfers Out	(269,967)	0	(269,967)	0
Total Other Financing Sources (Uses)	\$ 1,694,281	\$ 1,920,022	\$ 1,650,055	\$ 44,226
Net Change in Fund Balance	\$ 406,822	\$ 0	\$ 0	\$ 406,822
Fund Balance, July 1, 2004	0	0	0	0
Fund Balance, June 30, 2005	\$ 406,822	\$ 0	\$ 0	\$ 406,822

# Major Governmental Fund

## General Debt Service Fund

---

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

---

Exhibit F

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,174,374	\$ 2,176,000	\$ 2,176,000	\$ (1,626)
Other Local Revenues	26,392	5,033	5,033	21,359
Total Revenues	<u>\$ 2,200,766</u>	<u>\$ 2,181,033</u>	<u>\$ 2,181,033</u>	<u>\$ 19,733</u>
<u>Expenditures</u>				
<u>Debt Service Principal</u>				
General Government	\$ 2,496,300	\$ 2,494,300	\$ 2,496,300	\$ 0
Education	1,150,700	1,150,700	1,150,700	0
<u>Debt Service Interest</u>				
General Government	151,110	137,552	151,112	2
Education	734,426	734,426	734,426	0
<u>Other Debt Service</u>				
General Government	255,277	330,642	325,444	70,167
Education	1,006	10,000	10,000	8,994
Total Expenditures	<u>\$ 4,788,819</u>	<u>\$ 4,857,620</u>	<u>\$ 4,867,982</u>	<u>\$ 79,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,588,053)</u>	<u>\$ (2,676,587)</u>	<u>\$ (2,686,949)</u>	<u>\$ 98,896</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 2,100,000	\$ 2,100,000	\$ 2,100,000	\$ 0
Premiums on Debt Issued	0	5,198	0	0
Total Other Financing Sources (Uses)	<u>\$ 2,100,000</u>	<u>\$ 2,105,198</u>	<u>\$ 2,100,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (488,053)	\$ (571,389)	\$ (586,949)	\$ 98,896
Fund Balance, July 1, 2004	<u>2,585,633</u>	<u>2,425,510</u>	<u>2,425,510</u>	<u>160,123</u>
Fund Balance, June 30, 2005	<u>\$ 2,097,580</u>	<u>\$ 1,854,121</u>	<u>\$ 1,838,561</u>	<u>\$ 259,019</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 Funds – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit G-1

Giles County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2005

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,252,368	\$ 1,252,368
Due from Other Governments	346,684	0	346,684
Total Assets	<u>\$ 346,684</u>	<u>\$ 1,252,368</u>	<u>\$ 1,599,052</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 346,684	\$ 0	\$ 346,684
Due to Litigants, Heirs, and Others	0	1,252,368	1,252,368
Total Liabilities	<u>\$ 346,684</u>	<u>\$ 1,252,368</u>	<u>\$ 1,599,052</u>

Exhibit G-2

Giles County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,986,721	\$ 1,986,721	\$ 0
Due From Other Governments	334,167	346,684	334,167	346,684
<b>Total Assets</b>	<b>\$ 334,167</b>	<b>\$ 2,333,405</b>	<b>\$ 2,320,888</b>	<b>\$ 346,684</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 334,167	\$ 2,333,405	\$ 2,320,888	\$ 346,684
<b>Total Liabilities</b>	<b>\$ 334,167</b>	<b>\$ 2,333,405</b>	<b>\$ 2,320,888</b>	<b>\$ 346,684</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,307,744	\$ 5,901,610	\$ 5,956,986	\$ 1,252,368
<b>Total Assets</b>	<b>\$ 1,307,744</b>	<b>\$ 5,901,610</b>	<b>\$ 5,956,986</b>	<b>\$ 1,252,368</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,307,744	\$ 5,901,610	\$ 5,956,986	\$ 1,252,368
<b>Total Liabilities</b>	<b>\$ 1,307,744</b>	<b>\$ 5,901,610</b>	<b>\$ 5,956,986</b>	<b>\$ 1,252,368</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,307,744	\$ 5,901,610	\$ 5,956,986	\$ 1,252,368
Equity in Pooled Cash and Investments	0	1,986,721	1,986,721	0
Due From Other Governments	334,167	346,684	334,167	346,684
<b>Total Assets</b>	<b>\$ 1,641,911</b>	<b>\$ 8,235,015</b>	<b>\$ 8,277,874</b>	<b>\$ 1,599,052</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,307,744	\$ 5,901,610	\$ 5,956,986	\$ 1,252,368
Due to Other Taxing Units	334,167	2,333,405	2,320,888	346,684
<b>Total Liabilities</b>	<b>\$ 1,641,911</b>	<b>\$ 8,235,015</b>	<b>\$ 8,277,874</b>	<b>\$ 1,599,052</b>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit H-1

Giles County, Tennessee  
Schedule of Changes in Long-Term Notes and Bonds  
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Jail Facilities	\$ 1,000,000	4.35 to 4.85 %	12-1-1995	8-1-04	\$ 695,000	\$ 0	\$ 695,000	\$ 0
Tarpley Shop Water Project	1,000,000	3.84	4-4-02	4-4-05	333,000	0	333,000	0
Fairview Water Project	1,000,000	3.84	4-4-02	4-4-05	333,000	0	333,000	0
South Giles Water Project	1,000,000	3.54	8-27-02	8-1-04	666,000	0	666,000	0
Total Notes Payable					<u>\$ 2,027,000</u>	<u>\$ 0</u>	<u>\$ 2,027,000</u>	<u>\$ 0</u>
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
School and Public Improvement Refunding	8,750,000	3.15 to 3.95	1-1-1999	8-1-05	\$ 1,945,000	\$ 0	\$ 950,000	\$ 995,000
School Building	16,765,000	4.1 to 5.75	2-28-00	2-1-20	4,070,000	0	595,000	3,475,000
School Refunding	11,625,000	1.75 to 5.25	8-1-02	2-1-20	11,480,000	0	75,000	11,405,000
General Obligation	3,100,000	2.25 to 3.8	8-1-04	4-1-17	0	3,100,000	0	3,100,000
Total Bonds Payable					<u>\$ 17,495,000</u>	<u>\$ 3,100,000</u>	<u>\$ 1,620,000</u>	<u>\$ 18,975,000</u>

Exhibit H-2

Giles County, Tennessee  
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 1,700,000	\$ 794,783	\$ 2,494,783
2007	975,000	741,882	1,716,882
2008	1,020,000	700,965	1,720,965
2009	1,070,000	656,792	1,726,792
2010	1,120,000	608,951	1,728,951
2011	1,170,000	557,487	1,727,487
2012	1,215,000	515,411	1,730,411
2013	1,265,000	470,782	1,735,782
2014	1,315,000	422,605	1,737,605
2015	1,370,000	370,492	1,740,492
2016	1,430,000	314,734	1,744,734
2017	1,485,000	255,558	1,740,558
2018	1,215,000	192,487	1,407,487
2019	1,280,000	137,812	1,417,812
2020	1,345,000	70,612	1,415,612
Total	\$ 18,975,000	\$ 6,811,353	\$ 25,786,353

Exhibit H-3

Giles County, Tennessee  
Schedule of Transfers - All Funds  
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Provide funds for operations	\$ 60,000
General	Industrial/Economic Development	"	70,000
General	General Capital Projects	"	964,248
General Capital Projects	General	"	269,967
Special Purpose	General	"	670,000
Special Purpose	Highway/Public Works	"	<u>571,000</u>
Total Transfers			<u>\$ 2,605,215</u>

Giles County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,023	\$ 50,000	State Automobile Mutual Insurance Company
Highway Commissioner:				
Pete Britton (7-1-04 through 8-31-04)	Section 8-24-102, <u>TCA</u>	11,542	100,000	"
Barry Hyatt (9-1-04 through 6-30-05)	Section 8-24-102, <u>TCA</u>	45,616	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	51,969	950,000	"
Assessor of Property:				
William C. Gordon, Jr. (7-1-04 through 8-31-04)	Section 8-24-102, <u>TCA</u>	10,394	10,000	"
Steve McGill (9-1-04 through 6-30-05)	Section 8-24-102, <u>TCA</u>	41,575	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	57,866 (1)	60,000	"
Register	Section 8-24-102, <u>TCA</u>	51,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	57,684 (2)	25,000	"
<u>Other Bonds</u>				
Ambulance Service Office Staff			25,000	"
Ambulance Service Business Manager			25,000	"
Highway Department Bookkeeper			25,000	"
Highway Department Office Manager			25,000	"
Employees Bond - County Mayor			50,000	"
Employees Bond - Assessor			10,000	"
Employees Bond - Trustee			60,000	"
Employees Bond - County Clerk			50,000	"
Employees Bond - Circuit and General Sessions Courts Clerk			50,000	"
Employees Bond - Clerk and Master			50,000	"
Employees Bond - Register			25,000	"
Employees Bond - Sheriff			25,000	"
Judicial Commissioner			50,000	"
Judicial Commissioner			50,000	"
Judicial Commissioner			50,000	"

(1) Includes special commissioner fees of \$5,897.

(2) Includes law enforcement training supplement of \$519.

Exhibit H-5

Giles County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2005

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
							General Debt Service	Community Development/ Industrial Park	
<b>Local Taxes</b>									
<b>County Property Taxes</b>									
Current Property Tax	\$ 4,219,943	\$ 0	\$ 0	\$ 0	\$ 0	\$ 675,191	\$ 1,350,378	\$ 0	\$ 6,245,512
Trustee's Collections - Prior Year	160,504	0	0	0	0	24,155	38,775	0	223,434
Circuit/Clerk & Master Collections - Prior Years	72,526	0	0	0	0	11,122	19,237	0	102,885
Interest and Penalty	23,143	0	0	0	0	3,703	7,406	0	34,252
Payments in Lieu of Taxes - T.V.A.	2,141	0	0	0	0	0	0	0	2,141
Payments in Lieu of Taxes - Local Utilities	210,516	0	0	0	0	0	0	0	210,516
<b>County Local Option Taxes</b>									
Local Option Sales Tax	0	0	0	0	0	0	758,578	0	758,578
Hotel/Motel Tax	88,530	0	0	0	0	0	0	0	88,530
Litigation Tax - General	168,458	0	0	0	0	0	0	0	168,458
Litigation Tax - Jail, Workhouse, or Courthouse	50,521	0	0	0	0	0	0	0	50,521
Business Tax	150,265	0	0	0	0	0	0	0	150,265
Mineral Severance Tax	0	0	0	0	0	46,527	0	0	46,527
<b>Statutory Local Taxes</b>									
Bank Excise Tax	153,490	0	0	0	0	0	0	0	153,490
Wholesale Beer Tax	182,647	0	0	0	0	0	0	0	182,647
Interstate Telecommunications Tax	3,139	0	0	0	0	0	0	0	3,139
<b>Total Local Taxes</b>	<b>\$ 5,485,823</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 760,698</b>	<b>\$ 2,174,374</b>	<b>\$ 0</b>	<b>\$ 8,420,895</b>
<b>Licenses and Permits</b>									
<b>Licenses</b>									
Animal Vaccination	\$ 5,444	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,444
Cable TV Franchise	10,531	0	0	0	0	0	0	0	10,531
<b>Permits</b>									
Beer Permits	1,425	0	0	0	0	0	0	0	1,425
<b>Total Licenses and Permits</b>	<b>\$ 17,400</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,400</b>
<b>Fines, Forfeitures, and Penalties</b>									
<b>Circuit Court</b>									
Officers Costs	\$ 35,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,872
Drug Control Fines	3,175	0	0	4,207	0	0	0	0	7,382
Drug Court Fees	749	0	0	0	0	0	0	0	749

(Continued)

Exhibit H-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Jail Fees	\$ 4,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,916
DUI Treatment Fines	4,342	0	0	0	0	0	0	0	4,342
Data Entry Fee - Circuit Court	484	0	0	0	0	0	0	0	484
<u>General Sessions Court</u>									
Fines	28,076	0	0	0	0	0	0	0	28,076
Fines for Littering	853	0	0	0	0	0	0	0	853
Officers Costs	39,910	0	0	0	0	0	0	0	39,910
Game and Fish Fines	3,148	0	0	0	0	0	0	0	3,148
Drug Control Fines	7,775	0	0	7,887	0	0	0	0	15,662
Drug Court Fees	4,416	0	0	0	0	0	0	0	4,416
Jail Fees	8,555	0	0	0	0	0	0	0	8,555
DUI Treatment Fines	4,789	0	0	0	0	0	0	0	4,789
Data Entry Fee - General Sessions Court	11,019	0	0	0	0	0	0	0	11,019
<u>Chancery Court</u>									
Officers Costs	3,988	0	0	0	0	0	0	0	3,988
Data Entry Fee - Chancery Court	738	0	0	0	0	0	0	0	738
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	24,946	0	0	0	0	24,946
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 162,805</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 37,040</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>199,845</b>
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 1,212,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,212,188
Service Charges	66,131	0	0	0	0	0	0	0	66,131
<u>Fees</u>									
Copy Fees	1,018	0	0	0	0	0	0	0	1,018
Telephone Commissions	10,868	0	0	0	0	0	0	0	10,868
Vending Machine Collections	118	0	0	0	0	0	0	0	118
Constitutional Officers' Fees and Commissions	0	0	0	0	625,075	0	0	0	625,075
Data Processing Fee - Register	12,986	0	0	0	0	0	0	0	12,986
Data Processing Fee - Sheriff	4,099	0	0	0	0	0	0	0	4,099
Sexual Offender Registration Fee	1,080	0	0	0	0	0	0	0	1,080
<b>Total Charges for Current Services</b>	<b>\$ 1,308,488</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 625,075</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,933,563</b>

(Continued)

Exhibit H-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 102,400	\$ 0	\$ 684,041	\$ 0	\$ 0	\$ 0	\$ 21,359	\$ 0	\$ 807,800
Lease/Rentals	1,100	0	0	0	0	0	0	0	1,100
Sale of Materials and Supplies	0	0	0	0	0	2,645	0	0	2,645
Commodity Rebates	0	1,178	0	0	0	0	0	0	1,178
Miscellaneous Refunds	1,314	9,939	0	0	0	761	0	0	12,014
<u>Nonrecurring Items</u>									
Accrued Interest on Debt Issues	0	0	0	0	0	0	5,033	0	5,033
Insurance Recovery	15,969	0	0	0	0	0	0	0	15,969
Sale of Equipment	19,129	0	0	2,825	0	106,892	0	0	128,846
Sale of Property	23,000	0	0	0	0	0	0	0	23,000
Damages Recovered from Individuals	0	0	0	0	0	1,159	0	0	1,159
Total Other Local Revenues	\$ 162,912	\$ 11,117	\$ 684,041	\$ 2,825	\$ 0	\$ 111,457	\$ 26,392	\$ 0	\$ 998,744
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 54,266	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,266
Circuit Court Clerk	126,937	0	0	0	0	0	0	0	126,937
Register	34,344	0	0	0	0	0	0	0	34,344
Trustee	303,024	0	0	0	0	0	0	0	303,024
<u>Fees In Lieu of Salary</u>									
Clerk and Master	99,076	0	0	0	0	0	0	0	99,076
Sheriff	10,205	0	0	0	0	0	0	0	10,205
Total Fees Received from County Officials	\$ 627,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 627,852
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 10,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,500
State Reappraisal Grant	17,738	0	0	0	0	0	0	0	17,738
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	10,893	0	0	0	0	0	0	0	10,893
<u>Health and Welfare Grants</u>									
Health Department Programs	295,088	0	0	0	0	0	0	0	295,088

(Continued)

Exhibit H-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>									
<u>Public Works Grants</u>									
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 192,757	\$ 0	\$ 0	\$ 192,757
Litter Program	0	0	0	0	0	24,804	0	0	24,804
<u>Other State Revenues</u>									
Income Tax	13,620	0	0	0	0	0	0	0	13,620
Beer Tax	16,778	0	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	41,813	0	0	0	0	0	0	0	41,813
Mixed Drink Tax	11,781	0	0	0	0	0	0	0	11,781
Contracted Prisoner Boarding	134,988	0	0	0	0	0	0	0	134,988
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,893,718	0	0	1,893,718
Petroleum Special Tax	0	0	0	0	0	23,688	0	0	23,688
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	0	20,264	0	0	0	0	0	0	20,264
Other State Revenues	7,631	0	0	0	0	0	0	0	7,631
Total State of Tennessee	\$ 577,210	\$ 20,264	\$ 0	\$ 0	\$ 0	\$ 2,134,967	\$ 0	\$ 0	\$ 2,732,441
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 254,153	\$ 254,153
Disaster Relief	0	0	0	0	0	9,049	0	0	9,049
Homeland Security Grants	74,367	0	0	0	0	0	0	0	74,367
Other Federal through State	22,911	0	0	0	0	0	0	0	22,911
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	0	0	0	0	0	141,148	0	0	141,148
Total Federal Government	\$ 97,278	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,197	\$ 0	\$ 254,153	\$ 501,628
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,001	\$ 0	\$ 0	\$ 25,001
Contributions	0	0	0	750	0	0	0	0	750
<u>Other</u>									
Other	0	0	0	0	0	1,517	0	0	1,517
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 750	\$ 0	\$ 26,518	\$ 0	\$ 0	\$ 27,268
Total	\$ 8,439,768	\$ 31,381	\$ 684,041	\$ 40,615	\$ 625,075	\$ 3,183,837	\$ 2,200,766	\$ 254,153	\$ 15,459,636

Giles County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 17,700	
Dues and Memberships	1,550	
Travel	2,830	
Total County Commission		\$ 22,080

County Mayor/County Executive

County Official/Administrative Officer	\$ 60,023	
Secretary(s)	19,962	
Other Salaries & Wages	19,740	
Audit Services	7,964	
Communication	2,379	
Dues and Memberships	1,550	
Postal Charges	673	
Other Supplies and Materials	6,256	
Other Charges	2,339	
Total County Mayor/County Executive		120,886

County Attorney

County Official/Administrative Officer	\$ 44,988	
Total County Attorney		44,988

Election Commission

County Official/Administrative Officer	\$ 41,575	
Deputy(ies)	27,004	
Other Salaries & Wages	6,105	
Election Commission	5,885	
Election Workers	19,896	
Communication	1,918	
Legal Notices, Recording, and Court Costs	1,263	
Postal Charges	2,174	
Other Supplies and Materials	7,606	
Other Charges	5,007	
Office Equipment	2,984	
Voting Machines	6,246	
Total Election Commission		127,663

Register of Deeds

Communication	\$ 1,377	
Maintenance & Repair Services- Office Equipment	580	
Postal Charges	1,724	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Other Supplies and Materials	\$ 7,887	
Other Charges	1,218	
Data Processing Equipment	10,859	
Total Register of Deeds		\$ 23,645

County Buildings

Custodial Personnel	\$ 74,849	
Communication	4,027	
Maintenance & Repair Services- Buildings	12,251	
Maintenance & Repair Services- Equipment	2,864	
Pest Control	893	
Custodial Supplies	10,146	
Utilities	33,930	
Building Improvements	98,433	
Furniture and Fixtures	4,676	
Total County Buildings		242,069

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 42,712	
Accountants/Bookkeepers	30,429	
Communication	1,133	
Data Processing Services	5,584	
Postal Charges	1,662	
Other Supplies and Materials	4,799	
Other Charges	1,741	
Total Accounting and Budgeting		88,060

Property Assessor's Office

County Official/Administrative Officer	\$ 51,969	
Deputy(ies)	27,188	
Assessment Personnel	87,861	
Clerical Personnel	26,139	
Other Salaries & Wages	24,675	
Board and Committee Members Fees	2,250	
Communication	2,478	
Postal Charges	4,978	
Rentals	1,895	
Travel	6,218	
Other Supplies and Materials	14,009	
Total Property Assessor's Office		249,660

(Continued)

## Exhibit H-6

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

General Fund (Cont.)Finance (Cont.)Reappraisal Program

Contracts with Government Agencies	\$ 34,810	
Other Charges	11,861	
Total Reappraisal Program		\$ 46,671

County Trustee's Office

Communication	\$ 812	
Data Processing Services	4,554	
Postal Charges	4,110	
Other Supplies and Materials	2,417	
Total County Trustee's Office		11,893

County Clerk's Office

Communication	\$ 2,603	
Legal Notices, Recording, and Court Costs	213	
Maintenance Agreements	4,754	
Postal Charges	4,273	
Other Supplies and Materials	5,912	
Other Charges	2,145	
Office Equipment	4,123	
Total County Clerk's Office		24,023

Administration of JusticeCircuit Court

Jury and Witness Fees	\$ 26,844	
Communication	2,472	
Operating Lease Payments	5,418	
Postal Charges	2,681	
Rentals	24,000	
Other Supplies and Materials	15,428	
Other Charges	3,679	
Total Circuit Court		80,522

General Sessions Court

Judge(s)	\$ 72,807	
Other Salaries & Wages	3,600	
Communication	882	
Travel	1,102	
Other Supplies and Materials	329	
Other Charges	300	
Total General Sessions Court		79,020

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		57,362	
Other Salaries & Wages		5,320	
Communication		1,087	
Postal Charges		2,130	
Other Supplies and Materials		7,488	
Other Charges		1,003	
Total Chancery Court			\$ 126,359

Judicial Commissioners

Other Salaries & Wages	\$	25,899	
Communication		422	
Travel		629	
Total Judicial Commissioners			26,950

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,165	
Deputy(ies)		311,852	
Investigator(s)		138,576	
Captain(s)		45,569	
Accountants/Bookkeepers		43,515	
Overtime Pay		18,420	
In-Service Training		947	
Communication		22,900	
Dues and Memberships		1,550	
Maintenance & Repair Services- Vehicles		21,571	
Postal Charges		2,886	
Travel		2,884	
Gasoline		55,734	
Prisoners Clothing		1,834	
Tires and Tubes		4,867	
Uniforms		2,245	
Other Supplies and Materials		16,880	
Vehicle and Equipment Insurance		25,826	
Other Charges		2,240	
Law Enforcement Equipment		3,632	
Motor Vehicles		68,906	
Total Sheriff's Department			849,999

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control

Traffic Control Equipment	\$ 6,245	
Total Traffic Control		\$ 6,245

Administration of the Sexual Offender Registry

Other Charges	\$ 74	
Total Administration of the Sexual Offender Registry		74

Jail

Supervisor/Director	\$ 21,450	
Foremen	21,727	
Guards	518,978	
Cafeteria Personnel	31,602	
Maintenance Personnel	27,132	
Overtime Pay	27,666	
Maintenance & Repair Services- Buildings	13,433	
Pest Control	1,000	
Transportation - Other than Students	92,212	
Drugs and Medical Supplies	100,440	
Food Supplies	97,712	
Utilities	77,049	
Other Charges	9,734	
Total Jail		1,040,135

Juvenile Services

Supervisor/Director	\$ 30,531	
Communication	849	
Travel	1,001	
Other Contracted Services	8,110	
Other Charges	1,483	
Total Juvenile Services		41,974

Fire Prevention and Control

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

Rescue Squad

Contributions	\$ 140,000	
Total Rescue Squad		140,000

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Charges	\$ 1,950	
Total Other Emergency Management		\$ 1,950

County Coroner/Medical Examiner

Medical Personnel	\$ 23,521	
Total County Coroner/Medical Examiner		23,521

Public Safety Grant Programs

Contracts with Government Agencies	\$ 21,576	
Communication Equipment	9,474	
Law Enforcement Equipment	41,415	
Other Equipment	4,570	
Total Public Safety Grant Programs		77,035

Other Public Safety

Communication	\$ 1,032	
Rentals	7,800	
Other Supplies and Materials	281	
Total Other Public Safety		9,113

Public Health and Welfare

Local Health Center

Communication	\$ 5,831	
Janitorial Services	13,298	
Maintenance & Repair Services- Buildings	7,822	
Pest Control	342	
Other Contracted Services	22,000	
Utilities	11,972	
Other Supplies and Materials	4,508	
Furniture and Fixtures	4,127	
Total Local Health Center		69,900

Rabies and Animal Control

Supervisor/Director	\$ 23,460	
Communication	1,063	
Maintenance & Repair Services- Vehicles	860	
Animal Food and Supplies	4,936	
Gasoline	1,513	
Tires and Tubes	302	
Utilities	1,641	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Vehicle and Equipment Insurance	\$	699	
Other Charges		4,149	
Total Rabies and Animal Control			\$ 38,623

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,955	
Accountants/Bookkeepers		46,522	
Medical Personnel		644,918	
Other Salaries & Wages		164,443	
Communication		28,355	
Data Processing Services		19,696	
Maintenance & Repair Services- Buildings		3,829	
Maintenance & Repair Services- Equipment		1,286	
Maintenance & Repair Services- Vehicles		19,687	
Postal Charges		2,539	
Drugs and Medical Supplies		52,237	
Gasoline		30,266	
Lubricants		3,349	
Tires and Tubes		2,916	
Uniforms		20,625	
Utilities		7,015	
Other Supplies and Materials		2,067	
Vehicle and Equipment Insurance		6,927	
Other Charges		10,429	
Motor Vehicles		70,637	
Total Ambulance/Emergency Medical Services			1,187,698

Regional Mental Health Center

Contributions	\$	23,000	
Total Regional Mental Health Center			23,000

Aid to Dependent Children

Contributions	\$	6,938	
Total Aid to Dependent Children			6,938

Other Local Welfare Services

Contributions	\$	25,842	
Pauper Burials		2,800	
Total Other Local Welfare Services			28,642

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management

Contracts with Private Agencies	\$ 16,272	
Total Sanitation Management		\$ 16,272

Other Public Health and Welfare

Other Salaries & Wages	\$ 189,235	
Social Security	14,457	
Employee and Dependent Insurance	35,915	
Life Insurance	319	
Unemployment Compensation	326	
Local Retirement	13,836	
Travel	8,330	
Other Supplies and Materials	3,987	
Total Other Public Health and Welfare		266,405

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$ 26,500	
Total Senior Citizens Assistance		26,500

Libraries

Contributions	\$ 78,188	
Total Libraries		78,188

Parks and Fair Boards

Contributions	\$ 46,000	
Total Parks and Fair Boards		46,000

Other Social, Cultural, and Recreational

Part-time Personnel	\$ 1,340	
Other Salaries & Wages	22,583	
Communication	603	
Maintenance & Repair Services- Office Equipment	1,722	
Postal Charges	97	
Other Contracted Services	10,892	
Duplicating Supplies	3,500	
Other Supplies and Materials	722	
Furniture and Fixtures	1,284	
Total Other Social, Cultural, and Recreational		42,743

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 68,818	
Secretary(s)	2,615	
Custodial Personnel	3,559	
Other Salaries & Wages	11,937	
Board and Committee Members Fees	450	
Other Fringe Benefits	10,441	
Communication	6,725	
Maintenance & Repair Services- Buildings	1,229	
Maintenance & Repair Services- Equipment	102	
Maintenance & Repair Services- Vehicles	476	
Postal Charges	703	
Travel	1,143	
Food Preparation Supplies	6,308	
Gasoline	640	
Instructional Supplies and Materials	1,806	
Utilities	5,617	
Other Supplies and Materials	1,710	
Vehicle and Equipment Insurance	813	
Other Charges	2,453	
Office Equipment	2,523	
Total Agriculture Extension Service		\$ 130,068

Forest Service

Communication	\$ 901	
Total Forest Service		901

Soil Conservation

Clerical Personnel	\$ 21,710	
Other Charges	1,552	
Total Soil Conservation		23,262

Other Operations

Other Economic and Community Development

Contributions	\$ 17,575	
Dues and Memberships	5,058	
Total Other Economic and Community Development		22,633

Public Transportation

Bridge Construction	\$ 12,038	
Total Public Transportation		12,038

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Contributions	\$ 32,540	
Total Airport		\$ 32,540

Veterans' Services

Supervisor/Director	\$ 8,459	
Other Charges	819	
Total Veterans' Services		9,278

Other Charges

Building and Contents Insurance	\$ 46,731	
Judgments	263,281	
Liability Insurance	195,778	
Premiums on Corporate Surety Bonds	2,214	
Trustee's Commission	115,463	
Workers' Compensation Insurance	118,547	
Total Other Charges		742,014

Contributions to Other Agencies

Contracts with Government Agencies	\$ 91,358	
Contributions	27,000	
Water and Sewer	6,700	
Total Contributions to Other Agencies		125,058

Employee Benefits

Educational Incentive - Other County Employees	\$ 7,500	
Social Security	243,667	
Employee and Dependent Insurance	616,707	
Life Insurance	6,082	
Unemployment Compensation	8,025	
Local Retirement	262,832	
Total Employee Benefits		1,144,813

Miscellaneous

Refunds	\$ 24,138	
Total Miscellaneous		24,138

Capital Projects

Highway & Street Capital Projects

Other Construction	\$ 1,517	
Total Highway & Street Capital Projects		1,517

Total General Fund		\$ 7,605,704
--------------------	--	--------------

(Continued)

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

Solid Waste/Sanitation Fund

General Government

Other General Administration

Supervisor/Director	\$ 30,311	
Communication	615	
Travel	596	
Other Contracted Services	6,620	
Other Supplies and Materials	132	
Other Charges	<u>2,439</u>	
Total Other General Administration		\$ 40,713

Public Health and Welfare

Waste Pickup

Other Contracted Services	\$ <u>23,328</u>	
Total Waste Pickup		23,328

Recycling Center

Other Charges	\$ <u>24,200</u>	
Total Recycling Center		<u>24,200</u>

Total Solid Waste/Sanitation Fund \$ 88,241

Industrial/Economic Development Fund

General Government

Other General Administration

Contributions	\$ 16,000	
Other Charges	56,649	
Other Construction	<u>10,000</u>	
Total Other General Administration		\$ <u>82,649</u>

Total Industrial/Economic Development Fund 82,649

Special Purpose Fund

General Government

Other General Administration

Trustee's Commission	\$ <u>6,848</u>	
Total Other General Administration		\$ <u>6,848</u>

Total Special Purpose Fund 6,848

(Continued)

Exhibit H-6

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

<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Confidential Drug Enforcement Payments	\$	1,500	
Dues and Memberships		300	
Travel		1,530	
Veterinary Services		163	
Animal Food and Supplies		101	
Other Supplies and Materials		1,025	
Other Charges		5,055	
Law Enforcement Equipment		2,400	
Total Drug Enforcement		<u>2,400</u>	\$ 12,074
Total Drug Control Fund			\$ 12,074
 <u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Register of Deeds</u>			
Constitutional Officers' Operating Expenses	\$	<u>119,550</u>	
Total Register of Deeds			\$ 119,550
 <u>Finance</u>			
<u>County Trustee's Office</u>			
Constitutional Officers' Operating Expenses	\$	<u>113,277</u>	
Total County Trustee's Office			113,277
 <u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	<u>192,983</u>	
Total County Clerk's Office			192,983
 <u>Administration of Justice</u>			
<u>Circuit Court</u>			
Constitutional Officers' Operating Expenses	\$	<u>229,971</u>	
Total Circuit Court			229,971
 <u>General Sessions Court</u>			
Constitutional Officers' Operating Expenses	\$	<u>25</u>	
Total General Sessions Court			<u>25</u>
Total Constitutional Officers - Fees Fund			655,806

(Continued)

Exhibit H-6

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,158	
Assistant(s)		53,719	
Custodial Personnel		3,640	
Educational Incentive - Other County Employees		1,500	
In-Service Training		595	
Communication		11,376	
Data Processing Services		5,837	
Dues and Memberships		2,465	
Evaluation and Testing		3,954	
Legal Notices, Recording, and Court Costs		1,934	
Maintenance & Repair Services- Buildings		10,342	
Maintenance & Repair Services- Office Equipment		349	
Postal Charges		925	
Travel		1,629	
Custodial Supplies		1,998	
Drugs and Medical Supplies		945	
Electricity		18,012	
Office Supplies		7,080	
Office Equipment		11,978	
Total Administration			\$ 195,436

Highway and Bridge Maintenance

Foremen	\$	167,699	
Equipment Operators - Heavy		235,144	
Equipment Operators - Light		253,223	
Truck Drivers		315,826	
Laborers		117,636	
Rentals		27,014	
Asphalt - Hot Mix		13,955	
Asphalt - Liquid		278,253	
Concrete		5,824	
Crushed Stone		194,602	
Fertilizer, Lime and Seed		4,395	
Other Road Supplies		17,605	
Pipe		9,931	
Road Signs		16,959	
Total Highway and Bridge Maintenance			1,658,066

Operation and Maintenance of Equipment

Mechanic(s)	\$	141,768	
-------------	----	---------	--

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Equipment and Machinery Parts	\$ 147,184	
Fuel Oil	105,281	
Garage Supplies	4,859	
Tires and Tubes	25,233	
Total Operation and Maintenance of Equipment		\$ 424,325

Litter and Trash Collection

Assistant(s)	\$ 4,556	
Truck Drivers	4,681	
Travel	70	
Instructional Supplies and Materials	18,098	
Other Supplies and Materials	8,421	
Total Litter and Trash Collection		35,826

Other Charges

Building and Contents Insurance	\$ 1,023	
Liability Insurance	32,730	
Trustee's Commission	34,279	
Vehicle and Equipment Insurance	21,735	
Workers' Compensation Insurance	51,186	
Liability Claims	19,963	
Total Other Charges		160,916

Employee Benefits

Social Security	\$ 102,234	
State Retirement	97,218	
Employee and Dependent Insurance	223,879	
Unemployment Compensation	7,900	
Laundry Service	13,866	
Total Employee Benefits		445,097

Capital Outlay

Engineering Services	\$ 15,416	
Matching Share	45,872	
Bridge Construction	43,017	
Building Improvements	28,410	
Highway Equipment	388,292	
Motor Vehicles	102,108	
State Aid Projects	199,945	
Total Capital Outlay		823,060

Total Highway/Public Works Fund \$ 3,742,726

(Continued)

Exhibit H-6

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

<u>General Debt Service Fund</u>		
<u>Debt Service Principal</u>		
<u>General Government</u>		
Principal on Bonds	\$ 469,300	
Principal on Notes	<u>2,027,000</u>	
Total General Government		\$ 2,496,300
<u>Education</u>		
Principal on Bonds	<u>\$ 1,150,700</u>	
Total Education		1,150,700
<u>Debt Service Interest</u>		
<u>General Government</u>		
Interest on Bonds	\$ 95,551	
Interest on Notes	<u>55,559</u>	
Total General Government		151,110
<u>Education</u>		
Interest on Bonds	<u>\$ 734,426</u>	
Total Education		734,426
<u>Other Debt Service</u>		
<u>General Government</u>		
Contributions	\$ 137,992	
Trustee's Commission	55,699	
Underwriter's Discount	13,485	
Other Debt Issuance Charges	46,244	
Other Debt Service	<u>1,857</u>	
Total General Government		255,277
<u>Education</u>		
Other Debt Service	<u>\$ 1,006</u>	
Total Education		<u>1,006</u>
Total General Debt Service Fund		\$ 4,788,819
<u>General Capital Projects Fund</u>		
<u>Public Safety</u>		
<u>Jail</u>		
Building Improvements	<u>\$ 494,321</u>	
Total Jail		\$ 494,321

(Continued)

Exhibit H-6

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

<u>General Capital Projects Fund (Cont.)</u>		
<u>Other Operations</u>		
<u>Contributions to Other Agencies</u>		
Contributions	<u>\$ 724,780</u>	
Total Contributions to Other Agencies		\$ 724,780
 <u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Equipment	<u>\$ 68,358</u>	
Total Other General Government Projects		<u>68,358</u>
 Total General Capital Projects Fund		 \$ 1,287,459
 <u>Community Development/Industrial Park Fund</u>		
<u>General Government</u>		
<u>Other General Administration</u>		
Other Charges	<u>\$ 254,153</u>	
Total Other General Administration		<u>\$ 254,153</u>
 Total Community Development/Industrial Park Fund		 <u>254,153</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 18,524,479</u></u>

Exhibit H-7

Giles County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,986,721
Total Cash Receipts	<u>\$ 1,986,721</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,967,021
Trustee's Commission	19,700
Total Cash Disbursements	<u>\$ 1,986,721</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2004	<u>0</u>
 Cash Balance, June 30, 2005	 <u><u>\$ 0</u></u>

---

---

## STATISTICAL SECTION

---

---

Table 1

Giles County, Tennessee  
Uncollected Taxes Filed in Chancery Court  
June 30, 2005

<u>Year</u>	<u>Amount</u>
1997	\$ 261
1998	261
1999	657
2000	1,459
2001	6,273
2002	16,136
2003	99,740
2004	<u>8,508</u>
Total	<u>\$ 133,295</u>

Table 2

Giles County, Tennessee  
Tax Rates and Assessments  
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.85	\$ 1.07	\$ 1.07	\$ 1.05	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.64	\$ 0.79	\$ 1.25
Highway/Public Works	0.09	0.11	0.11	0.13	0.10	0.20	0.20	0.20	0.20	0.20
General Purpose School	1.83	1.88	1.88	1.70	1.27	1.27	1.27	1.42	1.42	1.76
General Debt Service	0.71	0.81	0.81	0.81	0.61	1.01	1.01	1.01	0.86	0.40
Education Capital Projects	0.00	0.00	0.00	0.18	0.15	0.00	0.00	0.00	0.00	0.00
<b>Total Tax Rate</b>	<b>\$ 3.48</b>	<b>\$ 3.87</b>	<b>\$ 3.87</b>	<b>\$ 3.87</b>	<b>\$ 2.92</b>	<b>\$ 3.27</b>	<b>\$ 3.27</b>	<b>\$ 3.27</b>	<b>\$ 3.27</b>	<b>\$ 3.61</b>
<u>Assessed Valuation</u>										
Real and Personal	\$ 210,969,569	\$ 216,148,348	\$ 225,825,954	\$ 227,528,932	\$ 319,378,791	\$ 334,414,950	\$ 327,980,962	\$ 326,253,242	\$ 326,438,480	\$ 336,310,575
Public Utilities	19,212,499	18,247,483	17,203,713	15,335,908	19,067,564	20,200,995	20,429,791	19,403,700	18,550,154	20,026,133
<b>Total Assessed Valuation</b>	<b>\$ 230,182,068</b>	<b>\$ 234,395,831</b>	<b>\$ 243,029,667</b>	<b>\$ 242,864,840</b>	<b>\$ 338,446,355</b>	<b>\$ 354,615,945</b>	<b>\$ 348,410,753</b>	<b>\$ 345,656,942</b>	<b>\$ 344,988,634</b>	<b>\$ 356,336,708</b>

**ANNUAL FINANCIAL REPORT**  
**GILES COUNTY SCHOOL DEPARTMENT**  
**A COMPONENT UNIT OF GILES COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

*DEPARTMENT OF AUDIT*  
*JOHN G. MORGAN*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
*RICHARD V. NORMENT*  
*Assistant to the Comptroller*

*ARTHUR L. ALEXANDER*  
*Director*

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

*JERRY DURHAM, CPA, CGFM, CFE*  
*Auditor 4*

*RHONDA DAVIS, CFE*  
*SHERRIE GILL, CFE*  
*PATTY VARGO, CFE*  
*TERA HAYNES*  
*NATHAN ABBOTT, CISA*  
*State Auditors*

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

---



---

**GILES COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF GILES COUNTY, TENNESSEE  
TABLE OF CONTENTS**

---



---

	Exhibit	Page(s)
Audit Highlights		1-2
<u>INTRODUCTORY SECTION</u>		3
Giles County School Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-11
BASIC FINANCIAL STATEMENTS:		13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	16
Notes to the Financial Statements		17-27
REQUIRED SUPPLEMENTARY INFORMATION:		29
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	C	31-32
Notes to the Required Supplementary Information		33
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		35
Nonmajor Governmental Funds:		37
Combining Balance Sheet	D-1	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	40
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
School Federal Projects Fund	D-3	41
Central Cafeteria Fund	D-4	42

	Exhibit	Page(s)
Miscellaneous Schedules:		43
Schedule of Transfers – All Funds	E-1	45
Schedule of Salaries and Official Bonds of Principal Officials	E-2	46
Schedule of Detailed Revenues – All Governmental Fund Types	E-3	47-48
Schedule of Detailed Expenditures – All Governmental Fund Types	E-4	49-60

# ***Audit Highlights***

Annual Financial Report  
Giles County School Department  
For the Year Ended June 30, 2005

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Giles County School Department as of and for the year ended June 30, 2005.

## ***Results***

Our report on the Giles County School Department's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in seven findings and recommendations, which we have reviewed with Giles County School Department management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

## ***Findings***

The following are summaries of the audit findings:

### **GILES COUNTY SCHOOL DEPARTMENT**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

---

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

- ◆ An interfund loan totaling \$310,000 was not authorized in accordance with state statutes.
- ◆ Bids had not been solicited for property and casualty insurance, the office solicited bids for two buses using specifications that could be met by only one manufacturer, and documentation of a bid advertisement for computer equipment could not be located.
- ◆ Purchase orders were not issued for some purchases, travel expenses were not adequately documented for Title I, some purchase orders had been issued after purchases were made, several invoices were not on file to support disbursements, invoices were paid without documentation that goods had been received or services rendered, and several expenditures were misclassified.
- ◆ Several employees did not maintain time sheets, in some instances supervisors did not sign employee time sheets as evidence of review and approval, and insurance withheld from payroll checks was not reconciled with payments to vendors.

## **OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Office of Director of Schools.

---

---

## INTRODUCTORY SECTION

---

---

Giles County School Officials  
June 30, 2005

---

Official:

Terrell Jackson, Director of Schools

Board of Education:

Michael Gonzales, Chairman  
Cathy Norman  
Dr. Ed Hartsell  
Everette Foster

Bill Dunavant  
Billy Kennedy  
Bernetta Houston

---

---

**FINANCIAL SECTION**

---

---



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

March 13, 2006

Giles County Director of Schools and  
Board of Education  
Giles County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Giles County School Department, a component unit of Giles County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 15 through 27, which collectively comprise a portion of the Giles County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Giles County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported

in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

As described in Note I, the Giles County School Department has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county school departments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Giles County School Department as of June 30, 2005, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Giles County School Department as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

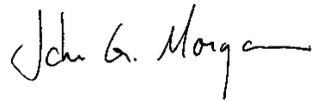
In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2006, on our consideration of Giles County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note IV.B., the Giles County School Department has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the School Department's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 31 through 33 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Giles County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the printed name.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Giles County, Tennessee  
Balance Sheet - Governmental Funds  
Giles County School Department  
June 30, 2005

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Govern- mental Funds	
<b>ASSETS</b>				
Equity in Pooled Cash and Investments	\$ 3,166,081	\$ 949,849	\$ 514,726	\$ 4,630,656
Accounts Receivable	1,631	0	403	2,034
Due from Other Governments	531,394	0	140,313	671,707
Due from Other Funds	21	3,790	2,916	6,727
Property Taxes Receivable	6,616,116	0	0	6,616,116
Allowance for Uncollectible Property Taxes	(168,537)	0	0	(168,537)
<b>Total Assets</b>	<b>\$ 10,146,706</b>	<b>\$ 953,639</b>	<b>\$ 658,358</b>	<b>\$ 11,758,703</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<u>Liabilities</u>				
Accounts Payable	\$ 635,361	\$ 0	\$ 128,763	\$ 764,124
Accrued Payroll	7,564	0	0	7,564
Payroll Deductions Payable	90,582	0	8,442	99,024
Due to Other Funds	2,916	0	21	2,937
Due to Primary Government	14,860	0	0	14,860
Deferred Revenue - Current Property Taxes	6,163,107	0	0	6,163,107
Deferred Revenue - Delinquent Property Taxes	253,560	0	0	253,560
Other Deferred Revenues	242,332	0	0	242,332
<b>Total Liabilities</b>	<b>\$ 7,410,282</b>	<b>\$ 0</b>	<b>\$ 137,226</b>	<b>\$ 7,547,508</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 212,146	\$ 23,985	\$ 0	\$ 236,131
Reserved for Career Ladder - Extended Contract	42,355	0	0	42,355
Reserved for Career Ladder Program	24,094	0	0	24,094
Other State Education Reserves	697,829	0	0	697,829
Reserved for Title I Grants to Local Education Agencies	0	0	16,236	16,236
Reserved for Special Education - Grants to States	0	0	11,506	11,506
Other Federal Reserves	0	0	687	687
Unreserved, Reported In:				
General Fund	1,760,000	0	0	1,760,000
Special Revenue Funds	0	0	492,703	492,703
Capital Projects Funds	0	929,654	0	929,654
<b>Total Fund Balances</b>	<b>\$ 2,736,424</b>	<b>\$ 953,639</b>	<b>\$ 521,132</b>	<b>\$ 4,211,195</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,146,706</b>	<b>\$ 953,639</b>	<b>\$ 658,358</b>	<b>\$ 11,758,703</b>

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

Exhibit B

Giles County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Giles County School Department  
For the Year Ended June 30, 2005

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 9,027,529	\$ 0	\$ 0	\$ 9,027,529
Licenses and Permits	2,689	0	0	2,689
Charges for Current Services	102,792	0	850,899	953,691
Other Local Revenues	35,725	0	1,431	37,156
State of Tennessee	15,386,903	0	25,735	15,412,638
Federal Government	159,645	0	3,174,612	3,334,257
Total Revenues	<u>\$ 24,715,283</u>	<u>\$ 0</u>	<u>\$ 4,052,677</u>	<u>\$ 28,767,960</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 15,024,763	\$ 0	\$ 1,942,507	\$ 16,967,270
Support Services	8,520,878	0	276,530	8,797,408
Operation of Non-Instructional Services	11,300	0	1,771,662	1,782,962
Capital Outlay	187,861	0	0	187,861
Capital Projects	0	460,427	0	460,427
Total Expenditures	<u>\$ 23,744,802</u>	<u>\$ 460,427</u>	<u>\$ 3,990,699</u>	<u>\$ 28,195,928</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 970,481</u>	<u>\$ (460,427)</u>	<u>\$ 61,978</u>	<u>\$ 572,032</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 4,293	\$ 0	\$ 0	\$ 4,293
Transfers Out	0	0	(4,293)	(4,293)
Total Other Financing Sources (Uses)	<u>\$ 4,293</u>	<u>\$ 0</u>	<u>\$ (4,293)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 974,774	\$ (460,427)	\$ 57,685	\$ 572,032
Fund Balance, July 1, 2004	1,761,650	1,414,066	463,447	3,639,163
Fund Balance, June 30, 2005	<u>\$ 2,736,424</u>	<u>\$ 953,639</u>	<u>\$ 521,132</u>	<u>\$ 4,211,195</u>

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

**GILES COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF GILES COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2005**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Giles County School Department's financial statements are not 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 School Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. The School Department has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused the School Department's auditor to issue an adverse opinion on the School Department's financial statements.

Although the School Department's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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

**A. Reporting Entity**

The School Department operates the public school system in the county, and the voters of Giles County elect its seven-member board. The School Department is a component unit of Giles County, the primary government. The School Department is fiscally dependent on Giles County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Giles County Commission's approval. The School

Department's taxes are levied under the taxing authority of Giles County and are included as part of Giles County's total tax levy.

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

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

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

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 School Department 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. The School Department 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.

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 School Department receives cash.

The 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.

**Education Capital Projects Fund** – This fund accounts for debt issued by Giles County that is subsequently contributed to the Giles County School Department for building construction and renovations.

Additionally, the School Department reports the following fund type:

**Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

C. **Assets, Liabilities, and Equity**

1. **Deposits and Investments**

State statutes authorize counties (Giles County, the School Department's primary 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The Giles County trustee maintains a cash and internal investment pool that is used by all Giles County and Giles County School Department funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General and Special Purpose Funds. Giles County and the Giles County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Outstanding balances between funds are reported as due to/from other funds.

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to one 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 deferred revenue as of June 30.

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

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

## **3. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets

should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

**4. Compensated Absences**

The School Department does not have a policy to permit employees to accumulate earned but unused vacation benefits. General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

**5. Fund Equity**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Unauthorized Interfund Loans**

The School Federal Projects Fund received unauthorized interfund loans from the General Purpose School Fund totaling \$310,000 during the year. These funds were repaid to the General Purpose School Fund prior to June 30, 2005.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Giles County and the Giles County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments.

**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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2005, Giles County and the Giles County School Department had the following investments carried at cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Giles County and the Giles County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 3,680,751

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments, as previously disclosed. Giles County and the Giles County School Department do not have a formal

investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Giles County and the Giles County School Department have no investment policy that would further limit their investment choices. As of June 30, 2005, Giles County's and the Giles County School Department's investment in the State Treasurer's Investment Pool was unrated.

**B. Construction Commitments**

At June 30, 2005, the Education Capital Projects Fund had uncompleted construction contracts of approximately \$23,985 for the construction and renovation of schools. Funding has been received for these future expenditures.

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2005, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor governmental	\$ 21
Nonmajor governmental	General Purpose School	2,916
Education Capital Projects	"	3,790

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 Education Capital Projects Fund (\$3,790) was in-transit from the General Purpose School Fund at June 30, 2005.

**Due to/from primary government and component units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary government: General	Component unit: General Purpose School	\$ 14,860

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental fund	\$ 4,293
Total	<u>\$ 4,293</u>

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

#### IV. OTHER INFORMATION

##### A. Risk Management

It is the policy of the School Department to purchase commercial insurance for the risk of losses to which it is exposed. These risks include property, casualty, employee dishonesty, employee health, and accident.

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

The School Department decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for workers' compensation insurance coverage. The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**B. Accounting Change**

During the year, the School Department adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the School Department's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

**C. Contingent Liabilities**

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

**D. Retirement Commitments**

**Plan Description**

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

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

Since the School Department participates in Giles County's plan, retirement information for the School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote III.B. of the Annual Financial Report of Giles County, Tennessee.

## SCHOOL TEACHERS

### **Plan Description**

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

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

## **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Giles County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Giles County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$761,045, \$440,723, and \$436,664, respectively, equal to the required contributions for each year.

### **E. Other Post-employment Benefits**

In addition to the retirement commitments described in the two preceding paragraphs, the Giles County School Department provides post-retirement health care benefits, in accordance with contract provisions, to all employees who retire from the school system on or after age 60 with at least 25 years of experience or age 53 with at least 30 years of experience. At least 15 of these years must have been worked in the Giles County School System and the employee must have been covered under the county group medical plan for at least one year prior to retirement. Currently, 52 school retirees meet these eligibility requirements. The School Department pays \$220 per month for retiree's individual or family medical/hospitalization premiums. Expenditures for post-retirement health care benefits are recognized monthly based on billing statements. During the year, disbursements totaling \$128,677 were made for post-employment health care.

### **F. Purchasing Law**

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$5,000.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit C

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
 Giles County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 9,027,529	\$ 0	\$ 9,027,529	\$ 8,768,300	\$ 8,795,800	\$ 231,729
Licenses and Permits	2,689	0	2,689	3,000	3,000	(311)
Charges for Current Services	102,792	0	102,792	55,000	94,729	8,063
Other Local Revenues	35,725	0	35,725	157,500	232,806	(197,081)
State of Tennessee	15,386,903	0	15,386,903	15,261,190	15,273,831	113,072
Federal Government	159,645	0	159,645	130,800	171,871	(12,226)
Total Revenues	\$ 24,715,283	\$ 0	\$ 24,715,283	\$ 24,375,790	\$ 24,572,037	\$ 143,246
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,902,072	\$ 106,672	\$ 12,008,744	\$ 12,282,539	\$ 12,388,864	\$ 380,120
Alternative Instruction Program	200,187	0	200,187	189,241	201,841	1,654
Special Education Program	1,951,839	0	1,951,839	2,117,594	2,117,594	165,755
Vocational Education Program	892,238	0	892,238	986,013	920,048	27,810
Adult Education Program	78,427	0	78,427	139,518	88,603	10,176
<u>Support Services</u>						
Attendance	74,228	0	74,228	66,187	76,661	2,433
Health Services	282,833	0	282,833	287,301	316,376	33,543
Other Student Support	570,351	0	570,351	728,185	621,885	51,534
Regular Instruction Program	1,101,582	0	1,101,582	1,137,404	1,151,929	50,347
Alternative Instruction Program	32,862	0	32,862	59,924	60,974	28,112
Special Education Program	205,456	0	205,456	264,462	241,962	36,506
Vocational Education Program	180,278	0	180,278	174,906	185,112	4,834
Adult Programs	51,154	0	51,154	8,197	59,112	7,958
Board of Education	624,295	0	624,295	640,132	661,247	36,952
Director of Schools	237,437	0	237,437	234,195	247,305	9,868

(Continued)

Exhibit C

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Office of the Principal	\$ 1,272,264	\$ 0	\$ 1,272,264	\$ 1,312,935	\$ 1,324,035	\$ 51,771
Fiscal Services	117,056	0	117,056	113,780	117,239	183
Operation of Plant	1,685,627	0	1,685,627	1,725,995	1,732,244	46,617
Maintenance of Plant	560,457	0	560,457	605,339	594,487	34,030
Transportation	1,524,998	79,471	1,604,469	1,600,548	1,672,548	68,079
<u>Operation of Non-Instructional Services</u>						
Food Service	11,300	0	11,300	10,825	11,335	35
Community Services	0	0	0	3,000	3,000	3,000
<u>Capital Outlay</u>						
Regular Capital Outlay	187,861	26,003	213,864	0	291,165	77,301
Total Expenditures	\$ 23,744,802	\$ 212,146	\$ 23,956,948	\$ 24,688,220	\$ 25,085,566	\$ 1,128,618
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 970,481	\$ (212,146)	\$ 758,335	\$ (312,430)	\$ (513,529)	\$ 1,271,864
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 4,293	\$ 0	\$ 4,293	\$ 6,500	\$ 6,500	\$ (2,207)
Total Other Financing Sources (Uses)	\$ 4,293	\$ 0	\$ 4,293	\$ 6,500	\$ 6,500	\$ (2,207)
Net Change in Fund Balance						
Fund Balance, July 1, 2004	\$ 974,774	\$ (212,146)	\$ 762,628	\$ (305,930)	\$ (507,029)	\$ 1,269,657
	1,761,650	0	1,761,650	1,462,293	1,462,293	299,357
Fund Balance, June 30, 2005						
	\$ 2,736,424	\$ (212,146)	\$ 2,524,278	\$ 1,156,363	\$ 955,264	\$ 1,569,014

**GILES COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF GILES COUNTY, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2005**

**BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the State 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 Purpose School Fund major categories: Instruction-Regular Instruction Program, Support Services-Attendance, Operation of Non-Instructional Services-Food Service, etc.). Management may make revisions within major categories, but only the Giles County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

---

---

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

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

---

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.

Giles County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Giles County School Department  
June 30, 2005

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 58,736	\$ 455,990	\$ 514,726
Accounts Receivable	329	74	403
Due from Other Governments	61,378	78,935	140,313
Due from Other Funds	2,916	0	2,916
Total Assets	<u>\$ 123,359</u>	<u>\$ 534,999</u>	<u>\$ 658,358</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 86,761	\$ 42,002	\$ 128,763
Payroll Deductions Payable	8,148	294	8,442
Due to Other Funds	21	0	21
Total Liabilities	<u>\$ 94,930</u>	<u>\$ 42,296</u>	<u>\$ 137,226</u>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 16,236	\$ 0	\$ 16,236
Reserved for Special Education - Grants to States	11,506	0	11,506
Other Federal Reserves	687	0	687
Unreserved	0	492,703	492,703
Total Fund Balances	<u>\$ 28,429</u>	<u>\$ 492,703</u>	<u>\$ 521,132</u>
Total Liabilities and Fund Balances	<u>\$ 123,359</u>	<u>\$ 534,999</u>	<u>\$ 658,358</u>

Exhibit D-2

Giles County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Giles County School Department  
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 850,899	\$ 850,899
Other Local Revenues	0	1,431	1,431
State of Tennessee	0	25,735	25,735
Federal Government	2,239,407	935,205	3,174,612
Total Revenues	<u>\$ 2,239,407</u>	<u>\$ 1,813,270</u>	<u>\$ 4,052,677</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,942,507	\$ 0	\$ 1,942,507
Support Services	276,516	14	276,530
Operation of Non-Instructional Services	2,125	1,769,537	1,771,662
Total Expenditures	<u>\$ 2,221,148</u>	<u>\$ 1,769,551</u>	<u>\$ 3,990,699</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,259</u>	<u>\$ 43,719</u>	<u>\$ 61,978</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (4,293)	\$ 0	\$ (4,293)
Total Other Financing Sources (Uses)	<u>\$ (4,293)</u>	<u>\$ 0</u>	<u>\$ (4,293)</u>
Net Change in Fund Balances	\$ 13,966	\$ 43,719	\$ 57,685
Fund Balance, July 1, 2004	14,463	448,984	463,447
Fund Balance, June 30, 2005	<u>\$ 28,429</u>	<u>\$ 492,703</u>	<u>\$ 521,132</u>

Exhibit D-3

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Giles County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,239,407	\$ 2,498,339	\$ 2,578,660	\$ (339,253)
Total Revenues	\$ 2,239,407	\$ 2,498,339	\$ 2,578,660	\$ (339,253)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 928,181	\$ 1,008,699	\$ 1,001,745	\$ 73,564
Special Education Program	910,404	1,200,832	1,217,638	307,234
Vocational Education Program	103,922	104,804	104,718	796
<u>Support Services</u>				
Health Services	21,798	21,798	21,798	0
Other Student Support	36,147	43,607	44,272	8,125
Regular Instruction Program	213,003	192,077	257,586	44,583
Special Education Program	5,568	95,042	96,042	90,474
<u>Operation of Non-Instructional Services</u>				
Community Services	2,125	2,125	2,125	0
Total Expenditures	\$ 2,221,148	\$ 2,668,984	\$ 2,745,924	\$ 524,776
Excess (Deficiency) of Revenues Over Expenditures	\$ 18,259	\$ (170,645)	\$ (167,264)	\$ 185,523
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (4,293)	\$ (3,944)	\$ (4,294)	\$ 1
Total Other Financing Sources (Uses)	\$ (4,293)	\$ (3,944)	\$ (4,294)	\$ 1
Net Change in Fund Balance	\$ 13,966	\$ (174,589)	\$ (171,558)	\$ 185,524
Fund Balance, July 1, 2004	14,463	174,589	174,589	(160,126)
Fund Balance, June 30, 2005	\$ 28,429	\$ 0	\$ 3,031	\$ 25,398

Exhibit D-4

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Giles County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 850,899	\$ 856,400	\$ 881,400	\$ (30,501)
Other Local Revenues	1,431	700	1,100	331
State of Tennessee	25,735	26,492	26,492	(757)
Federal Government	935,205	809,450	919,450	15,755
Total Revenues	<u>\$ 1,813,270</u>	<u>\$ 1,693,042</u>	<u>\$ 1,828,442</u>	<u>\$ (15,172)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 14	\$ 200	\$ 200	\$ 186
<u>Operation of Non-Instructional Services</u>				
Food Service	1,769,537	1,693,042	1,828,442	58,905
Total Expenditures	<u>\$ 1,769,551</u>	<u>\$ 1,693,242</u>	<u>\$ 1,828,642</u>	<u>\$ 59,091</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 43,719</u>	<u>\$ (200)</u>	<u>\$ (200)</u>	<u>\$ 43,919</u>
Net Change in Fund Balance	\$ 43,719	\$ (200)	\$ (200)	\$ 43,919
Fund Balance, July 1, 2004	<u>448,984</u>	<u>452,745</u>	<u>452,745</u>	<u>(3,761)</u>
Fund Balance, June 30, 2005	<u>\$ 492,703</u>	<u>\$ 452,545</u>	<u>\$ 452,545</u>	<u>\$ 40,158</u>

---

---

# MISCELLANEOUS SCHEDULES

---

---

Exhibit E-1

Giles County, Tennessee  
Schedule of Transfers - All Funds  
Giles County School Department  
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 4,293</u>
Total Transfers			<u><u>\$ 4,293</u></u>

Exhibit E-2

Giles County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Giles County School Department  
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools: Terrell Jackson	State Board of Education and County Board of Education	\$ 91,459 (1)	\$ 100,000	State Automobile Mutual Insurance Company
<u>Other Bonds</u>				
Giles County Board of Education			50,000	Union Insurance Company

(1) Includes \$500 chief executive officer training supplement.

## Exhibit E-3

Giles County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Giles County School Department  
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,941,690	\$ 0	\$ 0	\$ 5,941,690
Trustee's Collections - Prior Year	219,612	0	0	219,612
Circuit/Clerk & Master Collections - Prior Years	100,104	0	0	100,104
Interest and Penalty	32,585	0	0	32,585
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,728,708	0	0	2,728,708
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,830	0	0	4,830
Total Local Taxes	\$ 9,027,529	\$ 0	\$ 0	\$ 9,027,529
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,689	\$ 0	\$ 0	\$ 2,689
Total Licenses and Permits	\$ 2,689	\$ 0	\$ 0	\$ 2,689
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 7,375	\$ 0	\$ 0	\$ 7,375
Tuition - Out-of-State Systems	30,217	0	0	30,217
Lunch Payments - Children	0	0	562,888	562,888
Lunch Payments - Adults	0	0	75,340	75,340
Income from Breakfast	0	0	84,890	84,890
A la carte Sales	0	0	127,781	127,781
Receipts from Individual Schools	64,396	0	0	64,396
<u>Other Charges for Services</u>				
Other Charges for Services	804	0	0	804
Total Charges for Current Services	\$ 102,792	\$ 0	\$ 850,899	\$ 953,691
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,431	\$ 1,431
Sale of Materials and Supplies	2,759	0	0	2,759
Miscellaneous Refunds	9,435	0	0	9,435
<u>Nonrecurring Items</u>				
Insurance Recovery	8,400	0	0	8,400
Sale of Equipment	7,973	0	0	7,973
Damages Recovered from Individuals	3,286	0	0	3,286
Contributions & Gifts	3,252	0	0	3,252
<u>Other Local Revenues</u>				
Other Local Revenues	620	0	0	620
Total Other Local Revenues	\$ 35,725	\$ 0	\$ 1,431	\$ 37,156
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 14,263,529	\$ 0	\$ 0	\$ 14,263,529
School Food Service	0	0	25,735	25,735
Driver Education	16,980	0	0	16,980
Other State Education Funds	236,074	0	0	236,074
Career Ladder Program	290,577	0	0	290,577
Career Ladder - Extended Contract	109,721	0	0	109,721
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	470,022	0	0	470,022
Total State of Tennessee	\$ 15,386,903	\$ 0	\$ 25,735	\$ 15,412,638

(Continued)

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 685,178	\$ 685,178
Breakfast	0	0	250,027	250,027
Adult Education State Grant Program	69,240	0	0	69,240
Vocational Education - Basic Grants to States	0	114,949	0	114,949
Title I Grants to Local Education Agencies	0	908,869	0	908,869
Innovative Education Program Strategies	0	22,298	0	22,298
Special Education - Grants to States	34,613	884,972	0	919,585
Special Education Preschool Grants	0	34,201	0	34,201
Eisenhower Professional Development State Grants	0	246,638	0	246,638
Other Federal through State	55,792	27,480	0	83,272
Total Federal Government	\$ 159,645	\$ 2,239,407	\$ 935,205	\$ 3,334,257
Total	\$ 24,715,283	\$ 2,239,407	\$ 1,813,270	\$ 28,767,960

Giles County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Giles County School Department  
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,176,931	
Career Ladder Program		162,926	
Career Ladder Extended Contracts		56,020	
Homebound Teachers		3,350	
Educational Assistants		244,210	
Other Salaries & Wages		174,062	
Certified Substitute Teachers		231,766	
Social Security		542,539	
State Retirement		488,531	
Medical Insurance		1,335,324	
Employer Medicare		127,004	
Tuition		30,217	
Other Contracted Services		3,240	
Instructional Supplies and Materials		98,083	
Textbooks		138,441	
Other Supplies and Materials		37,843	
Fee Waivers		13,320	
Regular Instruction Equipment		38,265	
Total Regular Instruction Program			\$ 11,902,072

Alternative Instruction Program

Teachers	\$	164,730	
Career Ladder Program		1,167	
Social Security		10,198	
State Retirement		9,124	
Medical Insurance		12,152	
Employer Medicare		2,385	
Other Contracted Services		431	
Total Alternative Instruction Program			200,187

Special Education Program

Teachers	\$	1,231,459
Career Ladder Program		23,979
Homebound Teachers		15,750
Educational Assistants		132,323
Certified Substitute Teachers		18,433
Social Security		85,077
State Retirement		79,100
Medical Insurance		150,627

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	19,907	
Contracts with Private Agencies		29,921	
Other Contracted Services		146,424	
Instructional Supplies and Materials		15,198	
Other Supplies and Materials		2,074	
Special Education Equipment		1,567	
Total Special Education Program			\$ 1,951,839

Vocational Education Program

Teachers	\$	639,740	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		2,000	
Certified Substitute Teachers		10,945	
Social Security		38,445	
State Retirement		35,791	
Medical Insurance		60,841	
Employer Medicare		8,992	
Maintenance & Repair Services- Equipment		381	
Other Contracted Services		8,527	
Instructional Supplies and Materials		29,252	
Textbooks		5,249	
Other Supplies and Materials		16,967	
Vocational Instruction Equipment		26,108	
Total Vocational Education Program			892,238

Adult Education Program

Teachers	\$	52,461	
Social Security		3,253	
State Retirement		1,985	
Medical Insurance		10,416	
Employer Medicare		761	
Instructional Supplies and Materials		9,551	
Total Adult Education Program			78,427

Support Services

Attendance

Supervisor/Director	\$	49,780	
Career Ladder Program		1,000	
Other Salaries & Wages		8,076	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	2,909	
State Retirement		2,793	
Medical Insurance		6,543	
Employer Medicare		797	
Travel		2,097	
Other Supplies and Materials		233	
Total Attendance			\$ 74,228

Health Services

Medical Personnel	\$	221,932	
Social Security		13,080	
State Retirement		16,268	
Medical Insurance		25,396	
Employer Medicare		3,059	
Travel		225	
Drugs and Medical Supplies		2,102	
Other Supplies and Materials		771	
Total Health Services			282,833

Other Student Support

Career Ladder Program	\$	10,300	
Guidance Personnel		372,062	
Career Ladder Extended Contracts		4,000	
Clerical Personnel		11,890	
Social Security		23,519	
State Retirement		22,121	
Medical Insurance		39,937	
Employer Medicare		5,500	
Evaluation and Testing		20,728	
Other Contracted Services		60,246	
Other Supplies and Materials		48	
Total Other Student Support			570,351

Regular Instruction Program

Supervisor/Director	\$	131,686	
Career Ladder Program		17,563	
Career Ladder Extended Contracts		8,000	
Librarians		412,856	
Instructional Computer Personnel		97,447	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	77,575	
Other Salaries & Wages		83,180	
Social Security		49,411	
State Retirement		47,790	
Medical Insurance		93,491	
Employer Medicare		11,556	
Travel		11,436	
Other Contracted Services		4,903	
Library Books/Media		14,339	
Periodicals		2,546	
Other Supplies and Materials		13,056	
In Service/Staff Development		11,204	
Other Charges		12,500	
Other Equipment		1,043	
Total Regular Instruction Program			\$ 1,101,582

Alternative Instruction Program

Supervisor/Director	\$	26,257	
Social Security		1,590	
State Retirement		1,444	
Medical Insurance		3,199	
Employer Medicare		372	
Total Alternative Instruction Program			32,862

Special Education Program

Supervisor/Director	\$	52,828	
Career Ladder Program		4,917	
Psychological Personnel		82,034	
Secretary(s)		17,499	
Social Security		9,554	
State Retirement		7,595	
Medical Insurance		5,182	
Employer Medicare		2,234	
Travel		10,550	
Other Contracted Services		179	
Other Supplies and Materials		6,406	
In Service/Staff Development		5,264	
Other Equipment		1,214	
Total Special Education Program			205,456

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	56,620	
Career Ladder Program		1,000	
Secretary(s)		22,602	
Other Salaries & Wages		42,972	
Social Security		7,421	
State Retirement		7,976	
Medical Insurance		11,380	
Employer Medicare		1,736	
Travel		24,190	
Other Supplies and Materials		4,381	
Total Vocational Education Program			\$ 180,278

Adult Programs

Supervisor/Director	\$	43,028	
Social Security		2,647	
State Retirement		2,305	
Employer Medicare		619	
Travel		1,414	
In Service/Staff Development		1,141	
Total Adult Programs			51,154

Board of Education

Secretary to Board	\$	1,000	
Board and Committee Members Fees		3,342	
In-Service Training		1,120	
Social Security		269	
State Retirement		73	
Life Insurance		7,820	
Unemployment Compensation		19,386	
Employer Medicare		63	
Dues and Memberships		8,776	
Legal Services		18,248	
Travel		4,923	
Other Supplies and Materials		3,375	
Liability Insurance		105,014	
Trustee's Commission		203,596	
Workers' Compensation Insurance		243,573	
Criminal Investigation of Applicants - TBI		1,920	
Other Charges		1,797	
Total Board of Education			624,295

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	91,459	
Secretary(s)		60,916	
Other Salaries & Wages		4,842	
Social Security		9,558	
State Retirement		9,512	
Life Insurance		573	
Medical Insurance		9,873	
Employer Medicare		2,273	
Communication		14,835	
Dues and Memberships		2,210	
Postal Charges		5,311	
Travel		4,441	
Office Supplies		3,518	
Other Supplies and Materials		8,239	
Other Charges		3,576	
Administration Equipment		6,301	
Total Director of Schools			\$ 237,437

Office of the Principal

Principals	\$	421,276	
Career Ladder Program		19,000	
Career Ladder Extended Contracts		10,000	
Assistant Principals		297,124	
Secretary(s)		212,487	
Clerical Personnel		40,788	
Social Security		61,077	
State Retirement		59,671	
Medical Insurance		87,663	
Employer Medicare		14,284	
Communication		31,840	
Postal Charges		111	
Other Contracted Services		15,591	
Other Supplies and Materials		1,352	
Total Office of the Principal			1,272,264

Fiscal Services

Internal Audit Personnel	\$	7,875	
Accountants/Bookkeepers		34,694	
Clerical Personnel		44,942	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	4,681	
State Retirement		5,492	
Medical Insurance		9,317	
Employer Medicare		1,264	
Travel		1,249	
Other Contracted Services		4,549	
Data Processing Supplies		1,301	
Office Supplies		298	
Other Supplies and Materials		1,394	
Total Fiscal Services			\$ 117,056

Operation of Plant

Custodial Personnel	\$	358,336	
Other Salaries & Wages		1,100	
Social Security		22,091	
State Retirement		26,221	
Medical Insurance		87,907	
Employer Medicare		5,167	
Laundry Service		4,775	
Other Contracted Services		50,819	
Custodial Supplies		35,704	
Electricity		712,305	
Natural Gas		180,877	
Water and Sewer		96,332	
Other Supplies and Materials		2,111	
Building and Contents Insurance		97,000	
Plant Operation Equipment		4,882	
Total Operation of Plant			1,685,627

Maintenance of Plant

Supervisor/Director	\$	27,735	
Maintenance Personnel		202,140	
Social Security		14,323	
State Retirement		16,513	
Medical Insurance		36,443	
Employer Medicare		3,350	
Communication		427	
Laundry Service		1,480	
Maintenance & Repair Services- Buildings		17,171	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance & Repair Services- Equipment	\$	34,865	
Travel		366	
Other Contracted Services		47,748	
Diesel Fuel		96	
Equipment and Machinery Parts		30,201	
Gasoline		13,156	
Other Supplies and Materials		68,588	
Other Charges		19,855	
Maintenance Equipment		26,000	
Total Maintenance of Plant			\$ 560,457

Transportation

Supervisor/Director	\$	56,620	
Mechanic(s)		100,180	
Bus Drivers		649,602	
Clerical Personnel		24,720	
Other Salaries & Wages		9,005	
Social Security		50,444	
State Retirement		58,817	
Medical Insurance		250,871	
Employer Medicare		11,797	
Laundry Service		1,938	
Maintenance & Repair Services- Vehicles		1,815	
Medical and Dental Services		3,710	
Travel		1,672	
Other Contracted Services		6,617	
Diesel Fuel		167,597	
Equipment and Machinery Parts		288	
Gasoline		8,105	
Lubricants		4,675	
Tires and Tubes		21,127	
Vehicle Parts		39,570	
Other Supplies and Materials		16,427	
Vehicle and Equipment Insurance		39,401	
Total Transportation			1,524,998

Operation of Non-Instructional Services

Food Service

Social Security	\$	3,166	
-----------------	----	-------	--

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

State Retirement	\$	2,809	
Medical Insurance		4,585	
Employer Medicare		740	
Total Food Service			\$ 11,300

Capital Outlay

Regular Capital Outlay

Consultants	\$	4,477	
Building Construction		18,956	
Building Improvements		164,428	
Total Regular Capital Outlay			187,861

Total General Purpose School Fund \$ 23,744,802

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	703,337	
Certified Substitute Teachers		3,260	
Social Security		42,047	
State Retirement		38,324	
Medical Insurance		107,671	
Employer Medicare		9,838	
Other Contracted Services		13,860	
Instructional Supplies and Materials		9,844	
Total Regular Instruction Program			\$ 928,181

Special Education Program

Educational Assistants	\$	498,103	
Certified Substitute Teachers		1,918	
Social Security		29,858	
State Retirement		36,181	
Medical Insurance		121,687	
Employer Medicare		6,983	
Contracts with Private Agencies		23,392	
Other Contracted Services		144,796	
Instructional Supplies and Materials		42,155	
Special Education Equipment		5,331	
Total Special Education Program			910,404

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	9,202	
Social Security		571	
State Retirement		674	
Medical Insurance		2,381	
Employer Medicare		133	
Consultants		4,000	
Instructional Supplies and Materials		15,204	
Other Supplies and Materials		28,097	
Vocational Instruction Equipment		43,660	
Total Vocational Education Program			\$ 103,922

Support Services

Health Services

Medical Personnel	\$	18,958	
Social Security		1,175	
State Retirement		1,390	
Employer Medicare		275	
Total Health Services			21,798

Other Student Support

Contracts with Government Agencies	\$	5,863	
Travel		7,822	
Other Contracted Services		18,000	
Other Supplies and Materials		986	
In Service/Staff Development		2,178	
Other Charges		1,298	
Total Other Student Support			36,147

Regular Instruction Program

Supervisor/Director	\$	58,570	
Instructional Computer Personnel		51,825	
Social Security		6,492	
State Retirement		6,148	
Medical Insurance		1,792	
Employer Medicare		1,518	
Travel		1,381	
Other Supplies and Materials		1,966	
In Service/Staff Development		82,930	
Other Charges		381	
Total Regular Instruction Program			213,003

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Consultants	\$	800	
Other Supplies and Materials		1,641	
In Service/Staff Development		3,127	
Total Special Education Program			\$ 5,568

Operation of Non-Instructional Services

Community Services

Other Contracted Services	\$	2,125	
Total Community Services			2,125

Total School Federal Projects Fund \$ 2,221,148

Central Cafeteria Fund

Support Services

Board of Education

Trustee's Commission	\$	14	
Total Board of Education			\$ 14

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,064	
Cafeteria Personnel		581,081	
Social Security		35,458	
State Retirement		34,722	
Medical Insurance		129,388	
Employer Medicare		8,368	
Communication		2,742	
Maintenance & Repair Services- Equipment		5,564	
Transportation - Other than Students		17,799	
Travel		3,346	
Other Contracted Services		1,824	
Food Supplies		771,515	
Other Supplies and Materials		75,454	
Food Service Equipment		51,212	
Total Food Service			1,769,537

Total Central Cafeteria Fund 1,769,551

(Continued)

Exhibit E-4

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$	5,265
Consultants		791
Other Contracted Services		27,260
Other Supplies and Materials		20,082
Building Construction		360,404
Building Improvements		46,625
Total Education Capital Projects		<u>\$ 460,427</u>
Total Education Capital Projects Fund		<u>\$ 460,427</u>
Total Governmental Funds - Giles County School Department		<u><u>\$ 28,195,928</u></u>

**SINGLE AUDIT REPORT**  
**GILES COUNTY, TENNESSEE**  
**AND**  
**GILES COUNTY SCHOOL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

*DEPARTMENT OF AUDIT*  
*JOHN G. MORGAN*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
*RICHARD V. NORMENT*  
*Assistant to the Comptroller*

*ARTHUR L. ALEXANDER*  
*Director*

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

*JERRY DURHAM, CPA, CGFM, CFE*  
*Auditor 4*

*RHONDA DAVIS, CFE*  
*SHERRIE GILL, CFE*  
*PATTY VARGO, CFE*  
*TERA HAYNES*  
*NATHAN ABBOTT, CISA, CFE*  
*State Auditors*

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

---

---

# SINGLE AUDIT REPORT TABLE OF CONTENTS

---

---

	Page(s)
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1-2
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>	3-5
Schedule of Expenditures of Federal Awards and State Grants	7-8
Schedule of Audit Findings Not Corrected	9-10
Schedule of Findings and Questioned Costs	11-21
Auditee Reporting Responsibilities	23



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841

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

March 13, 2006

Giles County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Giles County, Tennessee

To the County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education:

We have audited the financial statements of each major fund and the aggregate remaining fund information of Giles County, Tennessee, and the Giles County School Department as of and for the year ended June 30, 2005, which collectively comprise Giles County's and the Giles County School Department's basic financial statements and have issued our reports thereon dated March 13, 2006. Our reports on the financial statements of Giles County, Tennessee, and the Giles County School Department express adverse opinions because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Giles County's and the Giles County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its

operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Giles County's and the Giles County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02, 05.03, 05.04 (A,B,C), 05.07, 05.08, 05.09, 05.10 and 05.11.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Giles County's and the Giles County School Department's statements are free of material misstatement, we performed tests of 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 which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.04(D), 05.05, and 05.06.

We also noted certain other matters that we reported to the management of Giles County and the Giles County School Department in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 13, 2006

Giles County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Giles County, Tennessee

To the County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education:

Compliance

We have audited the compliance of Giles County and the Giles County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2005. Giles County's and the Giles County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Giles County's and the Giles County School Department's management. Our responsibility is to express an opinion on Giles County's and the Giles County School Department's compliance based on our audit.

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

test basis, evidence about Giles County's and the Giles County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Giles County's and the Giles County School Department's compliance with those requirements.

In our opinion, Giles County and the Giles County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2005.

#### Internal Control Over Compliance

The management of Giles County and the Giles County School Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Giles County's and the Giles County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Giles County's and the Giles County School Department's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.07 (A,B) and 05.08 (A).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

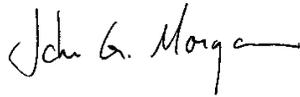
#### Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Giles County, Tennessee, and the Giles County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated March 13, 2006. Our reports on the financial statements of Giles County and the Giles County School Department express adverse opinions because government-wide financial statements are not presented in accordance with Governmental Accounting Standards

Board Statement No. 34. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a horizontal flourish at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

Giles County, Tennessee, and the Giles County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Watershed Surveys and Planning	10.911	N/A	\$ 141,148
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	\$ 158,177
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 250,027
National School Lunch Program	10.555	N/A	685,178
Total Passed-through State Department of Education			\$ 935,205
Total U.S. Department of Agriculture			\$ 1,234,530
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-11192-00	\$ 254,153
Total U.S. Department of Housing and Urban Development			\$ 254,153
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Youth Activities	17.259	(2)	\$ 26,712
WIA Incentive Grants-Section 503 Grants to States	17.267	(2)	2,865
Total U.S. Department of Labor			\$ 29,577
U.S. Department of Transportation:			
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	GG-05-11593-00	\$ 3,024
Total U.S. Department of Transportation			\$ 3,024
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-04-016666-00	\$ 1,071 (3)
Adult Education - State Grant Program	84.002	Z-05-022219-00	65,313 (3)
Adult Education - State Grant Program	84.002	GR-05-16134-01	12,500 (3)
Title 1 Grant to Local Educational Agencies	84.010	N/A	893,787
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	906,910
Special Education - Preschool Grants	84.173	N/A	45,073
Vocational Education - Basic Grants to States	84.048	N/A	114,183
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	27,481
State Grants for Innovative Programs	84.298	N/A	19,411
Education Technology State Grants	84.318	(2)	24,909
Improving Teacher Quality State Grants	84.367	N/A	228,300
Total U.S. Department of Education			\$ 2,338,938
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
State Rural Hospital Flexibility Program	93.241	GG-05-11675-00	\$ 19,887
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-04-016509-00	\$ 1,203
Temporary Assistance for Needy Families	93.558	Z-05-022312-00	15,377
Total Passed-through State Department of Education			\$ 16,580
Total U.S. Department of Health and Human Services			\$ 36,467
U. S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	Z-03-017749-00	\$ 11,125 (4)
Homeland Security Grant Program	97.004	Z-04-020094-00	38,456 (4)
Homeland Security Grant Program	97.004	Z-04-022442-00	24,786 (4)
Disaster Grants - Public Assistance	97.036	Z-05-02472-00	9,049
Total U.S. Department of Homeland Security			\$ 83,416
Total Expenditures of Federal Awards			\$ 3,980,105

(Continued)

Giles County, Tennessee, and the Giles County School Department  
 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>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 17,738
Health Department Programs - State Department of Health	N/A	Z-04-015364-00	22,731
Health Department Programs - State Department of Health	N/A	Z-05-020523-00	272,357
Adult Education - Basic Grant - State Department of Education	N/A	Z-04-016666-00	285
Adult Education - Basic Grant - State Department of Education	N/A	Z-05-022219-00	17,362
Adult Education - High Schools that Work - State Department of Education	N/A	GR-05-16134-01	12,500
Safe Schools Act 2002 - State Department of Education	N/A	(2)	23,293
Families First - State Department of Education	N/A	Z-04-016509-00	567
Families First - State Department of Education	N/A	Z-05-022312-00	7,236
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	20,264
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	Z-05-020377-00	10,500
Total State Grants			<u>\$ 404,833</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 Adult Education (CFDA No. 84.002) from the U.S. Department of Education \$78,884.
- (4) - Total Homeland Security Grant Program (CFDA No. 97.004) from the U.S. Department of Homeland Security \$74,367.

Giles County, Tennessee, and the Giles County School Department  
Schedule of Audit Findings Not Corrected  
June 30, 2005

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 Giles County, Tennessee, and the Giles County School Department for the year ended June 30, 2004, which have not been corrected.

**GILES COUNTY AND GILES COUNTY SCHOOL DEPARTMENT**

Finding Number	Page Number	Subject
04.01	10	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

**OFFICE OF HIGHWAY COMMISSIONER**

Finding Number	Page Number	Subject
04.05(A)	13	The office had deficiencies in purchasing procedures

**OFFICE OF DIRECTOR OF SCHOOLS**

Finding Number	Page Number	Subject
04.06(A,B,C,D)	13	The office had deficiencies in purchasing procedures

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

Finding Number	Page Number	Subject
04.08	15	Sufficient user documentation for computer hardware, the operating system, and software applications was not maintained

## OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.11	16	A central system of accounting, budgeting, and purchasing had not been adopted
04.12	16	Duties were not segregated adequately in the Offices of Director of Schools, Trustee, Clerk and Master, Register, and Sheriff

---

---

**GILES COUNTY, TENNESSEE, AND THE  
GILES COUNTY SCHOOL DEPARTMENT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2005**

---

---

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

1. Adverse opinions were issued on the financial statements of Giles County and the Giles County School Department.
2. The audit of the financial statements of Giles County and the Giles County School Department disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of both Giles County and the Giles County School Department.
4. Our audit disclosed reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title 1 Grants to Local Educational Agencies (CFDA No. 84.010), Special Education Cluster: Special Education Grants to States and Preschool Grants (CFDA Nos. 84.027 and 84.173), and the Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Giles County and the Giles County School Department did not qualify as low-risk auditees.

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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor; director of schools; School Department's director of transportation, federal programs supervisor, and supervisor of special education; circuit and general sessions courts clerk; register; and sheriff are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **GILES COUNTY AND GILES COUNTY SCHOOL DEPARTMENT**

**FINDING 05.01      **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES****  
(Material Noncompliance Under Government Auditing Standards)

Giles County and the Giles County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Giles County and the Giles County School Department were unable to provide the information necessary to prepare government-wide financial statements for all of their activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Giles County's and the Giles County School Department's financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued adverse opinions on their financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement 34, established by the Comptroller of the Treasury. Giles County's and the Giles County School Department's financial statements are presented in compliance with these requirements.

### **RECOMMENDATION**

Giles County and the Giles County School Department should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for their capital assets. These records should document the historical costs of their capital assets and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

## OFFICE OF COUNTY MAYOR

### FINDING 05.02      **THE AMBULANCE SERVICE HAD DEFICIENCIES CONCERNING THE WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS**

(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of procedures for the write-off of uncollectible accounts revealed the following deficiencies:

- A.      Receivables totaling \$223,064 had been written-off as uncollectible; however, the receivables had not been presented to the Ambulance Service Committee for their approval as required by the county's write-off policies.
- B.      The Ambulance Service presented uncollectible amounts in total (\$113,190) to the Ambulance Service Committee for approval in February 2005. These receivables were not presented by individual accounts and amounts as required by the county's write-off policies. The Ambulance Service Committee approved the February 2005 write-offs as presented without regard to the county's policies.
- C.      The Ambulance Service billing clerk presented auditors with a listing of uncollectible accounts written-off during the year that totaled \$593,082. However, the listing included \$191,485 of accounts that had been included twice.
- D.      According to Ambulance Service Committee minutes, certain accounts of employees and their families had been written-off as a courtesy. The county's policies for uncollectible accounts do not include provisions authorizing the write-off of accounts for Ambulance Service employees or their families as a courtesy.
- E.      The county's policies for uncollectible accounts allowed the billing clerk to write-off accounts before the accounts had been approved by the Ambulance Service Committee. This practice defeats the review and approval process and makes the subsequent approval meaningless.

### RECOMMENDATION

The write-off of uncollectible accounts should be made in compliance with the county's write-off policies. Accurate detailed listings of all individual accounts should be presented to the Ambulance Service Committee for their review and approval prior to posting the write-offs to the department's accounting system. The Ambulance Service Committee should not approve lump sum totals of uncollectible accounts since that does not conform to the county's write-off policies. The county's policies for uncollectible accounts should not provide for the billing clerk to post write-offs to the accounting system prior to the Ambulance Service Committee's approval.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

In the future, we will follow the county's write-off policies.

**FINDING 05.03      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A. The office did not issue purchase orders for some applicable purchases. Purchases orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.
- B. The office paid several invoices without documentation that goods had been received or services had been rendered. However, our audit procedures indicated that the goods had been received and services had been rendered.
- C. Several expenditures were coded to accounts that did not reflect the true nature of the transactions.

**RECOMMENDATION**

The office should ensure that purchase orders are issued for all applicable purchases and obtain documentation that goods have been received or services have been rendered before paying invoices. Invoices should be coded to accounts that most accurately describe the nature and character of the expenditures.

**MANAGEMENT’S RESPONSE – COUNTY MAYOR**

The county mayor signs invoices for her office as approval for payment and has asked all department heads to do the same.

---

**OFFICE OF HIGHWAY COMMISSIONER**

**FINDING 05.04      THE OFFICE HAD PURCHASING DEFICIENCIES**  
(A., B., and C. Internal Control – Reportable Condition Under Government Auditing Standards; D. Noncompliance Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A. The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. Furthermore, our examination disclosed that dollar amounts of purchases were not listed on some purchase orders.
- B. In some instances, purchase orders were issued after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.

- C. The office paid numerous invoices without documentation that goods had been received or services had been rendered. However, our audit procedures indicated that the goods had been received and services had been rendered.
- D. The Highway Department solicited and received bids for various sizes of crushed rock. The bid was awarded to the low bidder; however, on three occasions, the Highway Department purchased rock from a vendor who was not the low bidder. The office did not maintain any documentation supporting its decision to purchase from this vendor. In *Owen of Georgia, Inc., versus Shelby County*, 442F. Supp. 314 (w.b. Tenn. 1977), the court stated that “to reject the bid of the lowest bidder there must be such evidence of the irresponsibility of the bidder as would cause fair minded and reasonable men to believe that it was not for the best interest of the municipality to award the contract to the lowest bidder.”

### RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases, including the dollar amounts of items purchased, before purchases are made. Also, the office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Purchases should be made from the vendor with the lowest price that meets bid specifications unless adequate documentation is on file supporting the decision to reject the lowest bid.

---

### OFFICE OF DIRECTOR OF SCHOOLS

#### FINDING 05.05      **AN INTERFUND LOAN WAS NOT AUTHORIZED IN ACCORDANCE WITH STATE STATUTES** (Noncompliance Under Government Auditing Standards)

During the year, a transfer of \$310,000 was made from the General Purpose School Fund to the School Federal Projects Fund to provide cash for operations. This transfer was, in effect, an interfund loan and was not approved by the Board of Education, the County Commission, and the state director of Local Finance as required by Section 9-21-408, Tennessee Code Annotated. This loan was repaid to the General Purpose School Fund prior to June 30, 2005.

### RECOMMENDATION

All School Department interfund loans should be approved by the Board of Education, the County Commission, and the state director of Local Finance as required by state statute.

### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We are working diligently to ensure that this situation does not occur in the future. We now know the proper procedure to follow to ensure our compliance with this state statute.

**FINDING 05.06      BIDS HAD NOT BEEN SOLICITED IN COMPLIANCE WITH STATE STATUTES**  
(Noncompliance Under Government Auditing Standards)

Our examination of bidding procedures revealed the following deficiencies:

- A. The office did not solicit bids for property and casualty insurance.
- B. The School Department solicited bids for two buses using bid specifications that could be met by only one manufacturer. Also, the bid advertisement stated that any deviations from the written specifications were to be preapproved by the transportation director. Using bid specifications that apply only to a particular brand of equipment and allowing the specifications to be changed violates the intent of Section 49-2-203, Tennessee Code Annotated, which requires competitive bids on purchases exceeding \$5,000.
- C. Officials could not provide documentation of a bid advertisement for the purchase of computer equipment.

**RECOMMENDATION**

Competitive bids should be solicited for all purchases estimated to exceed \$5,000 as required by state statute. The office should develop bid specifications that are not brand specific. Bids should then be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, and experience. Bid advertisements should be maintained on file to document the bid process.

**MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT DIRECTOR OF TRANSPORTATION**

In regard to 05.06(B), we did not request a specific brand of bus; therefore, all vendors could supply buses. I was under the impression that the director could approve deviations from specifications prior to the final submission of the bids.

**REBUTTAL**

Using bid specifications of a particular manufacturer and/or approving deviations from the advertised bid specifications defeats the competitive bid process.

---

**FINDING 05.07      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(A. and B. Internal Control – Reportable Condition Under Government Auditing Standards and Circular A-133; C., D. E., and F. Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following deficiencies:

- A. The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.
- B. Travel expenses were not adequately documented for the Title I federal program.
- C. In some instances, purchase orders were issued after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.
- D. In some instances, invoices were not on file to support the purchases. We extended our audit procedures and determined that these disbursements were for the benefit of the department.
- E. The office paid several invoices without documentation that goods had been received or services had been rendered. However, our audit procedures indicated that these goods had been received and services had been rendered.
- F. Several expenditures were coded to accounts that did not reflect the true nature of the transactions.

#### RECOMMENDATION

The office should issue purchase orders for all applicable purchases before purchases are made, maintain invoices to support all purchases, and obtain documentation indicating that goods have been received or services have been rendered before paying invoices. Documentation for travel related expenses should be on file for audit inspection. Invoices should be coded to accounts that most accurately describe the nature and character of the expenditures.

#### MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT FEDERAL PROGRAMS SUPERVISOR

In regard to 05.07(A,B), efforts will be made to ensure that no purchases are made without a purchase order and that all travel expenses are adequately documented.

#### MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT SUPERVISOR OF SPECIAL EDUCATION

In regard to 05.07(A), purchase orders will be written for all purchases dealing with any Special Education expenditures.

---

#### FINDING 05.08      **THE OFFICE HAD DEFICIENCIES IN PAYROLL PROCEDURES**

(A. Internal Control – Reportable Condition Under Government Auditing Standards and Circular A-133; B. and C. Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of payroll procedures disclosed the following deficiencies:

- A. Several employees did not maintain time sheets to document time worked.
- B. In a few instances, supervisors did not sign employee time sheets as evidence of supervisory review and approval.
- C. In some instances, amounts withheld from employees' payroll checks for insurance were not reconciled with payments to vendors.

**RECOMMENDATION**

All employees should document time worked. Supervisors should sign employees' time cards as evidence of review and approval. General ledger payroll insurance accounts should be reconciled with insurance billings monthly.

**MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT SUPERVISOR OF SPECIAL EDUCATION**

In regard to 05.08(A), I have communicated with all principals that all non-certified employees should fill out time sheets and turn them in to the school office. The school offices will send all time sheets to the central office for the Supervisor of Special Education to approve and sign.

---

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

**FINDING 05.09**      **SUFFICIENT USER DOCUMENTATION FOR COMPUTER HARDWARE, THE OPERATING SYSTEM, AND SOFTWARE APPLICATIONS WAS NOT MAINTAINED**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Offices of Circuit and General Sessions Courts Clerk did not maintain formal user documentation pertaining to the accounting software, operating system, and computer hardware components. This documentation is necessary to provide users with information regarding system maintenance, system inputs, application processing requirements, output definitions, and system recovery. Inadequate documentation may result in inaccurate and inefficient processing of applications.

**RECOMMENDATION**

The office should maintain user documentation pertaining to all software applications, the operating system, and computer hardware components. Management should contact their vendor and obtain current user documentation for all components of their computer system.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Our vendor, Government Service Automation, does not supply us with user documentation pertaining to the accounting software, operating system or computer hardware components. I have requested this in the past and have been told that it is not available.

---

**OTHER FINDINGS AND RECOMMENDATIONS**

**FINDING 05.10**      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

**RECOMMENDATION**

County officials should consider adopting 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 departments.

---

**FINDING 05.11**      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF HIGHWAY COMMISSIONER, DIRECTOR OF SCHOOLS, TRUSTEE, CLERK AND MASTER, REGISTER, AND SHERIFF**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among employees in the Offices of Highway Commissioner, Director of Schools, Trustee, Clerk and Master, Register, and Sheriff. In the Office of Director of Schools, an employee who was responsible for preparing and posting disbursements to the accounting records and reconciling disbursements with the trustee's report also had access to the mechanical check-signing machine for all funds administered by the director of schools. In the Offices of Highway Commissioner, Trustee, Clerk and Master, Register, and Sheriff, employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds.

**RECOMMENDATION**

To strengthen internal controls over operations, officials in these offices should ensure that duties are segregated adequately among employees.

#### MANAGEMENT'S RESPONSE – REGISTER

The cost of hiring enough employees to segregate each step involved is not feasible. The budget will not allow us to increase our staff in order to comply with these guidelines.

#### MANAGEMENT'S RESPONSE – SHERIFF

The cost of hiring enough employees to segregate each step involved would be astronomical.

#### REBUTTAL

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

**PART III, FINDINGS AND QUESTIONED  
COSTS FOR FEDERAL AWARDS  
For the Year Ended June 30, 2005**

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education:					
Special Education Cluster:					
Special Education - Grants to States	05.12	84.027	Circular A-133, Section 500 (c)(3)	Reportable Condition in Internal Control See Finding 05.07(A) - Purchase orders were not issued for some purchases.	\$ 0
Special Education - Preschool Grants		84.173			
U.S. Department of Education: Passed-through State Department of Education:					
Title 1 Grant to Local Educational Agencies	05.13	84.010	Circular A-133, Section 500 (c)(3)	Reportable Condition in Internal Control See Finding 05.07(A,B) - Purchase orders were not issued for some purchases, and travel expenses were not adequately documented.	0
U.S. Department of Education: Passed-through State Department of Education:					
Special Education Cluster:					
Special Education - Grants to States	05.14	84.027	Circular A-133, Section 500 (c)(3)	Reportable Condition in Internal Control See Finding 05.08(A) - Employees did not maintain time sheets to document hours worked.	0
Special Education - Preschool Grants		84.173			

**GILES COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2005**

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

FINDINGS 05.07(A) and 05.12

MANAGEMENT'S RESPONSE (SCHOOL DEPARTMENT SUPERVISOR OF SPECIAL EDUCATION)

Purchase orders will be written for all purchases dealing with any Special Education expenditures.

FINDINGS 05.07(A, B) and 05.13

MANAGEMENT'S RESPONSE (FEDERAL PROGRAMS SUPERVISOR)

Efforts will be made to ensure that no purchases are made without a purchase order and that all travel expenses are adequately documented.

FINDINGS 05.08(A) and 05.14

MANAGEMENT'S RESPONSE (SCHOOL DEPARTMENT SUPERVISOR OF SPECIAL EDUCATION)

I have communicated with all principals that all non-certified employees should fill out time sheets and turn them in to the school office. The school offices will send all time sheets to the central office for the Supervisor of Special Education to approve and sign.