



**ANNUAL FINANCIAL REPORT
GRAINGER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2009



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**ANNUAL FINANCIAL REPORT
GRAINGER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009**

*DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury*

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

*JAMES R. ARNETTE
Director*

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

*LESTER TACKETT, CPA, CGFM
Auditor 4*

*MICHAEL JARREAU, CFE
DOUG SANDIDGE, CISA, CFE
GARRETT RAIDEN
GREG BRUSH
State Auditors*

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

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GRAINGER COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Grainger County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Grainger County as of and for the year ended June 30, 2009.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations in several major appropriation categories in the General, Solid Waste Sanitation, and General Debt Service funds.

OTHER FINDINGS

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, Sheriff, and the Ambulance Service Department.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

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INTRODUCTORY SECTION

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Grainger County Officials

June 30, 2009

Officials

Mark Hipsher, County Mayor
David Bean, Road Superintendent
Terry Acuff, Director of Schools
Donald Nance, Trustee
Johnny Morgan, Assessor of Property
Angie Lamb, County Clerk
Rhonda Reagan, Circuit and General Sessions Courts Clerk
Vickie Greenlee, Clerk and Master
Dorothy Reagan, Register
James Harville, Sheriff

Board of County Commissioners

Doyal Wynn, Chairman	Mike Holt
James Acuff	Bill Howerton
Johnny Baker	Larry Johnson
Mike Byrd	Raymond Layel, Jr.
Earl Cameron	Leroy Shelton
David Collins	Darrell Stratton
B. DeWayne Davis	Darrell Williams
T.J. Hill	

Board of Education

Darrell Livesay, Chairman	Joyce Lane
Dwight Bull	Coy McDaniel
Freddie Chandler	Karen McNish
Anthony Davidson	Norma Tate
Harold Frazier	Larry Turley

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

February 10, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Grainger County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Grainger County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

Grainger County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Grainger County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Grainger County, Tennessee, at June 30, 2009, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2010, on our consideration of Grainger County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

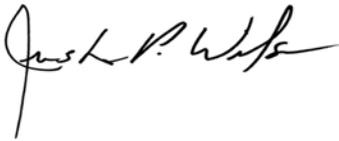
As described in Note V.B., Grainger County has adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution and Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of Grainger County did not prepare a management's discussion and analysis. The management's discussion and analysis section 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.

The budgetary comparison, pension, and other postemployment benefits information on pages 69 through 77 are not required parts of the basic financial statements but they do provide 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 Grainger County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), 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 black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Grainger County, Tennessee
Statement of Net Assets
June 30, 2009

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Grainger County School Department</u>
<u>ASSETS</u>		
Cash	\$ 66,140	\$ 1,746
Equity in Pooled Cash and Investments	4,174,367	5,373,506
Accounts Receivable	682,404	13,651
Allowance for Uncollectible Accounts Receivable	(523,157)	0
Due from Other Governments	511,590	755,529
Property Taxes Receivable	6,716,995	2,555,271
Allowance for Uncollectible Property Taxes	(123,750)	(47,066)
Deferred Charges - Debt Issuance Cost	714,591	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,819,753	812,384
Construction in Progress	201,338	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,672,516	34,351,207
Other Capital Assets	1,236,649	1,710,485
Infrastructure	1,615,767	0
Total Assets	<u>\$ 25,765,203</u>	<u>\$ 45,526,713</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 34,546	\$ 596,082
Accrued Payroll	55,932	106,237
Accrued Interest Payable	238,885	0
Contracts Payable	28,356	39,312
Retainage Payable	0	753
Due to State of Tennessee	27,948	0
Other Current Liabilities	9	0
Deferred Revenue - Property Taxes	6,136,581	2,334,569
Noncurrent Liabilities:		
Due Within One Year	1,718,700	42,943
Due in More than One Year (net of unamortized premium on debt)	29,802,954	1,376,856
Total Liabilities	<u>\$ 38,043,911</u>	<u>\$ 4,496,752</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Grainger County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 7,642,078	\$ 0
Invested in Capital Assets Restricted for:	0	36,874,076
General Government	20,525	0
Finance	19,871	0
Administration of Justice	83,991	0
Public Safety	98,266	0
Public Health and Welfare	60,422	0
Social, Cultural, and Recreational Services	221,866	0
Highways	904,805	0
State and Federal Assistance Program	0	1,486,553
Debt Service	2,884,417	0
Capital Projects	1,830	504
Unrestricted	<u>(24,216,779)</u>	<u>2,668,828</u>
Total Net Assets	<u>\$ (12,278,708)</u>	<u>\$ 41,029,961</u>

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

Exhibit B

Grainger County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary		Grainger County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 899,952	\$ 207,570	\$ 173,466	\$ 0	\$ (518,916)	\$ 0	
Finance	552,590	444,678	0	0	(107,912)	0	
Administration of Justice	588,693	294,764	11,250	0	(282,679)	0	
Public Safety	2,395,574	410,439	11,800	0	(1,973,335)	0	
Public Health and Welfare	2,351,260	798,118	362,223	0	(1,190,919)	0	
Social, Cultural, and Recreational Services	246,923	0	65,462	0	(181,461)	0	
Agriculture and Natural Resources	269,131	0	5,000	0	(264,131)	0	
Other Operations	885,395	8,040	0	0	(877,355)	0	
Highways	2,590,127	0	1,430,587	0	(1,159,540)	0	
Debt Service:							
Interest	1,265,155	0	0	0	(1,265,155)	0	
Other Debt Service	76,000	0	0	0	(76,000)	0	
Total Primary Government	\$ 12,120,800	\$ 2,163,609	\$ 2,059,788	\$ 0	\$ (7,897,403)	\$ 0	
Component Unit:							
Grainger County School Department	\$ 28,111,267	\$ 671,370	\$ 3,983,986	\$ 11,717	\$ 0	\$ (23,444,194)	
Total Component Unit	\$ 28,111,267	\$ 671,370	\$ 3,983,986	\$ 11,717	\$ 0	\$ (23,444,194)	

(Continued)

Exhibit B

Granger County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Capital		Primary Governmental Activities	Granger County School Department	
			Operating Grants and Contributions	Grants and Contributions			
General Revenues:							
Property Taxes Levied for General Purposes				\$ 3,501,274	\$ 3,501,274	\$ 2,373,669	
Property Taxes Levied for Solid Waste/Sanitation				703,045	703,045	0	
Property Taxes Levied for Sports and Recreation				123,836	123,836	0	
Property Taxes Levied for Highway				475,225	475,225	0	
Property Taxes Levied for Debt Service				1,332,373	1,332,373	0	
Sales Taxes				320,798	320,798	969,169	
Litigation Tax				51,619	51,619	0	
Business Tax				51,305	51,305	18,706	
Wholesale Beer Tax				76,830	76,830	0	
Interstate Telecommunication Tax				23,738	23,738	2,410	
Grants and Contributions Not Restricted to Specific Programs				1,509,179	1,509,179	19,209,301	
Unrestricted Investment Income				334,392	334,392	4,109	
Miscellaneous				94,849	94,849	113,297	
Total General Revenues				\$ 8,598,463	\$ 8,598,463	\$ 22,690,661	
Change in Net Assets					\$ 701,060	\$ (753,533)	
Net Assets, July 1, 2008					(12,979,768)	41,783,494	
Net Assets, June 30, 2009					(12,278,708)	\$ 41,029,961	

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

Exhibit C-1

Grainger County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
Cash	\$ 400	\$ 0	\$ 0	\$ 0	\$ 65,740	\$ 66,140	
Equity in Pooled Cash and Investments	285,801	8,461	608,124	2,939,709	332,272	4,174,367	
Accounts Receivable	655,664	1,304	0	16,003	9,433	682,404	
Allowance for Uncollectibles	(523,157)	0	0	0	0	(523,157)	
Due from Other Governments	181,947	4,282	259,472	65,889	0	511,590	
Due from Other Funds	278	0	0	0	0	278	
Property Taxes Receivable	4,050,822	732,884	547,558	1,294,471	91,260	6,716,995	
Allowance for Uncollectible Property Taxes	(72,726)	(13,773)	(10,085)	(25,485)	(1,681)	(123,750)	
Total Assets	\$ 4,579,029	\$ 733,158	\$ 1,405,069	\$ 4,290,587	\$ 497,024	\$ 11,504,867	

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
Accrued Payroll
Contracts Payable
Due to Other Funds
Due to State of Tennessee
Other Current Liabilities
Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes
Other Deferred Revenues
Total Liabilities

Fund Balances

Reserved for Encumbrances
Reserved for Correctional Incentive Program
Reserved for Purchase of Electronic Fingerprint Imaging System
Reserved for Alcohol and Drug Treatment

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	44,275	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	44,275
	4,037	0	0	0	0	0	4,037
	20,525	0	0	0	0	0	20,525
	2,570	0	0	0	0	0	2,570
	19,570	0	0	0	0	0	19,570
	1,053	0	0	0	0	0	1,053
	1,002	0	0	0	0	0	1,002
	1,938	0	0	0	0	0	1,938
	19,871	0	0	0	0	0	19,871
	0	0	145,000	0	0	1,830	146,830
	204,416	0	0	0	0	0	204,416
	0	13,637	596,865	0	0	309,899	920,401
	0	0	0	2,989,411	0	0	2,989,411
\$	389,423	\$ 13,637	\$ 741,865	\$ 2,989,411	\$ 377,465	\$ 0	4,511,801
\$	4,579,029	\$ 733,158	\$ 1,405,069	\$ 4,290,587	\$ 497,024	\$ 0	11,504,867

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse
Reserved for Sexual Offender Registration
Reserved for Computer System - Register
Reserved for Automation Purposes - Circuit Court
Reserved for Automation Purposes - General Sessions Court
Reserved for Automation Purposes - Juvenile Court
Reserved for Automation Purposes - Chancery Court
Reserved for Automation Purposes - Sheriff
Reserved for Archives and Records Management - County Clerk
Reserved for Capital Outlay
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Grainger County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,511,801
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,819,753	
Add: construction in progress		201,338	
Add: buildings and improvements net of accumulated depreciation		1,236,649	
Add: other capital assets net of accumulated depreciation		8,672,516	
Add: infrastructure net of accumulated depreciation		<u>1,615,767</u>	13,546,023
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.			
Add: deferred charges - debt issuance costs	\$	714,591	
Less: notes payable		(1,246,226)	
Less: other loans payable		(482,000)	
Less: capital leases payable		(23,089)	
Less: bonds payable		(28,275,000)	
Less: compensated absences payable		(121,045)	
Less: landfill closure/postclosure care costs		(1,154,537)	
Less: accrued interest on bonds and notes		(238,885)	
Less: other deferred revenue - premium on debt		<u>(219,757)</u>	(31,045,948)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>709,416</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>(12,278,708)</u></u>

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

Exhibit C-3

Granger County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 3,621,145	\$ 702,650	\$ 499,941	\$ 1,710,059	\$ 86,610	\$ 6,620,405	
Licenses and Permits	56,981	0	0	0	0	56,981	
Fines, Forfeitures, and Penalties	54,003	4,968	3,448	9,666	43,783	115,868	
Charges for Current Services	788,043	0	0	0	331,707	1,119,750	
Other Local Revenues	135,721	3,943	0	334,392	528	474,584	
Fees Received from County Officials	412,378	0	0	0	0	412,378	
State of Tennessee	1,157,616	72,191	1,473,365	128,224	73,281	2,904,677	
Federal Government	170,382	0	0	0	0	170,382	
Other Governments and Citizens Groups	8,554	0	0	700,000	0	708,554	
Total Revenues	\$ 6,404,823	\$ 783,752	\$ 1,976,754	\$ 2,882,341	\$ 535,909	\$ 12,583,579	
<u>Expenditures</u>							
Current:							
General Government	\$ 895,605	\$ 0	\$ 0	\$ 0	\$ 16	\$ 895,621	
Finance	229,994	0	0	0	318,854	548,848	
Administration of Justice	497,513	0	0	0	5,370	502,883	
Public Safety	2,436,121	0	0	0	23,461	2,459,582	
Public Health and Welfare	1,391,859	806,675	0	0	0	2,198,534	
Social, Cultural, and Recreational Services	137,827	0	0	0	274,982	412,809	
Agriculture and Natural Resources	269,131	0	0	0	0	269,131	
Other Operations	870,773	0	0	0	0	870,773	
Highways	35,057	0	1,979,576	0	0	2,014,633	
Debt Service:							
Principal on Debt	0	0	0	1,570,968	0	1,570,968	
Interest on Debt	0	0	0	1,291,488	0	1,291,488	
Other Debt Service	0	0	0	38,757	0	38,757	
Capital Projects	102,912	0	0	0	36,945	139,857	
Total Expenditures	\$ 6,866,792	\$ 806,675	\$ 1,979,576	\$ 2,901,213	\$ 659,628	\$ 13,213,884	
Excess (Deficiency) of Revenues Over Expenditures	\$ (461,969)	\$ (22,923)	\$ (2,822)	\$ (18,872)	\$ (123,719)	\$ (630,305)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 135,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,945	\$ 171,945
Transfers In	0	0	0	142,146	0	0	142,146
Transfers Out	0	0	(142,146)	0	0	0	(142,146)
Total Other Financing Sources (Uses)	\$ 135,000	\$ 0	\$ (142,146)	\$ 142,146	\$ 36,945	\$ 36,945	\$ 171,945
Net Change in Fund Balances	\$ (326,969)	\$ (22,923)	\$ (144,968)	\$ 123,274	\$ (86,774)	\$ (86,774)	\$ (458,360)
Fund Balance, July 1, 2008	716,392	36,560	886,833	2,866,137	464,239	464,239	4,970,161
Fund Balance, June 30, 2009	\$ 389,423	\$ 13,637	\$ 741,865	\$ 2,989,411	\$ 377,465	\$ 377,465	\$ 4,511,801

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

Exhibit C-4

Grainger County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	(458,360)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$	478,382
Less: current year depreciation expense		<u>(975,277)</u>
		(496,895)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$	709,416
Less: deferred delinquent property taxes and other deferred June 30, 2008		<u>(471,135)</u>
		238,281
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:</p>		
Add: change in premium on debt	\$	10,565
Add: principal payments on bonds		995,000
Add: principal payments on notes		488,968
Add: principal payments on other loans		87,000
Add: principal payments on capital leases		12,677
Less: note proceeds		(171,945)
Less: change in deferred debt issuance costs		<u>(37,243)</u>
		1,385,022
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$	15,768
Change in compensated absences payable		19,252
Change in landfill closure/postclosure care costs		<u>(2,008)</u>
		33,012
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>701,060</u></u>

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

Exhibit D

Grainger County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 535,646
Accounts Receivable	500
Due from Other Governments	118,597
Restricted Assets	<u>81,241</u>
Total Assets	<u>\$ 735,984</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 118,597
Due to Litigants, Heirs, and Others	<u>617,387</u>
Total Liabilities	<u>\$ 735,984</u>

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

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GRAINGER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Grainger County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Grainger County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Grainger County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Grainger County, and the Grainger County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Grainger County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Grainger County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Grainger County issues most debt for the discretely presented Grainger County School Department. Net debt issue of \$36,945 was contributed by the county to the School Department during the year ended June 30, 2009.

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

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

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

Fund financial statements of Grainger County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Grainger 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. The fiduciary funds in total are reported in a single column.

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grainger County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund is used to account for the operation of the county’s convenience centers and the material recovery facility.

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, Grainger County reports the following fund types:

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

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

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

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

Additionally, the School Department reports the following fund types:

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major educational capital facilities.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Grainger County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Grainger County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State

Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible ambulance receivables is management's estimate based on prior collections and aging reports. The allowance for uncollectible property taxes is equal to 1.03 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Restricted Assets

Restricted assets in the agency funds consist of annuity contracts held in a custodial capacity by the circuit court clerk for minors.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of five or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	5-25
Infrastructure:	
Roads	20
Bridges	40

5. Compensated Absences

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

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

7. Net Assets and Fund Equity

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

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

As of June 30, 2009, Grainger County had \$23,627,536 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of Grainger County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grainger County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, 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. Designations of fund balance represent tentative management plans that are subject to change. The Grainger County Board of Education has designated \$783,262 of the General Purpose School Fund’s balance for construction and other costs associated with the new high school.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Grainger County School Department

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

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

Primary Government

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

Discretely Presented Grainger County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Expenditures Exceeded Appropriations

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Other Facilities	\$ 6,719
Ambulance/Emergency Medical Services	59,219
Parks and Fair Boards	101
Agriculture Extension Service	209
Soil Conversation	319
Solid Waste/Sanitation:	
Recycling Center	9,600
Postclosure Care Cost	2,962
General Debt Service:	
Principal:	
General Government	16,981
Highway and Streets	40,500
Education	5,000
Other Debt Service:	
Highway and Streets	106

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from either available fund balances or revenues greater than amounts anticipated.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2009.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Governmental Activities

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 1,819,753	\$ 0	\$ 1,819,753
Construction in Progress	7,500	193,838	201,338
Total Capital Assets Not Depreciated	<u>\$ 1,827,253</u>	<u>\$ 193,838</u>	<u>\$ 2,021,091</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,384,045	\$ 0	\$ 10,384,045
Roads and Bridges	10,846,848	0	10,846,848
Other Capital Assets	3,125,371	284,544	3,409,915
Total Capital Assets, Depreciated	<u>\$ 24,356,264</u>	<u>\$ 284,544</u>	<u>\$ 24,640,808</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,482,459	\$ 229,070	\$ 1,711,529
Roads and Bridges	8,720,698	510,383	9,231,081
Other Capital Assets	1,937,442	235,824	2,173,266
Total Accumulated Depreciation	<u>\$ 12,140,599</u>	<u>\$ 975,277</u>	<u>\$ 13,115,876</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,215,665</u>	<u>\$ (690,733)</u>	<u>\$ 11,524,932</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,042,918</u>	<u>\$ (496,895)</u>	<u>\$ 13,546,023</u>

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

Governmental Activities:

General Government	\$	22,506
Finance		2,700
Administration of Justice		89,994
Public Safety		142,847
Public Health and Welfare		106,003
Social, Cultural, and Recreational Services		21,111
Other Operations		14,622
Highway/Public Works		<u>575,494</u>

Total Depreciation Expense - Governmental Activities \$ 975,277

Discretely Presented Grainger County School Department

Governmental Activities:

	Balance			Balance
	7-1-08	Increases	Decreases	6-30-09
Capital Assets				
Not Depreciated:				
Land	\$ 812,384	\$ 0	\$ 0	\$ 812,384
Construction in Progress	26,528,173	153,693	(26,681,866)	0
Total Capital Assets				
Not Depreciated	<u>\$ 27,340,557</u>	<u>\$ 153,693</u>	<u>\$ (26,681,866)</u>	<u>\$ 812,384</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 15,264,438	\$ 25,699,134	\$ 0	\$ 40,963,572
Other Capital Assets	1,223,565	1,276,840	(79,668)	2,420,737
Total Capital Assets				
Depreciated	<u>\$ 16,488,003</u>	<u>\$ 26,975,974</u>	<u>\$ (79,668)</u>	<u>\$ 43,384,309</u>
Less Accumulated				
Depreciation:				
Buildings and				
Improvements	\$ 5,800,754	\$ 811,611	\$ 0	\$ 6,612,365
Other Capital Assets	587,069	202,851	(79,668)	710,252
Total Accumulated				
Depreciation	<u>\$ 6,387,823</u>	<u>\$ 1,014,462</u>	<u>\$ (79,668)</u>	<u>\$ 7,322,617</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 10,100,180</u>	<u>\$ 25,961,512</u>	<u>\$ 0</u>	<u>\$ 36,061,692</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 37,440,737</u>	<u>\$ 26,115,205</u>	<u>\$ (26,681,866)</u>	<u>\$ 36,874,076</u>

The discretely presented School Department charged depreciation expenses of \$811,611 to Instruction and \$202,851 to Support Services functions.

C. Construction Commitments

At June 30, 2009, the School Department had uncompleted construction contracts of \$215,313 in the General Purpose School Fund. Primarily these contracts are for reroofing projects and are considered as repairs and maintenance of buildings. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 278

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amount:

Primary Government

	<u>Transfer In</u>
	General
	Debt
	Service
<u>Transfer Out</u>	<u>Fund</u>
Highway/Public Works Fund	\$ 142,146

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

E. Capital Leases

On August 31, 2001, Grainger County entered into an 11-year lease-purchase agreement for land for the Ambulance Service. The terms of the agreement require total lease payments of \$55,000 with no interest. The deed to the leased property transfers to Grainger County at the end of the lease period. In addition, on December 26, 2007, Grainger County entered into a two-year lease-purchase agreement for a vehicle for the Sheriff's Department. The terms of this agreement require total lease payments of \$24,346 plus interest of 5.6 percent. Title to the vehicle transfers to Grainger County at the end of the lease period. Both lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 13,543
2011	5,000
2012	5,000
Total Minimum Lease Payments	<u>\$ 23,543</u>
Less: Amount Representing Interest	<u>(454)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 23,089</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to 12 years for notes, and up to 11 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds:			
Primary Government	3.87 %	\$ 6,500,000	\$ 5,185,000
School Purpose	4.21 to 4.32	24,500,000	23,090,000
Capital Outlay Notes:			
Primary Government	4.07 to 4.97	1,390,000	708,690
School Purpose	3.65 to 4.25	3,386,945	537,536
Other Loans	variable	1,000,000	482,000
Capital Leases	0 to 5.6	79,346	23,089

During the 2002-03 year, Grainger County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$1,000,000 to Grainger County for paving and improving roads. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2009, the variable interest rate was .39 percent, and other fees totaled approximately .26 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables. Estimated interest and other loan fees included in the table for the variable rate debt are computed based on the rates in effect at June 30, 2009.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 1,025,000	\$ 1,182,416	\$ 2,207,416
2011	1,060,000	1,142,709	2,202,709
2012	1,095,000	1,101,644	2,196,644
2013	1,140,000	1,059,222	2,199,222
2014	1,180,000	1,015,028	2,195,028
2015-2019	6,600,000	4,347,121	10,947,121
2020-2024	7,540,000	2,882,384	10,422,384
2025-2029	7,035,000	1,327,883	8,362,883
2030	1,600,000	71,662	1,671,662
Total	\$ 28,275,000	\$ 14,130,069	\$ 42,405,069

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 515,271	\$ 49,991	\$ 565,262
2011	410,510	29,111	439,621
2012	211,695	13,525	225,220
2013	58,750	5,112	63,862
2014	25,000	2,485	27,485
2015	25,000	1,243	26,243
Total	\$ 1,246,226	\$ 101,467	\$ 1,347,693

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2010	\$ 90,000	\$ 1,792	\$ 1,213	\$ 93,005
2011	93,000	1,438	973	95,411
2012	96,000	1,073	726	97,799
2013	100,000	694	470	101,164
2014	103,000	301	204	103,505
Total	\$ 482,000	\$ 5,298	\$ 3,586	\$ 490,884

There is \$2,989,411 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,369, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,453, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 29,270,000	\$ 1,563,249	\$ 569,000
Additions	0	171,945	0
Deductions	(995,000)	(488,968)	(87,000)
Balance, June 30, 2009	\$ 28,275,000	\$ 1,246,226	\$ 482,000
Balance Due Within One Year	\$ 1,025,000	\$ 515,271	\$ 90,000

Governmental Activities: (Cont.)

	Capital Leases	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2008	\$ 35,766	\$ 140,297	\$ 1,152,529
Additions	0	190,438	22,970
Deductions	(12,677)	(209,690)	(20,962)
Balance, June 30, 2009	<u>\$ 23,089</u>	<u>\$ 121,045</u>	<u>\$ 1,154,537</u>
Balance Due Within One Year	<u>\$ 13,089</u>	<u>\$ 24,209</u>	<u>\$ 51,131</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 31,301,897
Less: Balance Due Within One Year	(1,718,700)
Add: Unamortized Premium on Debt	<u>219,757</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 29,802,954</u>

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

Discretely Presented Grainger County School Department

The county issued a capital outlay note to fund asbestos removal at various school facilities. Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of 18 years for the note. The capital outlay note outstanding as of June 30, 2009, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Outlay Note	0	% \$ 232,968	\$ 38,574

This capital outlay note is to be retired from the General Purpose School Fund.

The annual requirements to amortize the note outstanding as of June 30, 2009, are presented in the following table:

Year Ending June 30	Note Principal
2010	\$ 12,943
2011	12,943
2012	<u>12,688</u>
Total	<u><u>\$ 38,574</u></u>

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the discretely presented School Department for the year ended June 30, 2009:

	Notes	Retirement Incentive	Other Postemployment Benefits
Balance, July 1, 2008	\$ 51,517	\$ 42,500	\$ 664,330
Additions	0	47,500	843,799
Deductions	<u>(12,943)</u>	<u>(25,000)</u>	<u>(191,904)</u>
Balance, June 30, 2009	<u><u>\$ 38,574</u></u>	<u><u>\$ 65,000</u></u>	<u><u>\$ 1,316,225</u></u>
Balance Due Within One Year	<u><u>\$ 12,943</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 0</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 1,419,799
Less: Balance Due within One Year	<u>(42,943)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 1,376,856</u></u>

Notes and retirement incentives are liquidated from the General Purpose School Fund.

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grainger County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the

Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$123,131 and \$12,411, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Grainger County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Paid	Balance 6-30-09
General	\$ 0	\$ 1,500,000	\$ (1,500,000)	\$ 0
Solid Waste/Sanitation	0	300,000	(300,000)	0

V. OTHER INFORMATION,

A. Risk Management

Primary Government

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

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

Discretely Presented Grainger County School Department

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

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Grainger County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Grainger County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Grainger County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Grainger County could have endowment investments in subsequent years.

C. Subsequent Events

Grainger County entered into a three-year service agreement for the removal of trash/recyclable items collected at various sites including county operated convenience centers.

Grainger County entered into a four-year \$27,300 lease-purchase agreement for a skid-steer loader. Management plans to fund the future payments through the Solid Waste/Sanitation Fund.

Grainger County utilized idle funds of the General Debt Service Fund to issue tax anticipation notes in advance of property tax collections for the General and Solid Waste/Sanitation funds totaling \$1,600,000 and \$300,000, respectively.

Grainger County received approval of a Community Development Block Grant (CDBG) from the State of Tennessee, through the Department of Economic and Community Development for water line extension. The project's budget reflects approximately \$470,000 of CDBG funding and a requirement of local funding of approximately \$30,000. As of the date of this report, the project is still in the planning stage, and no funds have been spent.

Director of Schools Terry Acuff, retired December 31, 2009, and was succeeded by Edwin Jarnigan, effective January 1, 2010.

D. Contingent Liabilities

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

E. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Grainger County closed its sanitary landfill in 2002. The \$1,154,537 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District, Sevier, Jefferson, Grainger, and Cocke counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Grainger County made no contributions to the DTF for the year ended June 30, 2009.

Grainger County does not have an equity interest in the above-noted joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Fourth Judicial District Drug Task Force
125 Court Avenue, Suite 301
Sevierville, TN 37862

G. Jointly Governed Organization

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

H. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Grainger 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, 2009, was 10.46 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Grainger County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Grainger County's annual pension cost of \$717,164 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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 postretirement 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. Grainger 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, 2007, was nine years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$717,164	100%	\$0
6-30-08	747,545	100	0
6-30-07	713,660	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 76.64 percent funded. The actuarial accrued liability for benefits was \$12.8 million, and the actuarial value of assets was \$9.81 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.99 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.03 million, and the ratio of the UAAL to the covered payroll was 49.57 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$716,136, \$684,310, and \$635,350, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits for its certified employees. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, the discretely presented Grainger County School Department contributed \$191,904 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 843,000
Interest on the NPO	29,895
Adjustment to the ARC	(29,096)
Annual OPEB cost	<hr/> \$ 843,799
Amount of contribution	(191,904)
Increase/decrease in NPO	<hr/> \$ 651,895
Net OPEB obligation, 7-1-08*	<hr/> 664,330
	<hr/>
Net OPEB obligation, 6-30-09	<hr/> <hr/> \$ 1,316,225

* The net OPEB obligation was erroneously reflected as \$644,330 in the notes to the financial statements in the previous annual financial report.

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 833,000	23 %	\$ 664,330
6-30-09		843,799	23	1,316,225

* Data only available for two years

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-07
Actuarial accrued liability (AAL)	\$ 7,966,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,966,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,927,432
UAAL as a % of covered payroll	57%

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

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a 30-year period beginning with June 30, 2008.

J. Termination Benefits

The discretely presented School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This plan is available to all certified teachers who retire from the School Department with at least ten years of service in Grainger County and are between the ages of 55 and 60, or have a minimum of 30 years of credited service in the Tennessee Consolidated Retirement System. The plan provides teachers who have met the noted requirements a bonus of \$5,000 paid in two equal installments. During the year, expenditures of \$25,000 were recognized for retirement incentive bonus payments. At June 30, 2009, 14 individuals were participating in the program and were owed \$65,000, with \$30,000 being due within one year.

K. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,621,145	\$ 0	\$ 0	\$ 3,621,145	\$ 3,691,756	\$ 3,691,756	\$ (70,611)
Licenses and Permits	56,981	0	0	56,981	57,100	57,100	(119)
Fines, Forfeitures, and Penalties	54,003	0	0	54,003	62,150	62,150	(8,147)
Charges for Current Services	788,043	0	0	788,043	797,000	797,000	(8,957)
Other Local Revenues	135,721	0	0	135,721	54,350	115,428	20,293
Fees Received from County Officials	412,378	0	0	412,378	394,500	394,500	17,878
State of Tennessee	1,157,616	0	0	1,157,616	1,301,440	1,306,440	(148,824)
Federal Government	170,382	0	0	170,382	1,719,862	1,719,862	(1,549,480)
Other Governments and Citizens Groups	8,554	0	0	8,554	0	0	8,554
Total Revenues	\$ 6,404,823	\$ 0	\$ 0	\$ 6,404,823	\$ 8,078,158	\$ 8,144,236	\$ (1,739,413)

Expenditures

<u>General Government</u>							
County Commission	\$ 55,355	\$ 0	\$ 0	\$ 55,355	\$ 65,010	\$ 65,010	\$ 9,655
Board of Equalization	450	0	0	450	1,150	1,150	700
Beer Board	1,639	0	0	1,639	2,000	2,000	361
Budget and Finance Committee	0	0	0	0	4,000	4,000	4,000
County Mayor/Executive	159,145	0	0	159,145	161,714	161,714	2,569
Election Commission	169,952	0	0	169,952	181,508	182,008	12,056
Register of Deeds	146,755	0	0	146,755	162,748	162,748	15,993
Planning	15,125	0	0	15,125	20,750	20,750	5,625
County Buildings	68,928	0	0	68,928	70,701	70,701	1,773
Other Facilities	256,194	0	0	256,194	249,475	249,475	(6,719)
Preservation of Records	22,062	0	0	22,062	21,739	22,939	877
<u>Finance</u>							
Property Assessor's Office	130,263	0	0	130,263	150,377	150,377	20,114
County Trustee's Office	54,862	0	0	54,862	56,033	56,533	1,671
County Clerk's Office	44,869	0	1,452	46,321	57,878	57,878	11,557

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 158,881	\$ 0	\$ 0	\$ 158,881	\$ 157,377	\$ 160,744	\$ 1,863
General Sessions Court	137,896	0	0	137,896	144,424	141,557	3,661
Chancery Court	107,548	0	0	107,548	109,269	109,269	1,721
Juvenile Court	93,188	0	0	93,188	88,853	98,853	5,665
<u>Public Safety</u>							
Sheriff's Department	1,093,913	0	0	1,093,913	1,022,037	1,119,457	25,544
Jail	981,266	0	2,050	983,316	1,004,700	1,005,531	22,215
Fire Prevention and Control	1,500	0	0	1,500	1,500	1,500	0
Civil Defense	156,176	(3,395)	0	152,781	178,863	178,863	26,082
Other Emergency Management	200,000	0	0	200,000	200,000	200,000	0
Inspection and Regulation	3,266	0	0	3,266	3,270	3,270	4
<u>Public Health and Welfare</u>							
Local Health Center	56,695	0	0	56,695	68,429	68,429	11,734
Ambulance/Emergency Medical Services	1,293,616	0	0	1,293,616	1,234,397	1,234,397	(59,219)
Crippled Children Services	1,257	0	0	1,257	1,257	1,257	0
Other Local Health Services	6,011	0	0	6,011	6,011	6,011	0
Appropriation to State	15,580	0	0	15,580	15,580	15,580	0
General Welfare Assistance	10,000	0	0	10,000	20,000	20,000	10,000
Aid to Dependent Children	4,700	0	0	4,700	4,700	4,700	0
Other Local Welfare Services	4,000	0	0	4,000	4,000	4,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	12,000	0	0	12,000	12,000	12,000	0
Libraries	125,726	(2,309)	0	123,417	131,333	131,333	7,916
Parks and Fair Boards	101	0	0	101	0	0	(101)

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	\$ 55,206	\$ 0	\$ 0	\$ 55,206	\$ 54,997	\$ 54,997	\$ (209)
Soil Conservation	63,925	0	0	63,925	63,606	63,606	(319)
Other Agriculture and Natural Resources	150,000	0	0	150,000	150,000	150,000	0
<u>Other Operations</u>							
Tourism	382	0	0	382	22,950	22,950	22,568
Industrial Development	47,781	0	0	47,781	51,617	51,617	3,836
Housing and Urban Development	134,102	0	0	134,102	199,203	199,203	65,101
Other Economic and Community Development	0	0	0	0	1,500,000	1,500,000	1,500,000
Veterans' Services	8,459	0	0	8,459	10,061	10,061	1,602
Other Charges	632,490	0	0	632,490	661,000	661,000	28,510
Contributions to Other Agencies	2,973	0	0	2,973	3,791	3,791	818
Miscellaneous	44,586	0	0	44,586	58,448	73,448	28,862
<u>Highways</u>							
Litter and Trash Collection	35,057	0	0	35,057	33,737	35,080	23
<u>Capital Projects</u>							
Public Health and Welfare Projects	102,912	(79,414)	0	23,498	84,296	84,296	60,798
Total Expenditures	\$ 6,866,792	\$ (85,118)	\$ 3,502	\$ 6,785,176	\$ 8,506,789	\$ 8,634,083	\$ 1,848,907
Excess (Deficiency) of Revenues Over Expenditures	\$ (461,969)	\$ 85,118	\$ (3,502)	\$ (380,353)	\$ (428,631)	\$ (489,847)	\$ 109,494
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 135,000	\$ 0	\$ 0	\$ 135,000	\$ 135,000	\$ 135,000	\$ 0
Total Other Financing Sources (Uses)	\$ 135,000	\$ 0	\$ 0	\$ 135,000	\$ 135,000	\$ 135,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (326,969)	\$ 85,118	\$ (3,502)	\$ (245,353)	\$ (293,631)	\$ (354,847)	\$ 109,494
Fund Balance, June 30, 2009	716,392	(85,118)	0	631,274	723,583	723,583	(92,309)
Fund Balance, June 30, 2009	\$ 389,423	\$ 0	\$ (3,502)	\$ 385,921	\$ 429,952	\$ 368,736	\$ 17,185

Exhibit E-2

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 702,650	\$ 716,060	\$ 716,060	\$ (13,410)
Fines, Forfeitures, and Penalties	4,968	4,880	4,880	88
Other Local Revenues	3,943	18,000	18,000	(14,057)
State of Tennessee	72,191	66,300	66,300	5,891
Total Revenues	<u>\$ 783,752</u>	<u>\$ 805,240</u>	<u>\$ 805,240</u>	<u>\$ (21,488)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 776,113	\$ 814,848	\$ 814,848	\$ 38,735
Recycling Center	9,600	0	0	(9,600)
Postclosure Care Costs	20,962	18,000	18,000	(2,962)
Total Expenditures	<u>\$ 806,675</u>	<u>\$ 832,848</u>	<u>\$ 832,848</u>	<u>\$ 26,173</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (22,923)</u>	<u>\$ (27,608)</u>	<u>\$ (27,608)</u>	<u>\$ 4,685</u>
Net Change in Fund Balance	\$ (22,923)	\$ (27,608)	\$ (27,608)	\$ 4,685
Fund Balance, July 1, 2008	<u>36,560</u>	<u>34,803</u>	<u>34,803</u>	<u>1,757</u>
Fund Balance, June 30, 2009	<u>\$ 13,637</u>	<u>\$ 7,195</u>	<u>\$ 7,195</u>	<u>\$ 6,442</u>

Exhibit E-3

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 499,941	\$ 481,719	\$ 481,719	\$ 18,222
Fines, Forfeitures, and Penalties	3,448	2,263	2,263	1,185
State of Tennessee	1,473,365	1,619,468	1,619,468	(146,103)
Total Revenues	<u>\$ 1,976,754</u>	<u>\$ 2,103,450</u>	<u>\$ 2,103,450</u>	<u>\$ (126,696)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 136,344	\$ 139,349	\$ 138,349	\$ 2,005
Highway and Bridge Maintenance	1,339,542	1,276,843	1,378,203	38,661
Operation and Maintenance of Equipment	156,664	245,635	200,335	43,671
Other Charges	163,228	172,500	167,840	4,612
Employee Benefits	166,390	195,000	171,000	4,610
Capital Outlay	17,408	372,900	358,900	341,492
Total Expenditures	<u>\$ 1,979,576</u>	<u>\$ 2,402,227</u>	<u>\$ 2,414,627</u>	<u>\$ 435,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,822)</u>	<u>\$ (298,777)</u>	<u>\$ (311,177)</u>	<u>\$ 308,355</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (142,146)	\$ (155,000)	\$ (142,600)	\$ 454
Total Other Financing Sources (Uses)	<u>\$ (142,146)</u>	<u>\$ (155,000)</u>	<u>\$ (142,600)</u>	<u>\$ 454</u>
Net Change in Fund Balance	\$ (144,968)	\$ (453,777)	\$ (453,777)	\$ 308,809
Fund Balance, July 1, 2008	<u>886,833</u>	<u>736,833</u>	<u>736,833</u>	<u>150,000</u>
Fund Balance, June 30, 2009	<u>\$ 741,865</u>	<u>\$ 283,056</u>	<u>\$ 283,056</u>	<u>\$ 458,809</u>

Exhibit E-4

Grainger County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Grainger County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 9,812	\$ 12,802	\$ 2,990	76.64 %	\$ 6,032	49.57 %
6-30-08	7-1-07	9,812	12,802	2,990	76.64	6,032	49.57

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, data is only presented for two years.

Exhibit E-5

Grainger County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plan
 Discretely Presented Grainger County School Department
 June 30, 2009

(Dollar amounts in thousands)

Plan	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
								Percentage of Covered Payroll ((b-a)/c)
Local Education Group	6-30-08	7-1-07	\$ 0	\$ 7,996	\$ 7,996	0 %	\$ 13,768	58 %
"	6-30-09	7-1-07	0	7,996	7,996	0	13,768	58

*Data only available for two years.

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GRAINGER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

Fund /Major Category	Amount Overspent
General:	
Other Facilities	\$ 6,719
Ambulance/Emergency Medical Services	59,219
Parks and Fair Boards	101
Agriculture Extension Service	209
Soil Conversation	319
Solid Waste/Sanitation:	
Recycling Center	9,600
Postclosure Care Cost	2,962

Such overexpenditures are a violation of state statutes. These overexpenditures were funded from either available fund balance or revenues greater than amounts anticipated.

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

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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.

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

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

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

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

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

Capital Projects Funds

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

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

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Exhibit F-1

Granger County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds						Total Nonmajor Governmental Funds		
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total			
\$	0	0	0	0	65,740	65,740	0	\$	65,740
	10,329	5,610	66,541	219,606	0	302,086	30,186		332,272
	0	0	0	0	9,433	9,433	0		9,433
	0	0	0	91,260	0	91,260	0		91,260
	0	0	0	(1,681)	0	(1,681)	0		(1,681)
\$	10,329	5,610	66,541	309,185	75,173	466,838	30,186	\$	497,024

ASSETS

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

LIABILITIES AND FUND BALANCES

	Special Revenue Funds						Total Nonmajor Governmental Funds		
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total			
\$	0	418	0	1,047	0	1,465	0	\$	1,465
	0	0	0	182	0	182	0		182
	0	0	0	0	0	0	28,356		28,356
	0	0	0	0	278	278	0		278
	0	0	0	30	0	30	0		30
	0	0	0	83,377	0	83,377	0		83,377
	0	0	0	5,871	0	5,871	0		5,871
\$	0	418	0	90,507	278	91,203	28,356	\$	119,559

\$	0	0	0	46,125	0	46,125	0	\$	46,125
	0	0	19,611	0	0	19,611	0		19,611
	0	0	0	0	0	0	1,830		1,830
	10,329	5,192	46,930	172,553	74,895	309,899	0		309,899
\$	10,329	5,192	66,541	218,678	74,895	375,635	1,830	\$	377,465

\$	10,329	5,610	66,541	309,185	75,173	466,838	30,186	\$	497,024
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Liabilities

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

Fund Balances

Reserved for Encumbrances	
Reserved for Purchase of Electronic Fingerprint Imaging System	
Reserved for Capital Outlay	
Unreserved	
Total Fund Balances	

Total Liabilities and Fund Balances

Exhibit F-2

Granger County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total		
<u>Revenues</u>								
Local Taxes	\$ 1,601	\$ 1,591	\$ 0	\$ 83,418	\$ 0	\$ 86,610	\$ 0	
Fines, Forfeitures, and Penalties	0	0	43,234	549	0	43,783	0	
Charges for Current Services	0	0	0	8,040	323,667	331,707	0	
Other Local Revenues	0	0	0	528	0	528	0	
State of Tennessee	0	0	0	73,281	0	73,281	0	
Total Revenues	\$ 1,601	\$ 1,591	\$ 43,234	\$ 165,816	\$ 323,667	\$ 535,909	\$ 0	
<u>Expenditures</u>								
Current:								
General Government	\$ 16	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16	\$ 0	
Finance	0	0	0	0	318,854	318,854	0	
Administration of Justice	0	0	0	0	5,370	5,370	0	
Public Safety	0	0	23,461	0	0	23,461	0	
Social, Cultural, and Recreational Services	0	1,514	0	273,468	0	274,982	0	
Capital Projects	0	0	0	0	0	0	36,945	
Total Expenditures	\$ 16	\$ 1,514	\$ 23,461	\$ 273,468	\$ 324,224	\$ 622,683	\$ 36,945	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,585	\$ 77	\$ 19,773	\$ (107,652)	\$ (557)	\$ (86,774)	\$ (36,945)	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,945	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,945	
Net Change in Fund Balances	\$ 1,585	\$ 77	\$ 19,773	\$ (107,652)	\$ (557)	\$ (86,774)	\$ 0	
Fund Balance, July 1, 2008	8,744	5,115	46,768	326,330	75,452	462,409	1,830	
Fund Balance, June 30, 2009	\$ 10,329	\$ 5,192	\$ 66,541	\$ 218,678	\$ 74,895	\$ 375,635	\$ 1,830	

Exhibit F-3

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,601	\$ 1,400	\$ 1,400	\$ 201
Total Revenues	\$ 1,601	\$ 1,400	\$ 1,400	\$ 201
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 16	\$ 8,020	\$ 8,020	\$ 8,004
Total Expenditures	\$ 16	\$ 8,020	\$ 8,020	\$ 8,004
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,585	\$ (6,620)	\$ (6,620)	\$ 8,205
Net Change in Fund Balance	\$ 1,585	\$ (6,620)	\$ (6,620)	\$ 8,205
Fund Balance, July 1, 2008	8,744	8,744	8,744	0
Fund Balance, June 30, 2009	\$ 10,329	\$ 2,124	\$ 2,124	\$ 8,205

Exhibit F-4

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,591	\$ 1,500	\$ 1,500	\$ 91
Total Revenues	\$ 1,591	\$ 1,500	\$ 1,500	\$ 91
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 1,514	\$ 2,020	\$ 2,020	\$ 506
Total Expenditures	\$ 1,514	\$ 2,020	\$ 2,020	\$ 506
Excess (Deficiency) of Revenues Over Expenditures	\$ 77	\$ (520)	\$ (520)	\$ 597
Net Change in Fund Balance	\$ 77	\$ (520)	\$ (520)	\$ 597
Fund Balance, July 1, 2008	5,115	5,115	5,115	0
Fund Balance, June 30, 2009	\$ 5,192	\$ 4,595	\$ 4,595	\$ 597

Exhibit F-5

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 43,234	\$ 13,000	\$ 13,000	\$ 30,234
Total Revenues	\$ 43,234	\$ 13,000	\$ 13,000	\$ 30,234
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 23,461	\$ 52,750	\$ 52,750	\$ 29,289
Total Expenditures	\$ 23,461	\$ 52,750	\$ 52,750	\$ 29,289
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,773	\$ (39,750)	\$ (39,750)	\$ 59,523
Net Change in Fund Balance	\$ 19,773	\$ (39,750)	\$ (39,750)	\$ 59,523
Fund Balance, July 1, 2008	46,768	40,390	40,390	6,378
Fund Balance, June 30, 2009	\$ 66,541	\$ 640	\$ 640	\$ 65,901

Exhibit F-6

Granger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 83,418	\$ 0	\$ 83,418	\$ 86,937	\$ 86,937	\$ (3,519)
Fines, Forfeitures, and Penalties	549	0	549	700	700	(151)
Charges for Current Services	8,040	0	8,040	3,000	3,000	5,040
Other Local Revenues	528	0	528	0	0	528
State of Tennessee	73,281	0	73,281	256,328	256,328	(183,047)
Total Revenues	\$ 165,816	\$ 0	\$ 165,816	\$ 346,965	\$ 346,965	\$ (181,149)
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Parks and Fair Boards	\$ 273,468	\$ 46,125	\$ 319,593	\$ 600,653	\$ 601,903	\$ 282,310
Total Expenditures	\$ 273,468	\$ 46,125	\$ 319,593	\$ 600,653	\$ 601,903	\$ 282,310
Excess (Deficiency) of Revenues Over Expenditures	\$ (107,652)	\$ (46,125)	\$ (153,777)	\$ (253,688)	\$ (254,938)	\$ 101,161
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (107,652)	\$ (46,125)	\$ (153,777)	\$ (253,688)	\$ (254,938)	\$ 101,161
	326,330	0	326,330	326,328	326,328	2
Fund Balance, June 30, 2009	\$ 218,678	\$ (46,125)	\$ 172,553	\$ 72,640	\$ 71,390	\$ 101,163

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, long-term debt principal, interest, and related costs.

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Exhibit G

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,710,059	\$ 1,709,960	\$ 1,709,960	\$ 99
Fines, Forfeitures, and Penalties	9,666	7,900	7,900	1,766
Other Local Revenues	334,392	220,000	220,000	114,392
State of Tennessee	128,224	100,000	100,000	28,224
Other Governments and Citizens Groups	700,000	0	700,000	0
Total Revenues	<u>\$ 2,882,341</u>	<u>\$ 2,037,860</u>	<u>\$ 2,737,860</u>	<u>\$ 144,481</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 447,090	\$ 430,109	\$ 430,109	\$ (16,981)
Highways and Streets	124,500	84,000	84,000	(40,500)
Education	999,378	994,378	994,378	(5,000)
<u>Interest on Debt</u>				
General Government	236,957	511,779	511,779	274,822
Highways and Streets	13,328	17,724	17,724	4,396
Education	1,041,203	1,044,985	1,044,985	3,782
<u>Other Debt Service</u>				
General Government	34,439	49,981	49,981	15,542
Highways and Streets	4,318	4,212	4,212	(106)
Total Expenditures	<u>\$ 2,901,213</u>	<u>\$ 3,137,168</u>	<u>\$ 3,137,168</u>	<u>\$ 235,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,872)</u>	<u>\$ (1,099,308)</u>	<u>\$ (399,308)</u>	<u>\$ 380,436</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 142,146	\$ 857,752	\$ 157,752	\$ (15,606)
Total Other Financing Sources (Uses)	<u>\$ 142,146</u>	<u>\$ 857,752</u>	<u>\$ 157,752</u>	<u>\$ (15,606)</u>
Net Change in Fund Balance	\$ 123,274	\$ (241,556)	\$ (241,556)	\$ 364,830
Fund Balance, July 1, 2008	<u>2,866,137</u>	<u>2,861,762</u>	<u>2,861,762</u>	<u>4,375</u>
Fund Balance, June 30, 2009	<u>\$ 2,989,411</u>	<u>\$ 2,620,206</u>	<u>\$ 2,620,206</u>	<u>\$ 369,205</u>

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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 areas of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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

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Exhibit H-1

Grainger County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 535,646	\$ 535,646
Accounts Receivable	0	500	500
Due from Other Governments	118,597	0	118,597
Restricted Assets	0	81,241	81,241
Total Assets	<u>\$ 118,597</u>	<u>\$ 617,387</u>	<u>\$ 735,984</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 118,597	\$ 0	\$ 118,597
Due to Litigants, Heirs, and Others	0	617,387	617,387
Total Liabilities	<u>\$ 118,597</u>	<u>\$ 617,387</u>	<u>\$ 735,984</u>

Exhibit H-2

Grainger County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 662,433	\$ 662,433	\$ 0
Due from Other Governments	113,940	118,597	113,940	118,597
Total Assets	\$ 113,940	\$ 781,030	\$ 776,373	\$ 118,597
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 113,940	\$ 781,030	\$ 776,373	\$ 118,597
Total Liabilities	\$ 113,940	\$ 781,030	\$ 776,373	\$ 118,597
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 729,674	\$ 2,703,641	\$ 2,897,669	\$ 535,646
Accounts Receivable	7,343	500	7,343	500
Restricted Assets	77,851	3,390	0	81,241
Total Assets	\$ 814,868	\$ 2,707,531	\$ 2,905,012	\$ 617,387
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 814,868	\$ 2,707,531	\$ 2,905,012	\$ 617,387
Total Liabilities	\$ 814,868	\$ 2,707,531	\$ 2,905,012	\$ 617,387
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 729,674	\$ 2,703,641	\$ 2,897,669	\$ 535,646
Equity in Pooled Cash and Investments	0	662,433	662,433	0
Accounts Receivable	7,343	500	7,343	500
Due from Other Governments	113,940	118,597	113,940	118,597
Restricted Assets	77,851	3,390	0	81,241
Total Assets	\$ 928,808	\$ 3,488,561	\$ 3,681,385	\$ 735,984
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 113,940	\$ 781,030	\$ 776,373	\$ 118,597
Due to Litigants, Heirs, and Others	814,868	2,707,531	2,905,012	617,387
Total Liabilities	\$ 928,808	\$ 3,488,561	\$ 3,681,385	\$ 735,984

Grainger County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for construction and related costs.

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Exhibit I-1

Grainger County, Tennessee
Statement of Activities
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 17,185,374	0 \$	2,206,274 \$	0 \$	(14,979,100)
Support Services	7,570,315	23,536	263,837	11,717	(7,271,225)
Operation of Non-Instructional Services	2,655,578	647,834	1,513,875	0	(493,869)
Debt Service	700,000	0	0	0	(700,000)
Total Governmental Activities	\$ 28,111,267	\$ 671,370	\$ 3,983,986	\$ 11,717	\$ (23,444,194)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,373,669
Local Option Sales Taxes					969,169
Business Tax					18,706
Interstate Telecommunications Tax					2,410
Grants and Contributions Not Restricted for Specific Programs					19,209,301
Unrestricted Investment Earnings					4,109
Miscellaneous					113,297
Total General Revenues					\$ 22,690,661
Change in Net Assets					\$ (753,533)
Net Assets, July 1, 2008					41,783,494
Net Assets, June 30, 2009					\$ 41,029,961

Exhibit I-2

Grainger County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Grainger County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,746	\$ 1,746
Equity in Pooled Cash and Investments	4,896,755	476,751	5,373,506
Accounts Receivable	13,651	0	13,651
Due from Other Governments	662,153	93,376	755,529
Property Taxes Receivable	2,555,271	0	2,555,271
Allowance for Uncollectible Property Taxes	(47,066)	0	(47,066)
Total Assets	\$ 8,080,764	\$ 571,873	\$ 8,652,637
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 554,087	\$ 41,995	\$ 596,082
Accrued Payroll	106,237	0	106,237
Contracts Payable	14,312	25,000	39,312
Retainage Payable	753	0	753
Deferred Revenue - Current Property Taxes	2,334,569	0	2,334,569
Deferred Revenue - Delinquent Property Taxes	164,376	0	164,376
Other Deferred Revenues	96,685	0	96,685
Total Liabilities	\$ 3,271,019	\$ 66,995	\$ 3,338,014
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 215,313	\$ 0	\$ 215,313
Reserved for Vocational Projects	0	15,420	15,420
Reserved for Career Ladder Program	8,797	0	8,797
Reserved for Technology	20,644	0	20,644
Reserved for Basic Education Program	737,425	0	737,425
Reserved for Title I Grants to Local Education Agencies	0	45,611	45,611
Reserved for Special Education - Grants to States	0	25,517	25,517
Unreserved, Reported In:			
General Fund	3,827,566	0	3,827,566
Special Revenue Funds	0	417,826	417,826
Capital Projects Funds	0	504	504
Total Fund Balances	\$ 4,809,745	\$ 504,878	\$ 5,314,623
Total Liabilities and Fund Balances	\$ 8,080,764	\$ 571,873	\$ 8,652,637

Exhibit I-3

Grainger County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Grainger County School Department
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 5,314,623
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 812,384	
Add: buildings and improvements net of accumulated depreciation	34,351,207	
Add: other capital assets net of accumulated depreciation	<u>1,710,485</u>	36,874,076
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		261,061
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (38,574)	
Less: retirement incentive payable	(1,316,225)	
Less: other postemployment benefits liability	<u>(65,000)</u>	<u>(1,419,799)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 41,029,961</u>

Exhibit I-4

Grainger County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 3,286,180	\$ 0	\$ 3,286,180
Licenses and Permits	560	0	560
Fines, Forfeitures, and Penalties	15,616	0	15,616
Charges for Current Services	3,485	668,035	671,520
Other Local Revenues	74,553	4,109	78,662
State of Tennessee	18,878,700	69,235	18,947,935
Federal Government	664,592	3,218,137	3,882,729
Other Governments and Citizens Groups	245,473	36,945	282,418
Total Revenues	<u>\$ 23,169,159</u>	<u>\$ 3,996,461</u>	<u>\$ 27,165,620</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 14,204,130	\$ 1,495,238	\$ 15,699,368
Support Services	6,112,942	574,114	6,687,056
Operation of Non-Instructional Services	400,540	1,814,261	2,214,801
Capital Outlay	1,056,313	0	1,056,313
Debt Service:			
Principal on Debt	12,943	0	12,943
Other Debt Service	700,000	0	700,000
Capital Projects	0	494,065	494,065
Total Expenditures	<u>\$ 22,486,868</u>	<u>\$ 4,377,678</u>	<u>\$ 26,864,546</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 682,291</u>	<u>\$ (381,217)</u>	<u>\$ 301,074</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 81,797	\$ 0	\$ 81,797
Total Other Financing Sources (Uses)	<u>\$ 81,797</u>	<u>\$ 0</u>	<u>\$ 81,797</u>
Net Change in Fund Balances	\$ 764,088	\$ (381,217)	\$ 382,871
Fund Balance, July 1, 2008	<u>4,045,657</u>	<u>886,095</u>	<u>4,931,752</u>
Fund Balance, June 30, 2009	<u>\$ 4,809,745</u>	<u>\$ 504,878</u>	<u>\$ 5,314,623</u>

Exhibit I-5

Grainger County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

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

Net changes in fund balances - total governmental funds (Exhibit I-4)	\$	382,871
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$	447,801
Less: current year depreciation expense	<u>(1,014,462)</u>	(566,661)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$	261,061
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(169,352)</u>	91,709
<p>(3) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Add: principal payments on notes	\$	12,943
Less: increase in other postemployment benefits liability	<u>(651,895)</u>	(638,952)
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in retirement incentive payable		<u>(22,500)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$</u>	<u>(753,533)</u>

Grainger County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Grainger County School Department
June 30, 2009

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria			Education Capital Projects		
\$	0 \$	1,746 \$	1,746 \$	0 \$	1,746		
	127,969	323,278	451,247	25,504	476,751		
	0	93,376	93,376	0	93,376		
\$	127,969 \$	418,400 \$	546,369 \$	25,504 \$	571,873		

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	\$ 41,421	\$ 574	\$ 41,995	\$ 0	\$ 41,995
Contracts Payable	0	0	0	25,000	25,000
Total Liabilities	\$ 41,421	\$ 574	\$ 41,995	\$ 25,000	\$ 66,995
<u>Fund Balances</u>					
Reserved for Vocational Projects	\$ 15,420	\$ 0	\$ 15,420	\$ 0	\$ 15,420
Reserved for Title I Grants to Local Education Agencies	45,611	0	45,611	0	45,611
Reserved for Special Education - Grants to States	25,517	0	25,517	0	25,517
Unreserved	0	417,826	417,826	504	418,330
Total Fund Balances	\$ 86,548	\$ 417,826	\$ 504,374	\$ 504	\$ 504,878
Total Liabilities and Fund Balances	\$ 127,969	\$ 418,400	\$ 546,369	\$ 25,504	\$ 571,873

Exhibit I-7

Grainger County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 668,035	\$ 668,035	\$ 0	\$ 0	\$ 668,035
Other Local Revenues	0	4,109	4,109	0	0	4,109
State of Tennessee	0	19,235	19,235	50,000	0	69,235
Federal Government	2,112,868	1,105,269	3,218,137	0	0	3,218,137
Other Governments and Citizens Groups	0	0	0	36,945	0	36,945
Total Revenues	\$ 2,112,868	\$ 1,796,648	\$ 3,909,516	\$ 86,945	\$ 0	\$ 3,996,461
<u>Expenditures</u>						
Current:						
Instruction	\$ 1,495,238	0	\$ 1,495,238	0	0	\$ 1,495,238
Support Services	574,114	0	574,114	0	0	574,114
Operation of Non-Instructional Services	0	1,814,261	1,814,261	0	0	1,814,261
Capital Projects	0	0	0	494,065	0	494,065
Total Expenditures	\$ 2,069,352	\$ 1,814,261	\$ 3,883,613	\$ 494,065	\$ 0	\$ 4,377,678
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,516	\$ (17,613)	\$ 25,903	\$ (407,120)	\$ 0	\$ (381,217)
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ 43,516	\$ (17,613)	\$ 25,903	\$ (407,120)	\$ 0	\$ (381,217)
	43,032	435,439	478,471	407,624	0	886,095
Fund Balance, June 30, 2009	\$ 86,548	\$ 417,826	\$ 504,374	\$ 504	\$ 0	\$ 504,878

Exhibit I-8

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grainger County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,286,180	\$ 0	\$ 3,286,180	\$ 3,136,047	\$ 3,036,047	\$ 250,133
Licenses and Permits	560	0	560	0	0	560
Fines, Forfeitures, and Penalties	15,616	0	15,616	22,000	22,000	(6,384)
Charges for Current Services	3,485	0	3,485	7,000	7,000	(3,515)
Other Local Revenues	74,553	0	74,553	40,000	38,436	36,117
State of Tennessee	18,878,700	0	18,878,700	17,539,043	18,504,970	373,730
Federal Government	664,592	0	664,592	79,647	735,703	(71,111)
Other Governments and Citizens Groups	245,473	0	245,473	0	245,473	0
Total Revenues	\$ 23,169,159	\$ 0	\$ 23,169,159	\$ 20,823,737	\$ 22,589,629	\$ 579,530
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 11,118,845	\$ 0	\$ 11,118,845	\$ 10,911,032	\$ 11,465,071	\$ 346,226
Alternative Instruction Program	67,034	0	67,034	70,362	70,362	3,328
Special Education Program	1,666,301	0	1,666,301	1,694,210	1,692,210	25,909
Vocational Education Program	862,870	0	862,870	926,722	926,722	63,852
Student Body Education Program	168,056	0	168,056	38,000	251,434	83,378
Adult Education Program	321,024	0	321,024	103,123	375,826	54,802
<u>Support Services</u>						
Attendance	6,752	0	6,752	7,453	7,453	701
Health Services	214,409	0	214,409	147,110	253,860	39,451
Other Student Support	351,275	0	351,275	355,828	382,578	31,303
Regular Instruction Program	655,022	0	655,022	723,100	753,551	98,529
Special Education Program	114,062	0	114,062	140,778	117,578	3,516

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Vocational Education Program	\$ 51,153	\$ 0	\$ 51,153	\$ 54,681	\$ 54,681	\$ 3,528
Adult Programs	52,271	0	52,271	0	58,125	5,854
Other Programs	135,542	0	135,542	0	135,542	0
Board of Education	268,304	0	268,304	314,528	317,603	49,299
Director of Schools	174,125	0	174,125	184,381	186,381	12,256
Office of the Principal	1,050,427	0	1,050,427	1,060,204	1,060,204	9,777
Operation of Plant	1,486,966	0	1,486,966	1,793,563	1,795,823	308,857
Maintenance of Plant	363,121	0	363,121	397,693	398,561	35,440
Transportation	1,189,513	0	1,189,513	1,304,373	1,338,744	149,231
<u>Operation of Non-Instructional Services</u>						
Community Services	33,300	0	33,300	33,300	33,300	0
Early Childhood Education	367,240	0	367,240	0	407,472	40,232
<u>Capital Outlay</u>						
Regular Capital Outlay	1,056,313	215,313	1,271,626	113,500	1,318,907	47,281
Principal on Debt	12,943	0	12,943	712,944	12,944	1
Education	700,000	0	700,000	0	700,000	0
Other Debt Service	22,486,868	215,313	22,702,181	21,086,885	24,114,932	1,412,751
Education						
Total Expenditures	\$ 682,291	\$ (215,313)	\$ 466,978	\$ (263,148)	\$ (1,525,303)	\$ 1,992,281

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 81,797	0 \$	81,797 \$	0 \$	117,705 \$	(35,908)
Total Other Financing Sources (Uses)	\$ 81,797	0 \$	81,797 \$	0 \$	117,705 \$	(35,908)
Net Change in Fund Balance	\$ 764,088	(215,313) \$	548,775 \$	(263,148) \$	(1,407,598) \$	1,956,373
Fund Balance, July 1, 2008	4,045,657	0	4,045,657	2,501,974	2,501,974	1,543,683
Fund Balance, June 30, 2009	\$ 4,809,745	(215,313) \$	4,594,432 \$	2,238,826 \$	1,094,376 \$	3,500,056

Exhibit I-9

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grainger County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,112,868	\$ 2,315,265	\$ 2,536,831	\$ (423,963)
Total Revenues	\$ 2,112,868	\$ 2,315,265	\$ 2,536,831	\$ (423,963)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 812,447	\$ 875,326	\$ 975,026	\$ 162,579
Special Education Program	626,831	624,687	724,269	97,438
Vocational Education Program	55,960	57,960	55,960	0
<u>Support Services</u>				
Other Student Support	126,446	195,267	229,757	103,311
Regular Instruction Program	283,324	332,770	390,299	106,975
Special Education Program	114,093	84,670	149,967	35,874
Transportation	50,251	54,585	54,585	4,334
Total Expenditures	\$ 2,069,352	\$ 2,225,265	\$ 2,579,863	\$ 510,511
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,516	\$ 90,000	\$ (43,032)	\$ 86,548
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (90,000)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ (90,000)	\$ 0	\$ 0
Net Change in Fund Balance	\$ 43,516	\$ 0	\$ (43,032)	\$ 86,548
Fund Balance, July 1, 2008	43,032	0	43,032	0
Fund Balance, June 30, 2009	\$ 86,548	\$ 0	\$ 0	\$ 86,548

Exhibit I-10

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grainger County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 668,035	\$ 698,000	\$ 698,000	\$ (29,965)
Other Local Revenues	4,109	6,000	6,000	(1,891)
State of Tennessee	19,235	20,000	20,000	(765)
Federal Government	1,105,269	1,053,500	1,053,500	51,769
Total Revenues	<u>\$ 1,796,648</u>	<u>\$ 1,777,500</u>	<u>\$ 1,777,500</u>	<u>\$ 19,148</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,814,261	\$ 1,792,500	\$ 1,887,500	\$ 73,239
Total Expenditures	<u>\$ 1,814,261</u>	<u>\$ 1,792,500</u>	<u>\$ 1,887,500</u>	<u>\$ 73,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,613)</u>	<u>\$ (15,000)</u>	<u>\$ (110,000)</u>	<u>\$ 92,387</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (35,000)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (35,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (17,613)	\$ (50,000)	\$ (110,000)	\$ 92,387
Fund Balance, July 1, 2008	<u>435,439</u>	<u>110,000</u>	<u>110,000</u>	<u>325,439</u>
Fund Balance, June 30, 2009	<u>\$ 417,826</u>	<u>\$ 60,000</u>	<u>\$ 0</u>	<u>\$ 417,826</u>

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Grainger County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Justice Center	\$ 6,500,000	3.87 %	12-23-03	3-1-23	\$ 5,460,000	0	\$ 275,000	\$ 5,185,000
General Obligation School Bonds - Series 2005	20,500,000	4.21	7-14-05	5-1-30	19,910,000	0	615,000	19,295,000
General Obligation School Bonds - Series 2006	4,000,000	4.32	8-10-06	5-1-30	3,900,000	0	105,000	3,795,000
Total Bonds Payable					\$ 29,270,000	0	\$ 995,000	\$ 28,275,000
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Justice Center Equipment	225,000	4.97	12-16-05	12-16-14	\$ 175,000	0	\$ 25,000	\$ 150,000
Health Department Roof	125,000	4.26	10-17-05	10-17-10	75,000	0	25,000	50,000
School Building - Phase I	1,000,000	3.65	10-10-1998	10-9-10	206,130	0	83,410	122,720
School Building - Phase II	1,500,000	3.65	12-14-1998	12-14-10	312,500	0	125,000	187,500
School Building - Phase III	500,000	4.15	8-23-1999	8-23-11	144,700	0	41,800	102,900
School Building - Phase IV	350,000	4.25	5-19-00	5-19-12	116,639	0	29,168	87,471
Landfill Engineering and Closure	225,000	4.15	5-15-00	5-15-09	25,000	0	25,000	0
Landfill Closure	550,000	4.25	5-30-00	5-30-12	183,280	0	45,840	137,440
Vehicles for the Sheriff's Department	120,000	4.46	1-5-07	1-5-11	90,000	0	30,000	60,000
Ambulance	85,000	4.78	12-7-07	12-7-11	85,000	0	21,250	63,750
Black Fox Bridge	150,000	4.17	2-11-08	2-28-12	150,000	0	37,500	112,500
School Fence	36,945	4.20	10-16-08	10-16-10	0	36,945	0	36,945
Ambulance and Sheriff Vehicles	135,000	4.07	6-19-09	6-19-13	0	135,000	0	135,000
Total Notes Payable					\$ 1,563,249	\$ 171,945	\$ 488,968	\$ 1,246,226

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>CAPITAL LEASES PAYABLE</u>								
Payable through General Fund								
Real Property - Ambulance Authority	\$ 55,000	0 %	8-31-01	6-30-12	\$ 20,000	0 \$	5,000 \$	15,000
Sheriff Vehicle	24,346	5.6	12-26-07	12-26-09	15,766	0	7,677	8,089
Total Capital Leases Payable					\$ 35,766	0 \$	12,677 \$	23,089
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
Montgomery County Public Building Authority	1,000,000	Variable	3-5-03	5-24-14	\$ 569,000	0 \$	87,000 \$	482,000
Total Other Loans Payable					\$ 569,000	0 \$	87,000 \$	482,000
<u>DISCRETELY PRESENTED GRAINGER COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
EPA Asbestos Abatement	232,968	0	11-30-1994	5-30-12	\$ 51,517	0 \$	12,943 \$	38,574
Total Notes Payable					\$ 51,517	0 \$	12,943 \$	38,574

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Bonds		Total
	Principal	Interest	
2010	\$ 1,025,000	\$ 1,182,416	\$ 2,207,416
2011	1,060,000	1,142,709	2,202,709
2012	1,095,000	1,101,644	2,196,644
2013	1,140,000	1,059,222	2,199,222
2014	1,180,000	1,015,028	2,195,028
2015	1,220,000	969,306	2,189,306
2016	1,270,000	921,686	2,191,686
2017	1,315,000	871,694	2,186,694
2018	1,370,000	819,569	2,189,569
2019	1,425,000	764,866	2,189,866
2020	1,480,000	707,371	2,187,371
2021	1,540,000	645,014	2,185,014
2022	1,605,000	579,694	2,184,694
2023	1,675,000	511,156	2,186,156
2024	1,240,000	439,149	1,679,149
2025	1,295,000	385,056	1,680,056
2026	1,345,000	328,565	1,673,565
2027	1,405,000	268,500	1,673,500
2028	1,460,000	205,575	1,665,575
2029	1,530,000	140,187	1,670,187
2030	1,600,000	71,662	1,671,662
Total	\$ 28,275,000	\$ 14,130,069	\$ 42,405,069

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 515,271	\$ 49,991	\$ 565,262
2011	410,510	29,111	439,621
2012	211,695	13,525	225,220
2013	58,750	5,112	63,862
2014	25,000	2,485	27,485
2015	25,000	1,243	26,243
Total	\$ 1,246,226	\$ 101,467	\$ 1,347,693

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 13,089	\$ 454	\$ 13,543
2011	5,000	0	5,000
2012	5,000	0	5,000
Total	\$ 23,089	\$ 454	\$ 23,543

Year Ending June 30	Other Loan			
	Principal	Interest	Fees	Toal
2010	\$ 90,000	\$ 1,792	\$ 1,213	\$ 93,005
2011	93,000	1,438	973	95,411
2012	96,000	1,073	726	97,799
2013	100,000	694	470	101,164
2014	103,000	301	204	103,505
Total	\$ 482,000	\$ 5,298	\$ 3,586	\$ 490,884

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED GRAINGER
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		Total
	Principal	Interest	
2010	\$ 12,943	\$ 0	\$ 12,943
2011	12,943	0	12,943
2012	12,688	0	12,688
Total	<u>\$ 38,574</u>	<u>\$ 0</u>	<u>\$ 38,574</u>

Exhibit J-3

Grainger County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Highway/Public Works	General Debt Service	Debt retirement	\$ 142,146
Total Transfers			<u>\$ 142,146</u>

Exhibit J-4

Craininger County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 70,038	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	77,380 (1)	(2)	"
Trustee	Section 8-24-102, <u>TCA</u>	57,751	711,902	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	Ohio Casualty Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751 (3)	50,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u>	57,751	25,000	Ohio Casualty Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	67,303 (4)	25,000	"
Employee Blanket Bonds:				
County Employees			150,000	Local Government Insurance Pool
School Department Employees			100,000	Southern States Insurance Company

(1) Includes a chief executive training supplement of \$700.

(2) Covered by employee blanket bond.

(3) Does not include special commissioner fees of \$4,527.

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

Exhibit J-5

Granger County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,210,384	\$ 0	\$ 0	\$ 641,748	\$ 0
Trustee's Collections - Prior Year	122,439	0	0	28,451	0
Circuit/Clerk & Master Collections - Prior Years	32,785	0	0	6,636	0
Interest and Penalty	22,581	0	0	4,687	0
Payments in-Lieu-of Taxes - T.V.A.	2,317	0	0	465	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	46,347	0	0	9,142	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	2,276	0	0	0	0
Litigation Tax - Special Purpose	32,804	1,601	1,591	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	13,347	0	0	0	0
Business Tax	29,182	0	0	5,899	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	28,002	0	0	5,622	0
Wholesale Beer Tax	76,830	0	0	0	0
Interstate Telecommunications Tax	1,851	0	0	0	0
Total Local Taxes	\$ 3,621,145	\$ 1,601	\$ 1,591	\$ 702,650	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 580	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	55,551	0	0	0	0
<u>Permits</u>					
Beer Permits	850	0	0	0	0
Total Licenses and Permits	\$ 56,981	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 5,886	\$ 0	\$ 0	\$ 1,183	\$ 0
Officers Costs	2,340	0	0	473	0
Game and Fish Fines	4	0	0	1	0
Drug Control Fines	0	0	0	0	6,348
Drug Court Fees	1,463	0	0	0	0
Jail Fees	358	0	0	0	0
DUI Treatment Fines	742	0	0	0	0
Data Entry Fee - Circuit Court	463	0	0	0	0
<u>General Sessions Court</u>					
Fines	9,549	0	0	1,942	0
Officers Costs	6,601	0	0	1,344	0
Game and Fish Fines	79	0	0	16	0
Drug Control Fines	0	0	0	0	11,223
Drug Court Fees	5,500	0	0	0	0
Jail Fees	8,742	0	0	0	0
DUI Treatment Fines	3,049	0	0	0	0
Data Entry Fee - General Sessions Court	3,529	0	0	0	0
Courtroom Security Fee	132	0	0	0	0
<u>Juvenile Court</u>					
Fines	43	0	0	9	0
Officers Costs	811	0	0	0	0
Game and Fish Fines	22	0	0	0	0
Data Entry Fee - Juvenile Court	151	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,632	0	0	0	0
Data Entry Fee - Chancery Court	904	0	0	0	0
<u>Other Courts - In-county</u>					
Jail Fees	1,003	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	25,663
Total Fines, Forfeitures, and Penalties	\$ 54,003	\$ 0	\$ 0	\$ 4,968	\$ 43,234

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 4,254	\$ 0	\$ 0	\$ 0	0
Patient Charges	720,408	0	0	0	0
Other General Service Charges	150	0	0	0	0
Service Charges	11,961	0	0	0	0
<u>Fees</u>					
Recreation Fees	0	0	0	0	0
Copy Fees	14,772	0	0	0	0
Library Fees	5,552	0	0	0	0
Archives and Records Management Fee - County Clerk	5,875	0	0	0	0
Telephone Commissions	12,493	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	9,390	0	0	0	0
Data Processing Fee - Sheriff	1,288	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,900	0	0	0	0
Total Charges for Current Services	\$ 788,043	\$ 0	\$ 0	\$ 0	0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	0	0	0
Lease/Rentals	29,362	0	0	0	0
Sale of Materials and Supplies	20	0	0	0	0
Commissary Sales	8,378	0	0	0	0
Sale of Maps	55	0	0	0	0
Sale of Recycled Materials	80	0	0	3,943	0
Miscellaneous Refunds	89,025	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	5,170	0	0	0	0
Sale of Property	1	0	0	0	0
Contributions and Gifts	2,977	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>	\$ 653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 135,721	\$ 0	\$ 0	\$ 3,943	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 11,571	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	100,000	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	43,556	0	0	0	0	0
General Sessions Court Clerk	74,899	0	0	0	0	0
Clerk and Master	55,055	0	0	0	0	0
Juvenile Court Clerk	5,386	0	0	0	0	0
Register	116,226	0	0	0	0	0
Sheriff	5,685	0	0	0	0	0
Total Fees Received from County Officials	\$ 412,378	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	9,440	0	0	0	0	0
Solid Waste Grants	0	0	0	6,516	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	8,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Public Health Nurses	24,973	0	0	0	0	0
Other Health and Welfare Grants	130,676	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	9,223	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	36,949	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Beer Tax	\$ 18,701	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	32,521	0	0	0	0
State Revenue Sharing - T.V.A.	327,126	0	0	65,675	0
Contracted Prisoner Boarding	380,695	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	14,912	0	0	0	0
Other State Grants	155,000	0	0	0	0
Total State of Tennessee	\$ 1,157,616	\$ 0	\$ 0	\$ 72,191	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 107,186	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	59,796	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	3,400	0	0	0	0
Total Federal Government	\$ 170,382	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	8,554	0	0	0	0
Total Other Governments and Citizens Groups	\$ 8,554	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 6,404,823	\$ 1,601	\$ 1,591	\$ 783,752	\$ 43,234

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 76,735	\$ 0	\$ 433,621	\$ 1,252,948	\$ 5,615,436
Trustee's Collections - Prior Year	2,962	0	16,786	54,795	225,433
Circuit/Clerk & Master Collections - Prior Years	785	0	4,663	12,920	57,789
Interest and Penalty	520	0	3,102	9,045	39,935
Payments in-Lieu-of Taxes - T.V.A.	55	0	332	908	4,077
Payments in-Lieu-of Taxes - Local Utilities	0	0	6,530	0	6,530
Payments in-Lieu-of Taxes - Other	1,088	0	26,760	17,850	101,187
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	317,167	317,167
Litigation Tax - General	0	0	0	0	2,276
Litigation Tax - Special Purpose	0	0	0	0	35,996
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	13,347
Business Tax	604	0	4,131	11,489	51,305
<u>Statutory Local Taxes</u>					
Bank Excise Tax	669	0	4,016	10,976	49,285
Wholesale Beer Tax	0	0	0	0	76,830
Interstate Telecommunications Tax	0	0	0	21,961	23,812
Total Local Taxes	\$ 83,418	\$ 0	\$ 499,941	\$ 1,710,059	\$ 6,620,405
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 580
Cable TV Franchise	0	0	0	0	55,551
<u>Permits</u>					
Beer Permits	0	0	0	0	850
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,981

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 131	\$ 0	\$ 827	\$ 2,309	\$ 10,336	
Officers Costs	53	0	325	921	4,112	
Game and Fish Fines	0	0	1	2	8	
Drug Control Fines	0	0	0	0	6,348	
Drug Court Fees	0	0	0	0	1,463	
Jail Fees	0	0	0	0	358	
DUI Treatment Fines	0	0	0	0	742	
Data Entry Fee - Circuit Court	0	0	0	0	463	
<u>General Sessions Court</u>						
Fines	217	0	1,357	3,774	16,839	
Officers Costs	145	0	922	2,612	11,624	
Game and Fish Fines	2	0	10	31	138	
Drug Control Fines	0	0	0	0	11,223	
Drug Court Fees	0	0	0	0	5,500	
Jail Fees	0	0	0	0	8,742	
DUI Treatment Fines	0	0	0	0	3,049	
Data Entry Fee - General Sessions Court	0	0	0	0	3,529	
Courtroom Security Fee	0	0	0	0	132	
<u>Juvenile Court</u>						
Fines	1	0	6	17	76	
Officers Costs	0	0	0	0	811	
Game and Fish Fines	0	0	0	0	22	
Data Entry Fee - Juvenile Court	0	0	0	0	151	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	2,632	
Data Entry Fee - Chancery Court	0	0	0	0	904	
<u>Other Courts - In-county</u>						
Jail Fees	0	0	0	0	1,003	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	25,663	
Total Fines, Forfeitures, and Penalties	\$ 549	\$ 0	\$ 3,448	\$ 9,666	\$ 115,868	

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,254	
Patient Charges	0	0	0	0	720,408	
Other General Service Charges	0	0	0	0	150	
Service Charges	0	0	0	0	11,961	
<u>Fees</u>						
Recreation Fees	8,040	0	0	0	8,040	
Copy Fees	0	0	0	0	14,772	
Library Fees	0	0	0	0	5,552	
Archives and Records Management Fee - County Clerk	0	0	0	0	5,875	
Telephone Commissions	0	0	0	0	12,493	
Constitutional Officers' Fees and Commissions	0	319,140	0	0	319,140	
Special Commissioner Fees/Special Master Fees	0	4,527	0	0	4,527	
Data Processing Fee - Register	0	0	0	0	9,390	
Data Processing Fee - Sheriff	0	0	0	0	1,288	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,900	
Total Charges for Current Services	\$ 8,040	\$ 323,667	\$ 0	\$ 0	\$ 1,119,750	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	0	0	334,392	334,392	
Lease/Rentals	0	0	0	0	29,362	
Sale of Materials and Supplies	0	0	0	0	20	
Commissary Sales	0	0	0	0	8,378	
Sale of Maps	0	0	0	0	55	
Sale of Recycled Materials	0	0	0	0	4,023	
Miscellaneous Refunds	0	0	0	0	89,025	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	5,170	
Sale of Property	0	0	0	0	1	
Contributions and Gifts	528	0	0	0	3,505	

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works		
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 653
Total Other Local Revenues	\$ 528	\$ 0	\$ 0	\$ 334,392	\$ 474,584
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,571
Trustee	0	0	0	0	100,000
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	0	0	0	0	43,556
General Sessions Court Clerk	0	0	0	0	74,899
Clerk and Master	0	0	0	0	55,055
Juvenile Court Clerk	0	0	0	0	5,386
Register	0	0	0	0	116,226
Sheriff	0	0	0	0	5,685
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 412,378
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
State Reappraisal Grant	0	0	0	0	9,440
Solid Waste Grants	0	0	0	0	6,516
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	8,400
<u>Health and Welfare Grants</u>					
Public Health Nurses	0	0	0	0	24,973
Other Health and Welfare Grants	0	0	0	0	130,676
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	9,223
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	36,949

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Beer Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,701	
Alcoholic Beverage Tax	0	0	0	0	32,521	
State Revenue Sharing - T.V.A.	7,819	0	46,911	128,224	575,755	
Contracted Prisoner Boarding	0	0	0	0	380,695	
Gasoline and Motor Fuel Tax	0	0	1,411,245	0	1,411,245	
Petroleum Special Tax	0	0	15,209	0	15,209	
Registrar's Salary Supplement	0	0	0	0	14,912	
Other State Grants	65,462	0	0	0	220,462	
Total State of Tennessee	\$ 73,281	\$ 0	\$ 1,473,365	\$ 128,224	\$ 2,904,677	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 107,186	
Homeland Security Grants	0	0	0	0	59,796	
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	3,400	
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,382	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 700,000	
Contracted Services	0	0	0	0	8,554	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 708,554	
Total	\$ 165,816	\$ 323,667	\$ 1,976,754	\$ 2,882,341	\$ 12,583,579	

Exhibit J-6

Grainger County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,023,562	\$ 0	\$ 0	\$ 0	\$ 2,023,562
Trustee's Collections - Prior Year	70,107	0	0	0	70,107
Circuit/Clerk & Master Collections - Prior Years	21,351	0	0	0	21,351
Interest and Penalty	13,258	0	0	0	13,258
Payments in-Lieu-of Taxes - T.V.A.	1,551	0	0	0	1,551
Payments in-Lieu-of Taxes - Local Utilities	30,475	0	0	0	30,475
Payments in-Lieu-of Taxes - Other	124,877	0	0	0	124,877
<u>County Local Option Taxes</u>					
Local Option Sales Tax	961,043	0	0	0	961,043
Business Tax	18,706	0	0	0	18,706
<u>Statutory Local Taxes</u>					
Bank Excise Tax	18,740	0	0	0	18,740
Interstate Telecommunications Tax	2,510	0	0	0	2,510
Total Local Taxes	\$ 3,286,180	\$ 0	\$ 0	\$ 0	\$ 3,286,180
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 560	\$ 0	\$ 0	\$ 0	\$ 560
Total Licenses and Permits	\$ 560	\$ 0	\$ 0	\$ 0	\$ 560
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,825	\$ 0	\$ 0	\$ 0	\$ 3,825
Officers Costs	1,486	0	0	0	1,486
Game and Fish Fines	3	0	0	0	3
<u>General Sessions Court</u>					
Fines	6,109	0	0	0	6,109
Officers Costs	4,122	0	0	0	4,122
Game and Fish Fines	43	0	0	0	43
<u>Juvenile Court</u>					
Fines	28	0	0	0	28
Total Fines, Forfeitures, and Penalties	\$ 15,616	\$ 0	\$ 0	\$ 0	\$ 15,616
<u>Charges for Current Services</u>					
<u>Fees</u>					
Engineer Review Fees	\$ 150	\$ 0	\$ 0	\$ 0	\$ 150
<u>Education Charges</u>					
Lunch Payments - Children	0	0	355,715	0	355,715
Lunch Payments - Adults	0	0	68,036	0	68,036
Income from Breakfast	0	0	62,352	0	62,352
A la carte Sales	0	0	161,731	0	161,731
Receipts from Individual Schools	0	0	3,755	0	3,755
Community Service Fees - Adults	285	0	0	0	285
TBI Criminal Background Fees	3,000	0	0	0	3,000
<u>Other Charges for Services</u>					
Other Charges for Services	50	0	16,446	0	16,496
Total Charges for Current Services	\$ 3,485	\$ 0	\$ 668,035	\$ 0	\$ 671,520

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,109	\$ 0	\$ 4,109
Cobra Insurance Payments	7,241	0	0	0	7,241
Miscellaneous Refunds	53,345	0	0	0	53,345
<u>Nonrecurring Items</u>					
Contributions and Gifts	2,250	0	0	0	2,250
<u>Other Local Revenues</u>					
Other Local Revenues	11,717	0	0	0	11,717
Total Other Local Revenues	\$ 74,553	\$ 0	\$ 4,109	\$ 0	\$ 78,662
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 135,542	\$ 0	\$ 0	\$ 0	\$ 135,542
<u>State Education Funds</u>					
Basic Education Program	17,573,000	0	0	0	17,573,000
Early Childhood Education	367,240	0	0	0	367,240
School Food Service	0	0	19,235	0	19,235
Driver Education	11,685	0	0	0	11,685
Other State Education Funds	230,298	0	0	50,000	280,298
Career Ladder Program	167,279	0	0	0	167,279
Career Ladder - Extended Contract	54,000	0	0	0	54,000
Other Vocational	18,205	0	0	0	18,205
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	218,918	0	0	0	218,918
Other State Grants	56,300	0	0	0	56,300
Other State Revenues	46,233	0	0	0	46,233
Total State of Tennessee	\$ 18,878,700	\$ 0	\$ 19,235	\$ 50,000	\$ 18,947,935
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 807,368	\$ 0	\$ 807,368
Breakfast	0	0	295,464	0	295,464
USDA - Other	0	0	2,437	0	2,437
Adult Education State Grant Program	86,117	0	0	0	86,117
Vocational Education - Basic Grants to States	0	68,960	0	0	68,960
Title I Grants to Local Education Agencies	0	827,000	0	0	827,000
Innovative Education Program Strategies	0	132,333	0	0	132,333
Special Education - Grants to States	0	735,700	0	0	735,700
Special Education Preschool Grants	0	43,017	0	0	43,017
Eisenhower Professional Development State Grants	0	290,458	0	0	290,458
Other Federal through State	521,883	15,400	0	0	537,283
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	56,592	0	0	0	56,592
Total Federal Government	\$ 664,592	\$ 2,112,868	\$ 1,105,269	\$ 0	\$ 3,882,729
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 36,945	\$ 36,945
Contracted Services	245,473	0	0	0	245,473
Total Other Governments and Citizens Groups	\$ 245,473	\$ 0	\$ 0	\$ 36,945	\$ 282,418
Total	\$ 23,169,159	\$ 2,112,868	\$ 1,796,648	\$ 86,945	\$ 27,165,620

Exhibit J-7

Grainger County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	46,000	
Social Security		3,519	
State Retirement		4,236	
Dues and Memberships		1,450	
Travel		150	
Total County Commission			\$ 55,355

Board of Equalization

Board and Committee Members Fees	\$	450	
Total Board of Equalization			450

Beer Board

Board and Committee Members Fees	\$	1,639	
Total Beer Board			1,639

County Mayor/Executive

County Official/Administrative Officer	\$	70,038	
Longevity Pay		1,400	
Other Salaries and Wages		47,896	
Social Security		9,007	
State Retirement		12,458	
Unemployment Compensation		192	
Communication		1,754	
Data Processing Services		6,283	
Dues and Memberships		1,300	
Maintenance Agreements		1,512	
Postal Charges		1,695	
Printing, Stationery, and Forms		382	
Travel		1,429	
Office Supplies		2,172	
Other Supplies and Materials		68	
Office Equipment		1,559	
Total County Mayor/Executive			159,145

Election Commission

County Official/Administrative Officer	\$	51,976	
Assistant(s)		22,277	
Election Commission		20,037	
Election Workers		20,356	
In-Service Training		2,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Social Security	\$	5,680	
State Retirement		7,767	
Unemployment Compensation		182	
Communication		2,327	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		3,813	
Maintenance Agreements		9,097	
Maintenance and Repair Services - Equipment		755	
Maintenance and Repair Services - Office Equipment		278	
Postal Charges		5,642	
Printing, Stationery, and Forms		3,243	
Rentals		3,600	
Travel		4,734	
Electricity		1,338	
Office Supplies		831	
Propane Gas		2,885	
Water and Sewer		409	
Voting Machines		500	
Total Election Commission			\$ 169,952

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		45,007	
Part-time Personnel		153	
Longevity Pay		950	
Social Security		6,906	
State Retirement		10,798	
Unemployment Compensation		176	
Communication		3,033	
Data Processing Services		10,668	
Dues and Memberships		477	
Maintenance Agreements		5,588	
Maintenance and Repair Services - Office Equipment		239	
Postal Charges		567	
Printing, Stationery, and Forms		283	
Travel		82	
Office Supplies		3,581	
Office Equipment		496	
Total Register of Deeds			146,755

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	5,875	
Other Contracted Services		<u>9,250</u>	
Total Planning			\$ 15,125

County Buildings

Custodial Personnel	\$	22,040	
Social Security		1,791	
State Retirement		173	
Unemployment Compensation		83	
Maintenance and Repair Services - Buildings		14,360	
Other Contracted Services		424	
Coal		4,465	
Custodial Supplies		2,787	
Electricity		15,574	
Water and Sewer		1,684	
Building Improvements		<u>5,547</u>	
Total County Buildings			68,928

Other Facilities

Maintenance Personnel	\$	17,922	
Longevity Pay		1,650	
Social Security		1,045	
State Retirement		1,898	
Unemployment Compensation		84	
Communication		1,492	
Maintenance and Repair Services - Buildings		39,375	
Other Contracted Services		380	
Custodial Supplies		5,003	
Diesel Fuel		567	
Electricity		89,547	
Propane Gas		71,127	
Water and Sewer		<u>26,104</u>	
Total Other Facilities			256,194

Preservation of Records

Part-time Personnel	\$	10,609
Social Security		812
Unemployment Compensation		86
Communication		1,272
Postal Charges		150

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Electricity	\$	1,189	
Office Supplies		1,448	
Other Supplies and Materials		6,000	
Other Equipment		496	
Total Preservation of Records			\$ 22,062

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		15,465	
Deputy(ies)		23,587	
Part-time Personnel		2,000	
Longevity Pay		650	
Social Security		7,118	
State Retirement		8,638	
Unemployment Compensation		211	
Communication		1,857	
Contracts with Private Agencies		1,975	
Data Processing Services		6,786	
Maintenance Agreements		653	
Maintenance and Repair Services - Vehicles		260	
Postal Charges		476	
Gasoline		1,753	
Office Supplies		626	
Other Supplies and Materials		100	
Premiums on Corporate Surety Bonds		357	
Total Property Assessor's Office			130,263

County Trustee's Office

Social Security	\$	11,256	
State Retirement		15,594	
Unemployment Compensation		362	
Communication		2,150	
Data Processing Services		10,517	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		76	
Maintenance Agreements		1,044	
Postal Charges		5,673	
Travel		266	
Office Supplies		2,288	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Equipment	\$	500	
Office Equipment		4,629	
Total County Trustee's Office			\$ 54,862

County Clerk's Office

Social Security	\$	12,234	
State Retirement		11,808	
Unemployment Compensation		723	
Communication		1,850	
Dues and Memberships		497	
Maintenance Agreements		1,464	
Postal Charges		6,375	
Printing, Stationery, and Forms		3,113	
Travel		1,568	
Office Supplies		3,612	
Other Charges		627	
Office Equipment		998	
Total County Clerk's Office			44,869

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,842	
Secretary(ies)		24,368	
Longevity Pay		650	
Jury and Witness Fees		10,010	
Social Security		7,773	
State Retirement		11,209	
Unemployment Compensation		168	
Communication		3,007	
Dues and Memberships		457	
Legal Notices, Recording, and Court Costs		190	
Maintenance Agreements		11,495	
Postal Charges		906	
Printing, Stationery, and Forms		1,353	
Travel		2,000	
Office Supplies		2,276	
Data Processing Equipment		426	
Total Circuit Court			158,881

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	85,350	
Secretary(ies)		28,943	
Longevity Pay		200	
Social Security		8,575	
State Retirement		11,460	
Unemployment Compensation		140	
Maintenance Agreements		157	
Postal Charges		1,990	
Printing, Stationery, and Forms		662	
Library Books/Media		236	
Office Supplies		183	
Total General Sessions Court			\$ 137,896

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,374	
Longevity Pay		450	
Social Security		5,513	
State Retirement		8,629	
Unemployment Compensation		85	
Communication		2,149	
Dues and Memberships		90	
Postal Charges		1,374	
Printing, Stationery, and Forms		1,987	
Travel		554	
Library Books/Media		1,112	
Office Supplies		3,230	
Premiums on Corporate Surety Bonds		250	
Total Chancery Court			107,548

Juvenile Court

Assistant(s)	\$	6,042	
Supervisor/Director		32,273	
Probation Officer(s)		5,520	
Social Security		2,912	
State Retirement		3,376	
Unemployment Compensation		154	
Communication		2,360	
Contracts with Other Public Agencies		18,055	
Maintenance and Repair Services - Office Equipment		60	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Medical and Dental Services	\$	200	
Postal Charges		147	
Printing, Stationery, and Forms		372	
Travel		2,328	
Office Supplies		2,097	
Uniforms		348	
Other Supplies and Materials		415	
Other Charges		15,980	
Office Equipment		549	
Total Juvenile Court			\$ 93,188

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	66,703
Deputy(ies)		422,206
Sergeant(s)		118,263
Medical Personnel		30,878
Salary Supplements		9,000
Secretary(ies)		31,846
Longevity Pay		3,300
Other Salaries and Wages		16
In-Service Training		17,307
Social Security		52,579
State Retirement		62,232
Unemployment Compensation		2,314
Communication		9,009
Dues and Memberships		1,300
Legal Notices, Recording, and Court Costs		150
Maintenance Agreements		5,809
Maintenance and Repair Services - Vehicles		37,948
Postal Charges		1,030
Printing, Stationery, and Forms		1,537
Travel		6,532
Electricity		492
Gasoline		82,930
Law Enforcement Supplies		7,916
Office Supplies		5,320
Tires and Tubes		5,597
Uniforms		9,424
Other Supplies and Materials		14,053

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Charges	\$	3,213	
Principal on Capital Leases		7,677	
Interest on Capital Leases		884	
Communication Equipment		10,378	
Motor Vehicles		66,070	
Total Sheriff's Department			\$ 1,093,913

Jail

Medical Personnel	\$	55,298	
Guards		498,517	
Cafeteria Personnel		65,805	
Other Salaries and Wages		1,034	
Social Security		37,525	
State Retirement		53,110	
Unemployment Compensation		2,382	
Medical and Dental Services		71,620	
Other Contracted Services		891	
Drugs and Medical Supplies		20,400	
Food Preparation Supplies		134,115	
Other Supplies and Materials		38,095	
Other Charges		2,474	
Total Jail			981,266

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	8,524	
In-Service Training		2,526	
Social Security		652	
Unemployment Compensation		85	
Communication		3,442	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Equipment		3,208	
Maintenance and Repair Services - Office Equipment		505	
Maintenance and Repair Services - Vehicles		4,798	
Printing, Stationery, and Forms		156	
Rentals		1,200	
Diesel Fuel		150	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Gasoline	\$	1,262	
Office Supplies		304	
Uniforms		695	
Communication Equipment		18,844	
Data Processing Equipment		882	
Surplus Equipment		592	
Other Equipment		102,369	
Other Capital Outlay		<u>2,982</u>	
Total Civil Defense			\$ 156,176

Other Emergency Management

Contributions	\$	<u>200,000</u>	
Total Other Emergency Management			200,000

Inspection and Regulation

Supervisor/Director	\$	3,000	
Social Security		230	
Unemployment Compensation		<u>36</u>	
Total Inspection and Regulation			3,266

Public Health and Welfare

Local Health Center

Medical Personnel	\$	12,642	
Custodial Personnel		12,566	
Longevity Pay		100	
Other Salaries and Wages		5,453	
Social Security		2,259	
State Retirement		1,333	
Unemployment Compensation		190	
Communication		3,842	
Dues and Memberships		150	
Maintenance Agreements		1,540	
Maintenance and Repair Services - Buildings		863	
Postal Charges		44	
Travel		1,482	
Custodial Supplies		36	
Drugs and Medical Supplies		1,359	
Office Supplies		1,002	
Utilities		11,687	
Other Charges		<u>147</u>	
Total Local Health Center			56,695

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	26,324	
Medical Personnel		785,740	
Paraprofessionals		1,000	
Longevity Pay		1,600	
Other Salaries and Wages		32,281	
Board and Committee Members Fees		75	
In-Service Training		1,016	
Social Security		62,206	
State Retirement		63,547	
Unemployment Compensation		4,086	
Communication		7,723	
Licenses		1,789	
Maintenance Agreements		2,242	
Maintenance and Repair Services - Vehicles		45,331	
Postal Charges		1,817	
Rentals		9,570	
Travel		1,922	
Diesel Fuel		41,878	
Drugs and Medical Supplies		54,079	
Electricity		13,551	
Office Supplies		1,926	
Tires and Tubes		5,156	
Uniforms		5,696	
Water and Sewer		1,316	
Other Supplies and Materials		10,048	
Principal on Capital Leases		5,000	
Building Improvements		554	
Communication Equipment		9,939	
Motor Vehicles		74,355	
Office Equipment		21,849	
Total Ambulance/Emergency Medical Services			\$ 1,293,616

Crippled Children Services

Contracts with Other Public Agencies	\$	1,257	
Total Crippled Children Services			1,257

Other Local Health Services

Contracts with Other Public Agencies	\$	6,011	
Total Other Local Health Services			6,011

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contracts with Government Agencies	\$ 15,580	
Total Appropriation to State		\$ 15,580

General Welfare Assistance

Contributions	\$ 10,000	
Total General Welfare Assistance		10,000

Aid to Dependent Children

Contracts with Other Public Agencies	\$ 4,700	
Total Aid to Dependent Children		4,700

Other Local Welfare Services

Contributions	\$ 4,000	
Total Other Local Welfare Services		4,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contracts with Other Public Agencies	\$ 1,000	
Contributions	11,000	
Total Senior Citizens Assistance		12,000

Libraries

Assistant(s)	\$ 7,781
Librarians	59,337
Part-time Personnel	3,726
Longevity Pay	1,650
Social Security	5,427
State Retirement	5,049
Unemployment Compensation	484
Communication	6,747
Data Processing Services	1,145
Maintenance and Repair Services - Buildings	803
Maintenance and Repair Services - Office Equipment	1,428
Postal Charges	371
Other Contracted Services	1,168
Electricity	7,382
Library Books/Media	12,776
Office Supplies	1,504
Periodicals	728
Water and Sewer	209

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Other Supplies and Materials	\$	434	
Other Charges		<u>7,577</u>	
Total Libraries			\$ 125,726

Parks and Fair Boards

Communication	\$	<u>101</u>	
Total Parks and Fair Boards			101

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	40,129	
Communication		2,273	
Contributions		7,524	
Travel		<u>5,280</u>	
Total Agriculture Extension Service			55,206

Soil Conservation

Secretary(ies)	\$	23,006	
Longevity Pay		300	
Other Salaries and Wages		18,907	
Social Security		3,188	
State Retirement		4,416	
Unemployment Compensation		168	
Communication		1,851	
Contributions		4,000	
Rentals		4,150	
Other Supplies and Materials		3,649	
Office Equipment		<u>290</u>	
Total Soil Conservation			63,925

Other Agriculture and Natural Resources

Other Construction	\$	<u>150,000</u>	
Total Other Agriculture and Natural Resources			150,000

Other Operations

Tourism

Road Signs	\$	<u>382</u>	
Total Tourism			382

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Longevity Pay	\$	800	
Other Salaries and Wages		30,897	
Social Security		2,360	
State Retirement		1,576	
Unemployment Compensation		172	
Maintenance and Repair Services - Equipment		315	
Electricity		8,038	
Water and Sewer		711	
Other Supplies and Materials		1,661	
Other Charges		1,251	
Total Industrial Development			\$ 47,781

Housing and Urban Development

Building Improvements	\$	134,102	
Total Housing and Urban Development			134,102

Veterans' Services

Supervisor/Director	\$	7,300	
Social Security		558	
Unemployment Compensation		68	
Communication		533	
Total Veterans' Services			8,459

Other Charges

Medical Insurance	\$	416,722	
Other Contracted Services		15,046	
Building and Contents Insurance		21,697	
Liability Insurance		17,613	
Trustee's Commission		73,989	
Vehicle and Equipment Insurance		24,659	
Workers' Compensation Insurance		62,764	
Total Other Charges			632,490

Contributions to Other Agencies

Contributions	\$	2,973	
Total Contributions to Other Agencies			2,973

Miscellaneous

Audit Services	\$	8,190	
Contributions		6,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Legal Services	\$	4,250	
Maintenance Agreements		3,300	
Other Charges		22,846	
Total Miscellaneous			\$ 44,586

Highways

Litter and Trash Collection

Guards	\$	23,118	
Social Security		842	
State Retirement		534	
Unemployment Compensation		66	
Instructional Supplies and Materials		5,597	
Motor Vehicles		4,900	
Total Litter and Trash Collection			35,057

Capital Projects

Public Health and Welfare Projects

Other Construction	\$	102,912	
Total Public Health and Welfare Projects			102,912

Total General Fund \$ 6,866,792

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Trustee's Commission	\$	16	
Total County Buildings			\$ 16

Total Courthouse and Jail Maintenance Fund 16

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	1,498	
Trustee's Commission		16	
Total Libraries			\$ 1,514

Total Law Library Fund 1,514

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Accountants/Bookkeepers	\$	10,300	
Attendants		182,199	
Longevity Pay		2,950	
Social Security		14,549	
State Retirement		15,378	
Unemployment Compensation		943	
Communication		782	
Maintenance and Repair Services - Vehicles		8,012	
Disposal Fees		472,361	
Other Contracted Services		4,066	
Diesel Fuel		4,734	
Lubricants		50	
Tires and Tubes		188	
Utilities		12,611	
Other Supplies and Materials		6,096	
Liability Insurance		8,807	
Trustee's Commission		14,278	
Vehicle and Equipment Insurance		5,871	
Workers' Compensation Insurance		11,938	
Total Sanitation Management			\$ 776,113

Recycling Center

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

Postclosure Care Costs

Other Contracted Services	\$	858	
Testing		20,035	
Other Supplies and Materials		69	
Total Postclosure Care Costs			20,962

Total Solid Waste/Sanitation Fund \$ 806,675

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	1,135	
Confidential Drug Enforcement Payments		2,500	
Instructional Supplies and Materials		1,785	
Law Enforcement Supplies		13,148	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Supplies and Materials	\$	4,711	
Trustee's Commission		182	
Total Drug Enforcement		<u> </u>	\$ <u>23,461</u>

Total Drug Control Fund \$ 23,461

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	29,000	
Clerical Personnel		6,872	
Custodial Personnel		6,397	
Longevity Pay		100	
Social Security		3,104	
State Retirement		3,753	
Unemployment Compensation		192	
Architects		8,500	
Communication		1,151	
Postal Charges		69	
Printing, Stationery, and Forms		488	
Travel		370	
Other Contracted Services		6,804	
Electricity		609	
Gasoline		1,931	
Office Supplies		208	
Other Supplies and Materials		1,719	
Trustee's Commission		1,699	
Vehicle and Equipment Insurance		2,935	
Other Charges		7,756	
Maintenance Equipment		1,215	
Other Equipment		3,258	
Other Construction		185,338	
Total Parks and Fair Boards		<u> </u>	\$ <u>273,468</u>

Total Sports and Recreation Fund 273,468

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	152,617	
Total County Trustee's Office		<u> </u>	\$ 152,617

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 166,237	
Total County Clerk's Office		\$ 166,237

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 4,527	
Constitutional Officers' Operating Expenses	843	
Total Chancery Court		<u>5,370</u>

Total Constitutional Officers - Fees Fund		\$ 324,224
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Accountants/Bookkeepers	36,627	
Secretary(ies)	26,490	
Data Processing Services	3,621	
Legal Notices, Recording, and Court Costs	110	
Postal Charges	823	
Travel	552	
Office Supplies	1,859	
Other Charges	2,735	
Total Administration		\$ 136,344

Highway and Bridge Maintenance

Salary Supplements	\$ 18,300	
Foremen	97,236	
Equipment Operators	125,639	
Truck Drivers	178,395	
Laborers	339,550	
Rentals	2,427	
Other Contracted Services	11,809	
Asphalt - Cold Mix	1,973	
Asphalt - Hot Mix	536,822	
Crushed Stone	13,807	
Pipe - Metal	9,914	
Road Signs	1,146	
Small Tools	1,355	
Other Supplies and Materials	1,169	
Total Highway and Bridge Maintenance		1,339,542

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	27,945	
Nightwatchmen		26,821	
Maintenance and Repair Services - Equipment		2,513	
Diesel Fuel		26,145	
Electricity		3,486	
Equipment and Machinery Parts		24,118	
Gasoline		33,878	
Lubricants		3,297	
Small Tools		560	
Tires and Tubes		6,886	
Other Supplies and Materials		1,015	
Total Operation and Maintenance of Equipment			\$ 156,664

Other Charges

Communication	\$	5,181	
Custodial Supplies		888	
Electricity		2,003	
Water and Sewer		399	
Trustee's Commission		24,417	
Vehicle and Equipment Insurance		58,711	
Workers' Compensation Insurance		71,629	
Total Other Charges			163,228

Employee Benefits

Social Security	\$	66,966	
State Retirement		91,802	
Unemployment Compensation		7,622	
Total Employee Benefits			166,390

Capital Outlay

Bridge Construction	\$	5,000	
Furniture and Fixtures		349	
Highway Equipment		9,000	
Office Equipment		3,059	
Total Capital Outlay			17,408

Total Highway/Public Works Fund \$ 1,979,576

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 275,000	
Principal on Notes	172,090	
Total General Government		\$ 447,090

Highways and Streets

Principal on Notes	\$ 37,500	
Principal on Other Loans	87,000	
Total Highways and Streets		124,500

Education

Principal on Bonds	\$ 720,000	
Principal on Notes	279,378	
Total Education		999,378

Interest on Debt

General Government

Interest on Bonds	\$ 208,798	
Interest on Notes	28,159	
Total General Government		236,957

Highways and Streets

Interest on Notes	\$ 6,255	
Interest on Other Loans	7,073	
Total Highways and Streets		13,328

Education

Interest on Bonds	\$ 1,013,871	
Interest on Notes	27,332	
Total Education		1,041,203

Other Debt Service

General Government

Trustee's Commission	\$ 34,439	
Total General Government		34,439

Highways and Streets

Other Debt Service	\$ 4,318	
Total Highways and Streets		4,318

Total General Debt Service Fund \$ 2,901,213

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>36,945</u>	
Total Education Capital Projects			<u>\$ 36,945</u>
 Total General Capital Projects Fund			 <u>\$ 36,945</u>
 Total Governmental Funds - Primary Government			 <u>\$ 13,213,884</u>

Exhibit J-8

Grainger County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,027,649	
Career Ladder Program	101,928	
Career Ladder Extended Contracts	47,339	
Homebound Teachers	69,351	
Salary Supplements	40,644	
Educational Assistants	249,700	
Other Salaries and Wages	191,131	
Certified Substitute Teachers	71,500	
Non-certified Substitute Teachers	130,940	
Social Security	460,974	
State Retirement	501,404	
Life Insurance	4,988	
Medical Insurance	1,112,817	
Unemployment Compensation	4,904	
Employer Medicare	110,106	
Maintenance and Repair Services - Equipment	17,113	
Instructional Supplies and Materials	84,995	
Textbooks	223,464	
Other Charges	92,348	
Regular Instruction Equipment	575,550	
Total Regular Instruction Program		\$ 11,118,845

Alternative Instruction Program

Teachers	\$ 36,410	
Educational Assistants	19,257	
Social Security	3,391	
State Retirement	4,352	
Life Insurance	29	
Medical Insurance	2,760	
Unemployment Compensation	42	
Employer Medicare	793	
Total Alternative Instruction Program		67,034

Special Education Program

Teachers	\$ 677,632
Career Ladder Program	12,000
Homebound Teachers	10,609
Educational Assistants	184,579
Speech Pathologist	177,861

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	126,642	
Certified Substitute Teachers		3,425	
Non-certified Substitute Teachers		34,100	
Social Security		70,335	
State Retirement		83,136	
Life Insurance		662	
Medical Insurance		156,186	
Unemployment Compensation		924	
Employer Medicare		16,460	
Contracts with Private Agencies		31,553	
Other Contracted Services		67,709	
Instructional Supplies and Materials		4,000	
Other Supplies and Materials		4,488	
Other Charges		1,189	
Special Education Equipment		2,811	
Total Special Education Program			\$ 1,666,301

Vocational Education Program

Teachers	\$	594,600	
Career Ladder Program		7,000	
Other Salaries and Wages		40,700	
Certified Substitute Teachers		8,525	
Non-certified Substitute Teachers		5,475	
Social Security		38,085	
State Retirement		41,236	
Life Insurance		490	
Medical Insurance		101,023	
Unemployment Compensation		346	
Employer Medicare		8,967	
Instructional Supplies and Materials		9,490	
T&I Construction Materials		6,933	
Total Vocational Education Program			862,870

Student Body Education Program

Other Salaries and Wages	\$	103,269
Social Security		6,408
Employer Medicare		1,499
Other Fringe Benefits		16,223
Instructional Supplies and Materials		35,273

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Student Body Education Program (Cont.)

Other Supplies and Materials	\$	384	
Other Charges		5,000	
Total Student Body Education Program			\$ 168,056

Adult Education Program

Teachers	\$	196,736	
Clerical Personnel		3,750	
Educational Assistants		25,080	
Other Salaries and Wages		18,506	
Social Security		13,696	
State Retirement		13,832	
Life Insurance		103	
Medical Insurance		24,946	
Unemployment Compensation		126	
Employer Medicare		3,319	
Instructional Supplies and Materials		4,585	
Other Supplies and Materials		16,057	
Other Charges		288	
Total Adult Education Program			321,024

Support Services

Attendance

Supervisor/Director	\$	5,894	
Social Security		365	
State Retirement		378	
Life Insurance		14	
Unemployment Compensation		15	
Employer Medicare		86	
Total Attendance			6,752

Health Services

Medical Personnel	\$	132,114	
Other Salaries and Wages		18,982	
Social Security		8,224	
State Retirement		14,522	
Life Insurance		94	
Medical Insurance		11,671	
Unemployment Compensation		79	
Employer Medicare		1,923	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	4,028	
Drugs and Medical Supplies		530	
Instructional Supplies and Materials		18,138	
In Service/Staff Development		1,000	
Other Charges		3,104	
Total Health Services			\$ 214,409

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		222,286	
School Resource Officer		23,000	
Other Salaries and Wages		7,245	
Social Security		13,407	
State Retirement		15,221	
Life Insurance		144	
Medical Insurance		36,243	
Unemployment Compensation		105	
Employer Medicare		3,099	
Evaluation and Testing		22,625	
Travel		430	
Other Supplies and Materials		4,470	
Total Other Student Support			351,275

Regular Instruction Program

Supervisor/Director	\$	136,097	
Career Ladder Program		5,500	
Librarians		251,085	
Instructional Computer Personnel		64,084	
Other Salaries and Wages		50,715	
In-Service Training		341	
Social Security		29,489	
State Retirement		34,377	
Life Insurance		245	
Medical Insurance		53,383	
Unemployment Compensation		216	
Employer Medicare		6,932	
Travel		12,116	
Other Contracted Services		3,561	
In Service/Staff Development		4,162	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Charges	\$ 2,719	
Total Regular Instruction Program		\$ 655,022

Special Education Program

Supervisor/Director	\$ 59,982	
Career Ladder Program	1,000	
Clerical Personnel	15,426	
Other Salaries and Wages	1,410	
Social Security	4,561	
State Retirement	5,528	
Life Insurance	29	
Medical Insurance	8,693	
Unemployment Compensation	32	
Employer Medicare	1,067	
Travel	5,158	
Other Contracted Services	625	
In Service/Staff Development	9,586	
Other Charges	965	
Total Special Education Program		114,062

Vocational Education Program

Supervisor/Director	\$ 22,105	
Career Ladder Program	1,000	
Clerical Personnel	15,426	
Social Security	2,338	
State Retirement	3,097	
Life Insurance	10	
Medical Insurance	1,782	
Unemployment Compensation	18	
Employer Medicare	547	
Travel	1,830	
Other Supplies and Materials	1,000	
In Service/Staff Development	1,000	
Other Charges	1,000	
Total Vocational Education Program		51,153

Adult Programs

Supervisor/Director	\$ 3,090
Other Salaries and Wages	2,500

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Social Security	\$	192	
State Retirement		99	
Employer Medicare		45	
Travel		9,407	
In Service/Staff Development		17,349	
Other Charges		19,589	
Total Adult Programs			\$ 52,271

Other Programs

On-Behalf Payments to OPEB	\$	135,542	
Total Other Programs			135,542

Board of Education

Other Salaries and Wages	\$	14,598	
Board and Committee Members Fees		27,250	
Social Security		2,541	
State Retirement		3,541	
Employer Medicare		594	
Audit Services		6,300	
Dues and Memberships		11,867	
Legal Services		1,289	
Travel		9,257	
Liability Insurance		17,311	
Premiums on Corporate Surety Bonds		1,500	
Trustee's Commission		95,421	
Workers' Compensation Insurance		73,117	
Criminal Investigation of Applicants - TBI		3,180	
Other Charges		538	
Total Board of Education			268,304

Director of Schools

County Official/Administrative Officer	\$	76,680	
Career Ladder Program		700	
Secretary(ies)		14,598	
Other Salaries and Wages		30,853	
Social Security		7,601	
State Retirement		9,722	
Life Insurance		29	
Medical Insurance		5,226	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Unemployment Compensation	\$	42	
Employer Medicare		1,778	
Communication		10,130	
Postal Charges		4,030	
Travel		2,796	
Office Supplies		6,874	
Other Charges		<u>3,066</u>	
Total Director of Schools			\$ 174,125

Office of the Principal

Principals	\$	404,261	
Career Ladder Program		7,000	
Assistant Principals		265,450	
Secretary(ies)		163,480	
Social Security		49,858	
State Retirement		60,546	
Life Insurance		374	
Medical Insurance		74,566	
Unemployment Compensation		315	
Employer Medicare		11,660	
Communication		<u>12,917</u>	
Total Office of the Principal			1,050,427

Operation of Plant

Custodial Personnel	\$	431,768	
Other Salaries and Wages		11,266	
Social Security		26,941	
State Retirement		43,786	
Unemployment Compensation		504	
Employer Medicare		6,301	
Other Contracted Services		13,253	
Custodial Supplies		42,001	
Electricity		738,140	
Natural Gas		41,169	
Water and Sewer		48,760	
Other Supplies and Materials		28,077	
Building and Contents Insurance		<u>55,000</u>	
Total Operation of Plant			1,486,966

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	59,982	
Other Salaries and Wages		164,029	
Social Security		12,853	
State Retirement		19,666	
Life Insurance		29	
Medical Insurance		5,141	
Unemployment Compensation		168	
Employer Medicare		3,094	
Maintenance and Repair Services - Buildings		51,227	
Travel		2,124	
Other Supplies and Materials		8,700	
Other Charges		36,108	
Total Maintenance of Plant			\$ 363,121

Transportation

Bus Drivers	\$	74,223	
Other Salaries and Wages		5,695	
Social Security		5,425	
State Retirement		5,729	
Medical Insurance		2,127	
Unemployment Compensation		210	
Employer Medicare		1,272	
Contracts with Parents		31,090	
Contracts with Vehicle Owners		823,450	
Maintenance and Repair Services - Vehicles		36,521	
Medical and Dental Services		3,889	
Travel		36,960	
Other Contracted Services		33,175	
Diesel Fuel		63,064	
Gasoline		18,988	
Lubricants		1,799	
Tires and Tubes		5,977	
Vehicle and Equipment Insurance		39,919	
Total Transportation			1,189,513

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	25,876	
Social Security		1,575	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

State Retirement	\$	2,707	
Unemployment Compensation		21	
Employer Medicare		368	
Travel		107	
Other Supplies and Materials		1,026	
Other Charges		1,620	
Total Community Services			\$ 33,300

Early Childhood Education

Teachers	\$	141,436	
Educational Assistants		66,928	
Other Salaries and Wages		24,400	
Non-certified Substitute Teachers		6,000	
Social Security		12,932	
State Retirement		16,081	
Life Insurance		86	
Medical Insurance		25,865	
Unemployment Compensation		189	
Employer Medicare		3,024	
Travel		682	
Other Contracted Services		4,000	
Instructional Supplies and Materials		20,085	
Other Supplies and Materials		22,147	
In Service/Staff Development		10,153	
Other Charges		13,232	
Total Early Childhood Education			367,240

Capital Outlay

Regular Capital Outlay

Social Security	\$	18	
Medical Insurance		32	
Employer Medicare		4	
Architects		89,162	
Building Improvements		916,098	
Other Capital Outlay		50,999	
Total Regular Capital Outlay			1,056,313

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 12,943	
Total Education		\$ 12,943

Other Debt Service

Education

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

Total General Purpose School Fund		\$ 22,486,868
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 297,309	
Educational Assistants	220,642	
Social Security	30,987	
State Retirement	42,164	
Life Insurance	240	
Medical Insurance	40,385	
Unemployment Compensation	604	
Employer Medicare	7,247	
Maintenance and Repair Services - Equipment	30,731	
Instructional Supplies and Materials	115,893	
Regular Instruction Equipment	<u>26,245</u>	
Total Regular Instruction Program		\$ 812,447

Special Education Program

Teachers	\$ 31,404
Homebound Teachers	21,999
Educational Assistants	278,814
Speech Pathologist	40,235
Other Salaries and Wages	25,379
Non-certified Substitute Teachers	15,235
Social Security	24,889
State Retirement	38,431
Life Insurance	58
Medical Insurance	13,488
Unemployment Compensation	364
Employer Medicare	5,833

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	100	
Other Contracted Services		109,250	
Instructional Supplies and Materials		1,915	
Other Supplies and Materials		17,601	
Special Education Equipment		1,836	
Total Special Education Program			\$ 626,831

Vocational Education Program

Instructional Supplies and Materials	\$	10,460	
T&I Construction Materials		6,000	
Vocational Instruction Equipment		39,500	
Total Vocational Education Program			55,960

Support Services

Other Student Support

Other Salaries and Wages	\$	26,007	
Social Security		1,555	
State Retirement		2,720	
Employer Medicare		364	
Evaluation and Testing		27	
Maintenance and Repair Services - Equipment		5,101	
Travel		4,177	
Other Contracted Services		6,436	
Other Supplies and Materials		26,508	
In Service/Staff Development		14,397	
Other Charges		18,583	
Other Equipment		20,571	
Total Other Student Support			126,446

Regular Instruction Program

Supervisor/Director	\$	53,683	
Other Salaries and Wages		200	
Certified Substitute Teachers		5,650	
In-Service Training		8,544	
Non-certified Substitute Teachers		18,525	
Social Security		4,340	
State Retirement		3,446	
Life Insurance		29	
Medical Insurance		11,338	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	1,061	
Communication		859	
Maintenance and Repair Services - Equipment		25,735	
Travel		4,404	
Other Contracted Services		2,900	
Library Books/Media		26,614	
Other Supplies and Materials		1,159	
In Service/Staff Development		49,707	
Other Charges		7,396	
Other Equipment		57,734	
Total Regular Instruction Program			\$ 283,324

Special Education Program

Postal Charges	\$	48	
Travel		10,122	
Other Contracted Services		45,817	
Other Supplies and Materials		29,597	
In Service/Staff Development		27,685	
Other Charges		824	
Total Special Education Program			114,093

Transportation

Bus Drivers	\$	37,125	
Other Salaries and Wages		6,438	
Social Security		2,500	
State Retirement		3,603	
Employer Medicare		585	
Total Transportation			50,251

Total School Federal Projects Fund \$ 2,069,352

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	41,051
Clerical Personnel		29,246
Cafeteria Personnel		484,610
Part-time Personnel		1,202
Other Salaries and Wages		33,263

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	33,573	
State Retirement		54,651	
Life Insurance		19	
Medical Insurance		3,309	
Unemployment Compensation		968	
Employer Medicare		7,944	
Communication		3,800	
Maintenance and Repair Services - Equipment		10,195	
Travel		1,454	
Food Preparation Supplies		90,827	
Food Supplies		885,446	
Workers' Compensation Insurance		15,978	
In Service/Staff Development		2,919	
Other Charges		44,145	
Food Service Equipment		69,661	
Total Food Service			<u>\$ 1,814,261</u>

Total Central Cafeteria Fund \$ 1,814,261

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	5,000	
Building Construction		481,264	
Furniture and Fixtures		7,801	
Total Education Capital Projects			<u>\$ 494,065</u>

Total Education Capital Projects Fund 494,065

Total Governmental Funds - Grainger County School Department \$ 26,864,546

Exhibit J-9

Grainger County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 622,433
Total Cash Receipts	<u>\$ 622,433</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 616,217
Trustee's Commission	6,216
Total Cash Disbursements	<u>\$ 622,433</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2008	<u>0</u>
 Cash Balance, June 30, 2009	 <u><u>\$ 0</u></u>

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SINGLE AUDIT SECTION

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

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

February 10, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Grainger County's basic financial statements and have issued our report thereon dated February 10, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Grainger County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting: 09.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Grainger County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

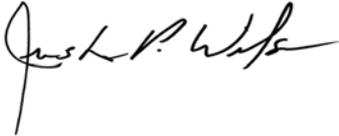
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grainger County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 09.01.

We consider item 09.03 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Grainger County in separate communications.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

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

February 10, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Grainger County 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 its major federal programs for the year ended June 30, 2009. Grainger County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Grainger County's management. Our responsibility is to express an opinion on Grainger County's compliance based on our audit.

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

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Grainger County's compliance with those requirements.

In our opinion, Grainger County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

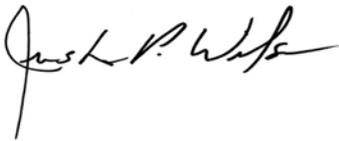
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County as of and for the year ended June 30, 2009, and have issued our report thereon dated February 10, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Grainger County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Grainger

County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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 management, the county mayor, director of schools, road superintendent, Board of County Commissioners, Board of Education, others within Grainger County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Grainger County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 100,405 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	295,464
National School Lunch Program	10.555	N/A	809,805 (3)
Total U.S. Department of Agriculture			<u>\$ 1,205,674</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Distant Learning and Telemedicine Loans and Grants	10.855	(2)	\$ 459,383
Total U.S. Department of Transportation			<u>\$ 459,383</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 107,186
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	(2)	83,763
Total U.S. Department of Housing and Urban Development			<u>\$ 190,949</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 785,250
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	747,969
Special Education - Preschool Grants	84.173	N/A	43,016
Career and Technical Education - Basic Grants to States	84.048	N/A	68,960
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	15,278
Even Start - State Educational Agencies	84.213	(2)	62,500
State Grants for Innovative Programs	84.298	N/A	50,000
Education Technology State Grants	84.318	(2)	10,283
Rural Education	84.358	N/A	125,718
Improving Teacher Quality State Grants	84.367	N/A	222,878
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	86,117
Total U.S. Department of Education			<u>\$ 2,217,969</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 59,796
Total U.S. Department of Homeland Security			<u>\$ 59,796</u>
Total Expenditures of Federal Awards			<u>\$ 4,133,771</u>

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 9,440
Public Health Nurses - State Department of Health	N/A	(2)	24,973
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Litter Grant Program - State Department of Transportation	N/A	(2)	9,223
High Schools That Work - State Department of Education	N/A	(2)	18,205
Adult Education - State Grant Program - State Department of Education	N/A	(2)	110,810
Family Resource Center - State Department of Education	N/A	(2)	33,300
Driver's Education - State Department of Education	N/A	(2)	11,685
Safe Schools Act Grant - State Department of Education	N/A	(2)	23,000
TN Agriculture Enhancement Program - State Department of Agriculture	N/A	(2)	169,078
Internet Connectivity Grant - State Department of Education	N/A	(2)	16,760
Local Parks and Recreation Grant - State Department of Environment	N/A	(2)	65,461
Coordinated School Health - Department of Education	N/A	(2)	102,726
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	367,240
Waste Tire Grant - State Department of Environment and and Conservation	N/A	(2)	<u>6,516</u>
Total State Grants			<u>\$ 977,417</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$910,210.

Grainger County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Grainger County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.02	184-185	Duties were not segregated adequately in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, Sheriff, and the Ambulance Service Department
08.03	185	A central system of accounting, budgeting, and purchasing had not been adopted

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GRAINGER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Grainger County disclosed one significant deficiency in internal control. That deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Grainger County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Distant Learning and Telemedicine Grant (CFDA No. 10.855), and Special Education Cluster: Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Grainger County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 09.01 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under Government Auditing Standards)

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Other Facilities	\$ 6,719
Ambulance/Emergency Medical Services	59,219
Solid Waste/Sanitation:	
Recycling Center	9,600
Postclosure Care Cost	2,962
General Debt Service:	
Principal on Debt:	
General Government	16,981
Highways and Streets	40,500
Education	5,000

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

RECOMMENDATION

County officials should ensure that expenditures are held within appropriations approved by the County Commission.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, SHERIFF, AND THE AMBULANCE SERVICE DEPARTMENT**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, Sheriff, and the Ambulance Service Department. Officials and employees responsible for maintaining accounting records of these offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, the deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 09.03 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

County officials should consider adopting either the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

GRAINGER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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