
ANNUAL FINANCIAL REPORT GRAINGER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT
GRAINGER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010**

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

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Audit Highlights

Annual Financial Report
Grainger County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Grainger County as of and for the year ended June 30, 2010.

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

Findings and Best Practices

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

OFFICE OF ROAD SUPERINTENDENT

- ◆ Sick leave records were not on file to support payroll disbursements.
-

OTHER FINDING

- ◆ 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.
-

BEST PRACTICES

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

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

INTRODUCTORY SECTION

Grainger County Officials

June 30, 2010

Officials

Mark Hipsher, County Mayor
David Bean, Road Superintendent
Edwin Jarnagin, 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
James Acuff
Johnny Baker
Mike Byrd
Andy Cameron
David Collins
B. DeWayne Davis
T.J. Hill

Mike Holt
Bill Howerton
Larry Johnson
Raymond Layel, Jr.
Leroy Shelton
Darrell Stratton
Darrell Williams

Board of Education

Darrell Livesay, Chairman
Dwight Bull
Freddie Chandler
Anthony Davidson
Harold Frazier

Joyce Lane
Coy McDaniel
Karen McNish
Norma Tate
Larry Turley

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

January 7, 2011

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, 2010, which collectively comprise Grainger County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Grainger County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except for the effects of not including the financial statements of the Grainger County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Grainger County, Tennessee, as of June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year 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, 2010, 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 January 7, 2011, 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

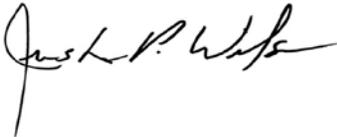
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 57 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grainger County's 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Grainger County, Tennessee
Statement of Net Assets
June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Grainger County School Department</u>
<u>ASSETS</u>		
Cash	\$ 70,106	\$ 1,858
Equity in Pooled Cash and Investments	4,608,631	5,636,876
Accounts Receivable	375,099	33,049
Allowance for Uncollectible Accounts Receivable	(157,292)	0
Due from Other Governments	448,313	778,167
Property Taxes Receivable	6,494,270	2,522,120
Allowance for Uncollectible Property Taxes	(338,336)	(130,172)
Deferred Charges - Debt Issuance Cost	677,347	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,819,753	812,384
Construction in Progress	92,292	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,714,027	33,479,488
Other Capital Assets	1,141,284	1,870,616
Infrastructure	1,127,962	0
Total Assets	<u>\$ 25,073,456</u>	<u>\$ 45,004,386</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 29,539	\$ 109,932
Accrued Payroll	62,203	34,141
Accrued Interest Payable	224,470	0
Contracts Payable	28,356	0
Due to State of Tennessee	26,122	0
Other Current Liabilities	16	0
Deferred Revenue - Property Taxes	5,916,333	2,300,796
Noncurrent Liabilities:		
Due Within One Year	1,667,304	60,443
Due in More than One Year (net of unamortized premium on debt)	28,271,642	1,998,938
Total Liabilities	<u>\$ 36,225,985</u>	<u>\$ 4,504,250</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental</u> Activities	Component Unit <u>Grainger County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 7,120,689	\$ 0
Invested in Capital Assets Restricted for:	0	36,162,488
General Government	20,703	0
Finance	18,227	0
Administration of Justice	57,744	0
Public Safety	122,587	0
Public Health and Welfare	170,135	0
Social, Cultural, and Recreational Services	118,788	0
Highways	794,744	0
State and Federal Assistance Programs	0	1,294,464
Debt Service	2,734,220	0
Capital Projects	0	112,562
Unrestricted	<u>(22,310,366)</u>	<u>2,930,622</u>
Total Net Assets (Deficit)	<u>\$ (11,152,529)</u>	<u>\$ 40,500,136</u>

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

Exhibit B

Granger County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary		Granger County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 825,139	\$ 170,647	\$ 22,131	\$ 0	\$ (632,361)	\$ 0	0
Finance	551,116	468,470	0	0	(82,646)	0	0
Administration of Justice	607,242	267,685	4,500	0	(335,057)	0	0
Public Safety	2,408,666	498,809	82,520	0	(1,827,337)	0	0
Public Health and Welfare	2,174,360	976,575	96,222	0	(1,101,563)	0	0
Social, Cultural, and Recreational Services	226,594	0	0	0	(226,594)	0	0
Agriculture and Natural Resources	123,879	0	0	0	(123,879)	0	0
Other Operations	759,886	9,110	0	0	(750,776)	0	0
Highways	2,880,819	0	1,442,002	325,414	(1,113,403)	0	0
Debt Service:							
Interest	1,209,796	0	0	0	(1,209,796)	0	0
Other Debt Service	72,377	0	0	0	(72,377)	0	0
Total Primary Government	\$ 11,839,874	\$ 2,391,296	\$ 1,647,375	\$ 325,414	\$ (7,475,789)	\$ 0	0
Component Unit:							
Granger County School Department	\$ 28,017,366	\$ 603,856	\$ 4,243,534	\$ 88,117	\$ 0	\$ (23,081,859)	0
Total Component Unit	\$ 28,017,366	\$ 603,856	\$ 4,243,534	\$ 88,117	\$ 0	\$ (23,081,859)	0

(Continued)

Exhibit B

Granger County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Governmental Activities	Granger County School Department	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 3,731,198	\$	2,384,715
Property Taxes Levied for Solid Waste/Sanitation					668,813		0
Property Taxes Levied for Sports and Recreation					79,060		0
Property Taxes Levied for Highway					474,211		0
Property Taxes Levied for Debt Service					1,105,052		0
Sales Taxes					324,026		950,684
Litigation Tax					47,031		0
Business Tax					49,581		18,108
Wholesale Beer Tax					111,719		0
Interstate Telecommunication Tax					1,320		1,701
Grants and Contributions Not Restricted to Specific Programs					1,659,800		19,118,653
Unrestricted Investment Income					236,897		3,567
Miscellaneous					113,260		74,606
Total General Revenues					\$ 8,601,968	\$	22,552,034
Change in Net Assets					\$ 1,126,179	\$	(529,825)
Net Assets (Deficit), July 1, 2009					(12,278,708)		41,029,961
Net Assets (Deficit), June 30, 2010					\$ (11,152,529)	\$	40,500,136

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, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Cash	\$ 400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,706	\$ 70,106
Equity in Pooled Cash and Investments	932,464	100,526	510,435	2,831,887	233,319	233,319	4,608,631
Accounts Receivable	339,966	1,742	0	22,023	11,368	11,368	375,099
Allowance for Uncollectibles	(157,292)	0	0	0	0	0	(157,292)
Due from Other Governments	118,443	5,892	264,775	59,203	0	0	448,313
Due from Other Funds	423	0	0	0	0	0	423
Property Taxes Receivable	3,797,509	686,780	540,455	1,362,538	106,988	106,988	6,494,270
Allowance for Uncollectible Property Taxes	(201,122)	(36,235)	(27,894)	(67,957)	(5,128)	(5,128)	(338,336)
Total Assets	\$ 4,830,791	\$ 758,705	\$ 1,287,771	\$ 4,207,694	\$ 416,253	\$ 416,253	\$ 11,501,214

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
Total Assets

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	\$ 29,373	\$ 14	\$ 0	\$ 0	\$ 0	\$ 152	\$ 29,539
Accrued Payroll	58,375	3,641	0	0	0	187	62,203
Contracts Payable	0	0	0	0	0	28,356	28,356
Due to Other Funds	0	0	0	0	0	423	423
Due to State of Tennessee	26,122	0	0	0	0	0	26,122
Other Current Liabilities	16	0	0	0	0	0	16
Deferred Revenue - Current Property Taxes	3,451,194	624,502	493,028	1,249,004	98,605	98,605	5,916,333
Deferred Revenue - Delinquent Property Taxes	132,214	23,715	17,787	41,503	2,964	2,964	218,183
Other Deferred Revenues	59,081	0	126,796	31,631	0	0	217,508
Total Liabilities	\$ 3,756,375	\$ 651,872	\$ 637,611	\$ 1,322,138	\$ 130,687	\$ 130,687	\$ 6,498,683

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Fund Balances							
Reserved for Encumbrances	\$ 14,538	\$ 0	\$ 0	\$ 0	\$ 25,903	\$ 40,441	
Reserved for Correctional Incentive Program	28,359	0	0	0	0	28,359	
Reserved for Purchase of Electronic Fingerprint Imaging System	0	0	0	0	19,557	19,557	
Reserved for Alcohol and Drug Treatment	39,587	0	0	0	0	39,587	
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	15,261	0	0	0	0	15,261	
Reserved for Sexual Offender Registration	5,837	0	0	0	0	5,837	
Reserved for Computer System - Register	20,703	0	0	0	0	20,703	
Reserved for Automation Purposes - Circuit Court	2,882	0	0	0	0	2,882	
Reserved for Automation Purposes - General Sessions Court	22,413	0	0	0	0	22,413	
Reserved for Automation Purposes - Juvenile Court	1,166	0	0	0	0	1,166	
Reserved for Automation Purposes - Chancery Court	1,002	0	0	0	0	1,002	
Reserved for Automation Purposes - Sheriff	2,663	0	0	0	0	2,663	
Reserved for Archives and Records Management - County Clerk	18,227	0	0	0	0	18,227	
Reserved for Capital Outlay	0	0	143,600	0	0	143,600	
Unreserved, Reported In:							
General Fund	901,778	0	0	0	0	901,778	
Special Revenue Funds	0	106,833	506,560	0	249,503	862,896	
Debt Service Funds	0	0	0	2,885,556	0	2,885,556	
Capital Projects Funds (Deficit)	0	0	0	0	(9,397)	(9,397)	
Total Fund Balances	\$ 1,074,416	\$ 106,833	\$ 650,160	\$ 2,885,556	\$ 285,566	\$ 5,002,531	
Total Liabilities and Fund Balances	\$ 4,830,791	\$ 758,705	\$ 1,287,771	\$ 4,207,694	\$ 416,253	\$ 11,501,214	

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, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 5,002,531
(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	92,292	
Add: infrastructure net of accumulated depreciation	1,127,962	
Add: buildings and improvements net of accumulated depreciation	8,714,027	
Add: other capital assets net of accumulated depreciation	<u>1,141,284</u>	12,895,318
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (805,036)	
Less: other loans payable	(392,000)	
Less: capital leases payable	(24,729)	
Less: bonds payable	(27,250,000)	
Add: deferred charges - debt issuance costs	677,347	
Less: compensated absences payable	(97,983)	
Less: landfill closure/postclosure care costs	(1,160,006)	
Less: accrued interest on bonds and notes	(224,470)	
Less: other deferred revenue - premium on debt	<u>(209,192)</u>	(29,486,069)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>435,691</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (11,152,529)</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, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Revenues							
Local Taxes	\$ 4,113,387	\$ 714,353	\$ 544,036	\$ 1,589,296	\$ 91,786	\$ 7,052,858	
Licenses and Permits	63,763	0	0	0	0	63,763	
Fines, Forfeitures, and Penalties	50,381	4,614	3,397	8,303	29,872	96,567	
Charges for Current Services	972,721	0	0	0	354,392	1,327,113	
Other Local Revenues	126,866	25,263	0	236,897	14,041	403,067	
Fees Received from County Officials	393,486	0	0	0	0	393,486	
State of Tennessee	1,059,405	77,331	1,811,871	125,019	8,930	3,082,556	
Federal Government	120,368	0	0	0	0	120,368	
Other Governments and Citizens Groups	0	0	0	700,000	0	700,000	
Total Revenues	\$ 6,900,377	\$ 821,561	\$ 2,359,304	\$ 2,659,515	\$ 499,021	\$ 13,239,778	
Expenditures							
Current:							
General Government	\$ 860,946	\$ 0	\$ 0	\$ 0	\$ 12	\$ 860,958	
Finance	232,564	0	0	0	318,614	551,178	
Administration of Justice	474,597	0	0	0	23,172	497,769	
Public Safety	2,316,766	0	0	0	10,868	2,327,634	
Public Health and Welfare	1,374,257	748,510	0	0	0	2,122,767	
Social, Cultural, and Recreational Services	118,579	0	0	0	227,027	345,606	
Agriculture and Natural Resources	123,879	0	0	0	0	123,879	
Other Operations	745,264	0	0	0	0	745,264	
Highways	31,774	0	2,313,280	0	0	2,345,054	
Debt Service:							
Principal on Debt	0	0	0	1,631,190	0	1,631,190	
Interest on Debt	0	0	0	1,234,776	0	1,234,776	
Other Debt Service	0	0	0	35,133	0	35,133	
Capital Projects	35,750	0	0	0	11,227	46,977	
Total Expenditures	\$ 6,314,376	\$ 748,510	\$ 2,313,280	\$ 2,901,099	\$ 590,920	\$ 12,868,185	

(Continued)

Exhibit C-3

Granger 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		
Excess (Deficiency) of Revenues Over Expenditures	\$ 586,001	\$ 73,051	\$ 46,024	\$ (241,584)	\$ (91,899)	\$	371,593
Other Financing Sources (Uses)							
Notes Issued	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 0	\$	75,000
Capital Leases Issued	0	20,145	0	0	0	0	20,145
Insurance Recovery	23,992	0	0	0	0	0	23,992
Transfers In	0	0	0	137,729	0	0	137,729
Transfers Out	0	0	(137,729)	0	0	0	(137,729)
Total Other Financing Sources (Uses)	\$ 98,992	\$ 20,145	\$ (137,729)	\$ 137,729	\$ 0	\$	119,137
Net Change in Fund Balances	\$ 684,993	\$ 93,196	\$ (91,705)	\$ (103,855)	\$ (91,899)	\$	490,730
Fund Balance, July 1, 2009	389,423	13,637	741,865	2,989,411	377,465		4,511,801
Fund Balance, June 30, 2010	\$ 1,074,416	\$ 106,833	\$ 650,160	\$ 2,885,556	\$ 285,566	\$	5,002,531

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, 2010

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)		\$	490,730
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	296,530	
Less: current-year depreciation expense		<u>(947,235)</u>	(650,705)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	435,691	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(709,416)</u>	(273,725)
(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:			
Less: note proceeds	\$	(75,000)	
Less: capital lease proceeds		(20,145)	
Less: change in deferred debt issuance costs		(37,244)	
Add: change in premium on debt		10,565	
Add: principal payments on bonds		1,025,000	
Add: principal payments on notes		516,190	
Add: principal payments on other loans		90,000	
Add: principal payments on capital leases		<u>18,505</u>	1,527,871
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	14,415	
Change in compensated absences payable		23,062	
Change in landfill closure/postclosure care costs		<u>(5,469)</u>	32,008
Change in net assets of governmental activities (Exhibit B)			<u>\$ 1,126,179</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 546,512
Due from Other Governments	105,556
Restricted Assets	<u>85,047</u>
Total Assets	<u><u>\$ 737,115</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 105,556
Due to Litigants, Heirs, and Others	<u>631,559</u>
Total Liabilities	<u><u>\$ 737,115</u></u>

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

GRAINGER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

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.

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 funds:

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

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

Additionally, the School Department reports the following fund type:

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, 2010, Grainger County had \$22,589,686 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. The Other Local Education Reserve of \$112,562 in the School Department’s General Purpose School Fund represents amounts received from contributions restricted for auditorium renovations. Designations of fund balance represent tentative management plans that are subject to change. The Grainger County Board of Education has designated \$540,973 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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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. Fund Deficit

The General Capital Projects Fund had a deficit in unreserved fund balance of \$9,397 at June 30, 2010. Management expects to provide funding to eliminate this deficit in the 2010-11 year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2010.

B. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Governmental Activities

	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,819,753	\$ 0	\$ 0	\$ 1,819,753
Construction in Progress	201,338	136,117	(245,163)	92,292
Total Capital Assets				
Not Depreciated	<u>\$ 2,021,091</u>	<u>\$ 136,117</u>	<u>\$ (245,163)</u>	<u>\$ 1,912,045</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,384,045	\$ 275,163	\$ 0	\$ 10,659,208
Roads and Bridges	10,846,848	0	0	10,846,848
Other Capital Assets	3,409,915	130,413	0	3,540,328
Total Capital Assets				
Depreciated	<u>\$ 24,640,808</u>	<u>\$ 405,576</u>	<u>\$ 0</u>	<u>\$ 25,046,384</u>

Governmental Activities (Cont.)

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,711,529	\$ 233,652	\$ 0	\$ 1,945,181
Roads and Bridges	9,231,081	487,805	0	9,718,886
Other Capital Assets	2,173,266	225,778	0	2,399,044
Total Accumulated Depreciation	<u>\$ 13,115,876</u>	<u>\$ 947,235</u>	<u>\$ 0</u>	<u>\$ 14,063,111</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,524,932</u>	<u>\$ (541,659)</u>	<u>\$ 0</u>	<u>\$ 10,983,273</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,546,023</u>	<u>\$ (405,542)</u>	<u>\$ (245,163)</u>	<u>\$ 12,895,318</u>

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

Governmental Activities:

General Government	\$ 18,211
Finance	2,700
Administration of Justice	107,444
Public Safety	148,443
Public Health and Welfare	100,145
Social, Cultural, and Recreational Services	19,905
Other Operations	14,622
Highway/Public Works	<u>535,765</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 947,235</u>

Discretely Presented Grainger County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
<hr/>			
Capital Assets Not Depreciated:			
Land	\$ 812,384	\$ 0	\$ 812,384
Total Capital Assets Not Depreciated	<hr/> \$ 812,384	<hr/> \$ 0	<hr/> \$ 812,384
Capital Assets Depreciated:			
Buildings and Improvements	\$ 40,963,572	\$ 0	\$ 40,963,572
Other Capital Assets	2,420,737	420,833	2,841,570
Total Capital Assets Depreciated	<hr/> \$ 43,384,309	<hr/> \$ 420,833	<hr/> \$ 43,805,142
Less Accumulated Depreciation:			
Buildings and Improvements	\$ 6,612,365	\$ 871,719	\$ 7,484,084
Other Capital Assets	710,252	260,702	970,954
Total Accumulated Depreciation	<hr/> \$ 7,322,617	<hr/> \$ 1,132,421	<hr/> \$ 8,455,038
Total Capital Assets Depreciated, Net	<hr/> \$ 36,061,692	<hr/> \$ (711,588)	<hr/> \$ 35,350,104
Governmental Activities Capital Assets, Net	<hr/> \$ 36,874,076	<hr/> \$ (711,588)	<hr/> \$ 36,162,488

The discretely presented School Department charged depreciation expenses of \$871,719 to Instruction and \$260,702 to Support Services functions.

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 423
Discretely Presented School Department:		
General Purpose School	School Federal Projects	91,437

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In
	General Debt Service Fund
Highway/Public Works Fund	\$ 137,729

Discretely Presented Grainger County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
General Purpose School Fund	\$ 0	\$ 100,000
School Federal Projects Fund	72,809	0
Education Capital Projects Fund	504	0
Total	\$ 73,313	\$ 100,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The School Department made a one-time transfer of \$100,000 from the General Purpose School Fund to the School Federal Projects Fund for cash flow purposes.

D. 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 July 28, 2009, Grainger County entered into a three-year lease-purchase agreement for a Bobcat bucket loader for the Solid Waste Department. The terms of this agreement require total lease payments of \$20,145 plus interest of six percent. Title to the equipment transfers to

Grainger County at the end of the lease period. The Solid Waste Fund is making the lease payments.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 10,460
2012	10,460
2013	<u>5,461</u>
Total Minimum Lease Payments	\$ 26,381
Less: Amount Representing Interest	<u>(1,652)</u>
 Present Value of Minimum Lease Payments	 \$ <u><u>24,729</u></u>

E. 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, 2010, 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, 2010, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	3.87 to 4.32 %	\$ 31,000,000	\$ 27,250,000
Capital Outlay Notes	3.65 to 4.97	4,851,945	805,036
Other Loans	variable	1,000,000	392,000
Capital Leases	0 to 6	75,145	24,729

During the 2002-03 year, Grainger County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$1 million to Grainger County for paving and improving roads. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2010, the variable interest rate was .39 percent, and other fees totaled approximately .25 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, 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, 2010.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2020	6,860,000	4,085,186	10,945,186
2021-2025	7,355,000	2,560,069	9,915,069
2026-2030	7,340,000	1,014,489	8,354,489
Total	\$ 27,250,000	\$ 12,947,653	\$ 40,197,653

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 434,591	\$ 32,164	\$ 466,755
2012	236,695	15,560	252,255
2013	83,750	6,130	89,880
2014	25,000	2,485	27,485
2015	25,000	1,243	26,243
Total	\$ 805,036	\$ 57,582	\$ 862,618

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
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	\$ 392,000	\$ 3,506	\$ 2,373	\$ 397,879

There is \$2,885,556 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,319, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,378, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 28,275,000	\$ 1,246,226	\$ 482,000
Additions	0	75,000	0
Deductions	(1,025,000)	(516,190)	(90,000)
Balance, June 30, 2010	\$ 27,250,000	\$ 805,036	\$ 392,000
Balance Due Within One Year	\$ 1,060,000	\$ 434,591	\$ 93,000

Governmental Activities: (Cont.)

	Capital Leases	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2009	\$ 23,089	\$ 121,045	\$ 1,154,537
Additions	20,145	75,736	13,755
Deductions	(18,505)	(98,798)	(8,286)
Balance, June 30, 2010	<u>\$ 24,729</u>	<u>\$ 97,983</u>	<u>\$ 1,160,006</u>
Balance Due Within One Year	<u>\$ 9,585</u>	<u>\$ 19,597</u>	<u>\$ 50,531</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 29,729,754
Less: Balance Due Within One Year	(1,667,304)
Add: Unamortized Premium on Debt	<u>209,192</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 28,271,642</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, 2010, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Note	0 %	\$ 232,968	\$ 25,631

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, 2010, are presented in the following table:

Year Ending June 30	Note Principal
2011	\$ 12,943
2012	<u>12,688</u>
Total	<u>\$ 25,631</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, 2010:

	Notes	Retirement Incentive	Other Postemployment Benefits
Balance, July 1, 2009	\$ 38,574	\$ 65,000	\$ 1,316,225
Additions	0	25,000	823,128
Deductions	<u>(12,943)</u>	<u>(30,000)</u>	<u>(165,603)</u>
Balance, June 30, 2010	<u>\$ 25,631</u>	<u>\$ 60,000</u>	<u>\$ 1,973,750</u>
Balance Due Within One Year	<u>\$ 12,943</u>	<u>\$ 47,500</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,059,381
Less: Balance Due within One Year	<u>(60,443)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,998,938</u>

Notes and retirement incentives will be paid 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.

F. 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, 2010, were \$131,543 and \$13,047, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. 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, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
General	\$ 0	\$ 1,600,000	\$ (1,600,000)	\$ 0
Solid Waste/Sanitation	0	300,000	(300,000)	0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county participates in the Local Government Property and Casualty Fund and the Local Government Workers' Compensation Fund, public entity risk pools, as opposed to purchasing commercial insurance. 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 commercial 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Grainger County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Grainger County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Grainger County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement

of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Grainger County had not participated in any derivative transactions as of June 30, 2010. However, it is reasonably expected that Grainger County may enter into derivative transactions in subsequent years.

C. Subsequent Events

On August 31, 2010, James Harville left the Office of Sheriff and was succeeded by Scott Layel, Rhonda Reagan left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Sherry Clifton, and David Bean left the Office of Road Superintendent and was succeeded by Jim Renfro.

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 \$1,000,000 and \$300,000, respectively.

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. Change in Administration

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

F. 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 \$1,160,006 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, 2010.

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

H. 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, which consists of the chairman, vice-chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex-officio member, is in charge of the daily operations of the center.

I. 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/PS.

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, 2010, was 10.59 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, 2010, Grainger County's annual pension cost of \$727,507 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$727,507	100%	\$0
6-30-09	717,164	100	0
6-30-08	747,545	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 77.86 percent funded. The actuarial accrued liability for benefits was \$14.81 million, and the actuarial value of assets was \$11.54 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.28 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.47 million, and the ratio of the UAAL to the covered payroll was 50.71 percent.

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

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

School Teachers

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$723,665, \$716,136, and \$684,310, respectively, equal to the required contributions for each year.

J. 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, 2010, the discretely presented School Department contributed \$165,603 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 820,000
Interest on the NPO	59,230
Adjustment to the ARC	<u>(56,102)</u>
Annual OPEB cost	\$ 823,128
Amount of contribution	<u>(165,603)</u>
Increase/decrease in NPO	\$ 657,525
Net OPEB obligation, 7-1-09	<u>1,316,225</u>
Net OPEB obligation, 6-30-10	<u>\$ 1,973,750</u>

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
6-30-10	"	823,128	20	1,973,750

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 8,014,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 8,014,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,927,432
UAAL as a % of covered payroll	58%

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of

administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning June 30, 2008.

K. 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 \$30,000 were recognized for retirement incentive bonus payments. At June 30, 2010, 14 individuals were participating in the program and were owed \$60,000, with \$47,500 being due within one year.

L. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,113,387	\$ 0	\$ 0	\$ 4,113,387	\$ 3,896,400	\$ 3,896,400	\$ 216,987
Licenses and Permits	63,763	0	0	63,763	56,000	56,000	7,763
Fines, Forfeitures, and Penalties	50,381	0	0	50,381	44,300	44,300	6,081
Charges for Current Services	972,721	0	0	972,721	897,000	897,000	75,721
Other Local Revenues	126,866	0	0	126,866	89,500	194,788	(67,922)
Fees Received from County Officials	393,486	0	0	393,486	391,000	391,000	2,486
State of Tennessee	1,059,405	0	0	1,059,405	1,019,337	1,048,885	10,520
Federal Government	120,368	0	0	120,368	1,518,872	2,018,872	(1,898,504)
Total Revenues	\$ 6,900,377	\$ 0	\$ 0	\$ 6,900,377	\$ 7,912,409	\$ 8,547,245	\$ (1,646,868)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 48,623	\$ 0	\$ 0	\$ 48,623	\$ 62,010	\$ 62,010	\$ 13,387
Board of Equalization	256	0	0	256	1,150	1,150	894
Beer Board	625	0	0	625	2,000	2,000	1,375
Budget and Finance Committee	1,875	0	0	1,875	4,000	4,000	2,125
County Mayor/Executive	158,717	0	0	158,717	161,853	161,853	3,136
Election Commission	163,002	0	0	163,002	164,793	164,793	1,791
Register of Deeds	148,967	0	0	148,967	163,648	163,648	14,681
Planning	15,385	0	0	15,385	20,750	20,750	5,365
County Buildings	48,937	0	0	48,937	68,286	68,175	19,238
Other Facilities	246,867	0	0	246,867	251,625	249,236	2,369
Preservation of Records	27,692	0	0	27,692	25,074	28,748	1,056
<u>Finance</u>							
Property Assessor's Office	129,248	0	0	129,248	150,340	150,340	21,092
County Trustee's Office	53,589	0	0	53,589	60,000	60,000	6,411
County Clerk's Office	49,727	(1,452)	0	48,275	57,878	57,878	9,603

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
					Original	Final		
	\$	156,535	\$	156,535	\$	160,742	\$	4,207
<u>Administration of Justice</u>								
Circuit Court		0	0	0	158,386	146,526	1,726	
General Sessions Court		0	0	144,800	148,881	109,319	2,324	
Chancery Court		0	0	106,995	109,319	87,153	20,886	
Juvenile Court		0	0	66,267	87,153			
<u>Public Safety</u>								
Sheriff's Department		0	2,398	1,045,152	987,094	1,075,217	30,065	
Jail		(2,050)	12,140	1,025,036	1,004,700	1,039,898	14,862	
Fire Prevention and Control		0	0	1,500	1,500		0	
Civil Defense		0	0	54,300	62,169	62,169	7,869	
Other Emergency Management		0	0	200,000	200,000	200,000	0	
Inspection and Regulation		0	0	3,266	3,270	3,270	4	
<u>Public Health and Welfare</u>								
Local Health Center		0	0	72,334	67,319	95,693	23,359	
Ambulance/Emergency Medical Services		0	0	1,260,227	1,321,190	1,321,040	60,813	
Crippled Children Services		0	0	1,257	1,257	1,257	0	
Other Local Health Services		0	0	6,011	6,011	6,011	0	
Appropriation to State		0	0	15,728	15,580	15,730	2	
General Welfare Assistance		0	0	10,000	10,000	10,000	0	
Aid to Dependent Children		0	0	4,700	4,700	4,700	0	
Other Local Welfare Services		0	0	4,000	4,000	4,000	0	
<u>Social, Cultural, and Recreational Services</u>								
Senior Citizens Assistance		0	0	7,000	12,000	12,000	5,000	
Libraries		0	0	111,579	131,383	131,633	20,054	
<u>Agriculture and Natural Resources</u>								
Agriculture Extension Service		0	0	55,230	55,897	55,897	667	
Soil Conservation		0	0	68,649	70,090	70,090	1,441	

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 1,000	\$ 0	\$ 0	\$ 1,000	\$ 18,950	\$ 18,950	\$ 17,950
Industrial Development	55,991	0	0	55,991	57,575	57,575	1,584
Housing and Urban Development	0	0	0	0	65,101	65,101	65,101
Other Economic and Community Development	0	0	0	0	1,500,000	1,500,000	1,500,000
Veterans' Services	7,668	0	0	7,668	10,021	10,021	2,353
Other Charges	632,350	0	0	632,350	641,000	641,000	8,650
Contributions to Other Agencies	3,391	0	0	3,391	3,791	3,791	400
Miscellaneous	44,864	0	0	44,864	55,498	55,498	10,634
<u>Highways</u>							
Litter and Trash Collection	31,774	0	0	31,774	29,236	31,907	133
<u>Capital Projects</u>							
Public Health and Welfare Projects	35,750	0	0	35,750	0	500,000	464,250
Total Expenditures	\$ 6,314,376	\$ (3,502)	\$ 14,538	\$ 6,325,412	\$ 8,036,478	\$ 8,692,269	\$ 2,366,857
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 586,001	\$ 3,502	\$ (14,538)	\$ 574,965	\$ (124,069)	\$ (145,024)	\$ 719,989
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 75,000	\$ 0	\$ 0	\$ 75,000	\$ 75,000	\$ 75,000	\$ 0
Insurance Recovery	23,992	0	0	23,992	0	20,955	3,037
Total Other Financing Sources (Uses)	\$ 98,992	\$ 0	\$ 0	\$ 98,992	\$ 75,000	\$ 95,955	\$ 3,037
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2009	\$ 684,993	\$ 3,502	\$ (14,538)	\$ 673,957	\$ (49,069)	\$ (49,069)	\$ 723,026
	389,423	(3,502)	0	385,921	104,255	104,255	281,666
Fund Balance, June 30, 2010	\$ 1,074,416	\$ 0	\$ (14,538)	\$ 1,059,878	\$ 55,186	\$ 55,186	\$ 1,004,692

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 714,353	\$ 689,500	\$ 689,500	\$ 24,853
Fines, Forfeitures, and Penalties	4,614	4,550	4,550	64
Other Local Revenues	25,263	15,000	15,000	10,263
State of Tennessee	77,331	66,300	66,300	11,031
Total Revenues	<u>\$ 821,561</u>	<u>\$ 775,350</u>	<u>\$ 775,350</u>	<u>\$ 46,211</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 730,624	\$ 748,050	\$ 749,893	\$ 19,269
Recycling Center	9,600	9,600	9,600	0
Postclosure Care Costs	8,286	22,000	20,157	11,871
Total Expenditures	<u>\$ 748,510</u>	<u>\$ 779,650</u>	<u>\$ 779,650</u>	<u>\$ 31,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 73,051</u>	<u>\$ (4,300)</u>	<u>\$ (4,300)</u>	<u>\$ 77,351</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 20,145	\$ 0	\$ 0	\$ 20,145
Total Other Financing Sources (Uses)	<u>\$ 20,145</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,145</u>
Net Change in Fund Balance	\$ 93,196	\$ (4,300)	\$ (4,300)	\$ 97,496
Fund Balance, July 1, 2009	<u>13,637</u>	<u>12,356</u>	<u>12,356</u>	<u>1,281</u>
Fund Balance, June 30, 2010	<u><u>\$ 106,833</u></u>	<u><u>\$ 8,056</u></u>	<u><u>\$ 8,056</u></u>	<u><u>\$ 98,777</u></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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 544,036	\$ 463,032	\$ 463,032	\$ 81,004
Fines, Forfeitures, and Penalties	3,397	3,000	3,000	397
State of Tennessee	1,811,871	1,783,554	1,783,554	28,317
Total Revenues	<u>\$ 2,359,304</u>	<u>\$ 2,249,586</u>	<u>\$ 2,249,586</u>	<u>\$ 109,718</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 136,012	\$ 139,099	\$ 139,099	\$ 3,087
Highway and Bridge Maintenance	1,237,792	1,305,893	1,330,114	92,322
Operation and Maintenance of Equipment	156,645	246,335	224,435	67,790
Other Charges	166,522	179,500	171,129	4,607
Employee Benefits	162,230	195,000	179,000	16,770
Capital Outlay	454,079	417,150	455,600	1,521
Total Expenditures	<u>\$ 2,313,280</u>	<u>\$ 2,482,977</u>	<u>\$ 2,499,377</u>	<u>\$ 186,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,024</u>	<u>\$ (233,391)</u>	<u>\$ (249,791)</u>	<u>\$ 295,815</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (137,729)</u>	<u>\$ (155,000)</u>	<u>\$ (155,000)</u>	<u>\$ 17,271</u>
Total Other Financing Sources (Uses)	<u>\$ (137,729)</u>	<u>\$ (155,000)</u>	<u>\$ (155,000)</u>	<u>\$ 17,271</u>
Net Change in Fund Balance	\$ (91,705)	\$ (388,391)	\$ (404,791)	\$ 313,086
Fund Balance, July 1, 2009	<u>741,865</u>	<u>665,948</u>	<u>665,948</u>	<u>75,917</u>
Fund Balance, June 30, 2010	<u>\$ 650,160</u>	<u>\$ 277,557</u>	<u>\$ 261,157</u>	<u>\$ 389,003</u>

Exhibit E-4

Grainger County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Grainger County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 11,535	\$ 14,815	\$ 3,279	77.86 %	\$ 6,467	50.71 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-5

Grainger County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Grainger County School Department
June 30, 2010

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 7,996	\$ 7,996	0 %	\$ 13,768	58 %
"	7-1-09	0	8,014	8,014	0	13,927	58

*Data only available for two years.

GRAINGER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Fund

Capital Projects Funds are used to account for 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 general capital expenditures of the county.

Exhibit F-1

Granger County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds					Total	Capital Projects Fund	Total Nonmajor Governmental Funds	
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees				Total
\$	0	0	0	0	69,706	\$	0	\$	69,706
	11,518	3,502	83,468	115,872	0		18,959		233,319
	0	0	2,260	0	9,108		0		11,368
	0	0	0	106,988	0		0		106,988
	0	0	0	(5,128)	0		0		(5,128)
\$	11,518	3,502	85,728	217,732	78,814	\$	18,959	\$	416,253

ASSETS

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

LIABILITIES AND FUND BALANCES

\$	0	0	0	152	0	0	152	0	152
	0	0	0	187	0	0	187	0	187
	0	0	0	0	0	0	28,356	0	28,356
	0	0	0	0	423	0	423	0	423
	0	0	0	98,605	0	0	98,605	0	98,605
	0	0	0	2,964	0	0	2,964	0	2,964
\$	0	0	0	101,908	423	\$	102,331	\$	28,356
\$	0	0	0	25,903	0	0	25,903	0	25,903
	0	0	19,557	0	0	0	19,557	0	19,557
	11,518	3,502	66,171	89,921	78,391		249,503	(9,397)	240,106
\$	11,518	3,502	85,728	115,824	78,391	\$	294,963	\$	285,566
\$	11,518	3,502	85,728	217,732	78,814	\$	397,294	\$	416,253

Liabilities

Accounts Payable
 Accrued Payroll
 Contracts Payable
 Due to Other Funds
 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
 Unreserved (Deficit)
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Grainger County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total		
<u>Revenues</u>								
Local Taxes	\$ 1,201	\$ 1,437	\$ 0	\$ 89,148	\$ 0	\$ 91,786	\$ 0	
Fines, Forfeitures, and Penalties	0	0	29,262	610	0	29,872	0	
Charges for Current Services	0	0	0	9,110	345,282	354,392	0	
Other Local Revenues	0	0	793	13,248	0	14,041	0	
State of Tennessee	0	0	0	8,930	0	8,930	0	
Total Revenues	\$ 1,201	\$ 1,437	\$ 30,055	\$ 121,046	\$ 345,282	\$ 499,021	\$ 0	
<u>Expenditures</u>								
Current:								
General Government	\$ 12	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12	\$ 0	
Finance	0	0	0	0	318,614	318,614	0	
Administration of Justice	0	0	0	0	23,172	23,172	0	
Public Safety	0	0	10,868	0	0	10,868	0	
Social, Cultural, and Recreational Services	0	3,127	0	223,900	0	227,027	0	
Capital Projects	0	0	0	0	0	0	11,227	
Total Expenditures	\$ 12	\$ 3,127	\$ 10,868	\$ 223,900	\$ 341,786	\$ 579,693	\$ 11,227	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,189	\$ (1,690)	\$ 19,187	\$ (102,854)	\$ 3,496	\$ (80,672)	\$ (11,227)	
Net Change in Fund Balances	\$ 1,189	\$ (1,690)	\$ 19,187	\$ (102,854)	\$ 3,496	\$ (80,672)	\$ (11,227)	
Fund Balance, July 1, 2009	10,329	5,192	66,541	218,678	74,895	375,635	1,830	
Fund Balance, June 30, 2010	\$ 11,518	\$ 3,502	\$ 85,728	\$ 115,824	\$ 78,391	\$ 294,963	\$ (9,397)	
							\$ 285,566	

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,201	\$ 1,400	\$ 1,400	\$ (199)
Total Revenues	\$ 1,201	\$ 1,400	\$ 1,400	\$ (199)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 12	\$ 8,020	\$ 8,020	\$ 8,008
Total Expenditures	\$ 12	\$ 8,020	\$ 8,020	\$ 8,008
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,189	\$ (6,620)	\$ (6,620)	\$ 7,809
Net Change in Fund Balance	\$ 1,189	\$ (6,620)	\$ (6,620)	\$ 7,809
Fund Balance, July 1, 2009	10,329	10,330	10,330	(1)
Fund Balance, June 30, 2010	\$ 11,518	\$ 3,710	\$ 3,710	\$ 7,808

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,437	\$ 1,500	\$ 1,500	\$ (63)
Total Revenues	\$ 1,437	\$ 1,500	\$ 1,500	\$ (63)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 3,127	\$ 2,020	\$ 3,095	\$ (32)
Total Expenditures	\$ 3,127	\$ 2,020	\$ 3,095	\$ (32)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,690)	\$ (520)	\$ (1,595)	\$ (95)
Net Change in Fund Balance	\$ (1,690)	\$ (520)	\$ (1,595)	\$ (95)
Fund Balance, July 1, 2009	5,192	5,190	5,190	2
Fund Balance, June 30, 2010	\$ 3,502	\$ 4,670	\$ 3,595	\$ (93)

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 29,262	\$ 17,571	\$ 17,571	\$ 11,691
Other Local Revenues	793	0	0	793
Total Revenues	<u>\$ 30,055</u>	<u>\$ 17,571</u>	<u>\$ 17,571</u>	<u>\$ 12,484</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,868	\$ 52,750	\$ 52,750	\$ 41,882
Total Expenditures	<u>\$ 10,868</u>	<u>\$ 52,750</u>	<u>\$ 52,750</u>	<u>\$ 41,882</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,187</u>	<u>\$ (35,179)</u>	<u>\$ (35,179)</u>	<u>\$ 54,366</u>
Net Change in Fund Balance	\$ 19,187	\$ (35,179)	\$ (35,179)	\$ 54,366
Fund Balance, July 1, 2009	66,541	66,470	66,470	71
Fund Balance, June 30, 2010	<u>\$ 85,728</u>	<u>\$ 31,291</u>	<u>\$ 31,291</u>	<u>\$ 54,437</u>

Exhibit F-6

Grainger 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, 2010

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 89,148	\$ 0	\$ 0	\$ 89,148	\$ 87,930	\$ 87,930	\$ 1,218	
Fines, Forfeitures, and Penalties	610	0	0	610	650	650	(40)	
Charges for Current Services	9,110	0	0	9,110	7,000	7,000	2,110	
Other Local Revenues	13,248	0	0	13,248	0	2,863	10,385	
State of Tennessee	8,930	0	0	8,930	149,614	149,614	(140,684)	
Total Revenues	\$ 121,046	\$ 0	\$ 0	\$ 121,046	\$ 245,194	\$ 248,057	\$ (127,011)	
<u>Expenditures</u>								
Social, Cultural, and Recreational Services								
Parks and Fair Boards	\$ 223,900	(46,125)	25,903	203,678	390,076	396,081	192,403	
Total Expenditures	\$ 223,900	(46,125)	25,903	203,678	390,076	396,081	192,403	
Excess (Deficiency) of Revenues Over Expenditures	\$ (102,854)	46,125	(25,903)	(82,632)	(144,882)	(148,024)	65,392	
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (102,854)	46,125	(25,903)	(82,632)	(144,882)	(148,024)	65,392	
	218,678	(46,125)	0	172,553	218,346	218,346	(45,793)	
Fund Balance, June 30, 2010	\$ 115,824	\$ 0	(25,903)	\$ 89,921	\$ 73,464	\$ 70,322	\$ 19,599	

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.

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,589,296	\$ 1,480,500	\$ 1,480,500	\$ 108,796
Fines, Forfeitures, and Penalties	8,303	8,100	8,100	203
Other Local Revenues	236,897	220,000	220,000	16,897
State of Tennessee	125,019	100,000	100,000	25,019
Other Governments and Citizens Groups	700,000	0	700,000	0
Total Revenues	<u>\$ 2,659,515</u>	<u>\$ 1,808,600</u>	<u>\$ 2,508,600</u>	<u>\$ 150,915</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 484,312	\$ 484,313	\$ 484,313	\$ 1
Highways and Streets	127,500	124,500	127,500	0
Education	1,019,378	1,014,378	1,019,378	0
<u>Interest on Debt</u>				
General Government	226,994	238,070	240,320	13,326
Highways and Streets	6,424	23,979	22,029	15,605
Education	1,001,358	1,010,039	1,001,739	381
<u>Other Debt Service</u>				
General Government	31,329	42,000	42,000	10,671
Highways and Streets	3,804	4,212	4,212	408
Total Expenditures	<u>\$ 2,901,099</u>	<u>\$ 2,941,491</u>	<u>\$ 2,941,491</u>	<u>\$ 40,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (241,584)</u>	<u>\$ (1,132,891)</u>	<u>\$ (432,891)</u>	<u>\$ 191,307</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 137,729	\$ 857,752	\$ 157,752	\$ (20,023)
Total Other Financing Sources (Uses)	<u>\$ 137,729</u>	<u>\$ 857,752</u>	<u>\$ 157,752</u>	<u>\$ (20,023)</u>
Net Change in Fund Balance	\$ (103,855)	\$ (275,139)	\$ (275,139)	\$ 171,284
Fund Balance, July 1, 2009	<u>2,989,411</u>	<u>2,010,972</u>	<u>2,010,972</u>	<u>978,439</u>
Fund Balance, June 30, 2010	<u>\$ 2,885,556</u>	<u>\$ 1,735,833</u>	<u>\$ 1,735,833</u>	<u>\$ 1,149,723</u>

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated 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.

Exhibit H-1

Grainger County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 546,512	\$ 546,512
Accounts Receivable	0	0	0
Due from Other Governments	105,556	0	105,556
Restricted Assets	0	85,047	85,047
Total Assets	<u>\$ 105,556</u>	<u>\$ 631,559</u>	<u>\$ 737,115</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 105,556	\$ 0	\$ 105,556
Due to Litigants, Heirs, and Others	0	631,559	631,559
Total Liabilities	<u>\$ 105,556</u>	<u>\$ 631,559</u>	<u>\$ 737,115</u>

Exhibit H-2

Grainger County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 640,470	\$ 640,470	\$ 0
Due from Other Governments	118,597	105,556	118,597	105,556
Total Assets	\$ 118,597	\$ 746,026	\$ 759,067	\$ 105,556
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 118,597	\$ 746,026	\$ 759,067	\$ 105,556
Total Liabilities	\$ 118,597	\$ 746,026	\$ 759,067	\$ 105,556
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 535,646	\$ 3,552,982	\$ 3,542,116	\$ 546,512
Accounts Receivable	500	0	500	0
Restricted Assets	81,241	85,047	81,241	85,047
Total Assets	\$ 617,387	\$ 3,638,029	\$ 3,623,857	\$ 631,559
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 617,387	\$ 3,638,029	\$ 3,623,857	\$ 631,559
Total Liabilities	\$ 617,387	\$ 3,638,029	\$ 3,623,857	\$ 631,559
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 535,646	\$ 3,552,982	\$ 3,542,116	\$ 546,512
Equity in Pooled Cash and Investments	0	640,470	640,470	0
Accounts Receivable	500	0	500	0
Due from Other Governments	118,597	105,556	118,597	105,556
Restricted Assets	81,241	85,047	81,241	85,047
Total Assets	\$ 735,984	\$ 4,384,055	\$ 4,382,924	\$ 737,115
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 118,597	\$ 746,026	\$ 759,067	\$ 105,556
Due to Litigants, Heirs, and Others	617,387	3,638,029	3,623,857	631,559
Total Liabilities	\$ 735,984	\$ 4,384,055	\$ 4,382,924	\$ 737,115

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.

Exhibit I-1

Grainger County, Tennessee
Statement of Activities
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Charges for Services		Expenses		Program Revenues		Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Operating Grants and Contributions	Charges for Services	Expenses	Operating Grants and Contributions	Charges for Services	Expenses	Operating Grants and Contributions	Capital Grants and Contributions				
Governmental Activities:												
Instruction		\$ 0	\$ 17,216,749	\$ 2,653,198	\$ 0	\$ 17,216,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (14,563,551)
Support Services		16,859	7,720,619	258,421	16,859	7,720,619	50,198	50,198	50,198	50,198	50,198	(7,395,141)
Operation of Non-Instructional Services		586,997	2,379,998	1,331,915	586,997	2,379,998	37,919	37,919	37,919	37,919	37,919	(423,167)
Debt Service		0	700,000	0	0	700,000	0	0	0	0	0	(700,000)
Total Governmental Activities		\$ 603,856	\$ 28,017,366	\$ 4,243,534	\$ 603,856	\$ 28,017,366	\$ 88,117	\$ 88,117	\$ 88,117	\$ 88,117	\$ 88,117	\$ (23,081,859)
General Revenues:												
Taxes:												
Property Taxes Levied for General Purposes												\$ 2,384,715
Local Option Sales Taxes												950,684
Business Tax												18,108
Interstate Telecommunications Tax												1,701
Grants and Contributions Not Restricted for Specific Programs												19,118,653
Unrestricted Investment Earnings												3,567
Miscellaneous												74,606
Total General Revenues												\$ 22,552,034
Change in Net Assets												\$ (529,825)
Net Assets, July 1, 2009												41,029,961
Net Assets, June 30, 2010												\$ 40,500,136

Exhibit I-2

Grainger County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Grainger County School Department
June 30, 2010

	Major Funds		Nonmajor	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria Fund	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,858	\$ 1,858
Equity in Pooled Cash and Investments	5,209,876	107,622	319,378	5,636,876
Accounts Receivable	30,400	0	2,649	33,049
Due from Other Governments	522,705	131,246	124,216	778,167
Due from Other Funds	91,437	0	0	91,437
Property Taxes Receivable	2,522,120	0	0	2,522,120
Allowance for Uncollectible Property Taxes	(130,172)	0	0	(130,172)
Total Assets	\$ 8,246,366	\$ 238,868	\$ 448,101	\$ 8,933,335
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 57,891	\$ 45,002	\$ 7,039	\$ 109,932
Accrued Payroll	32,495	1,646	0	34,141
Due to Other Funds	0	91,437	0	91,437
Deferred Revenue - Current Property Taxes	2,300,796	0	0	2,300,796
Deferred Revenue - Delinquent Property Taxes	83,004	0	0	83,004
Other Deferred Revenues	86,394	0	0	86,394
Total Liabilities	\$ 2,560,580	\$ 138,085	\$ 7,039	\$ 2,705,704
<u>Fund Balances</u>				
Other Local Education Reserves	\$ 112,562	\$ 0	\$ 0	\$ 112,562
Reserved for Capital Outlay	89,026	0	0	89,026
Reserved for Technology	26,168	0	0	26,168
Reserved for Basic Education Program	737,425	0	0	737,425
Reserved for Title I Grants to Local Education Agencies	0	641	0	641
Reserved for Special Education - Grants to States	0	142	0	142
Unreserved, Reported In:				
General Fund	4,720,605	0	0	4,720,605
Special Revenue Funds	0	100,000	441,062	541,062
Total Fund Balances	\$ 5,685,786	\$ 100,783	\$ 441,062	\$ 6,227,631
Total Liabilities and Fund Balances	\$ 8,246,366	\$ 238,868	\$ 448,101	\$ 8,933,335

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, 2010

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)		\$ 6,227,631
(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	33,479,488	
Add: other capital assets net of accumulated depreciation	<u>1,870,616</u>	36,162,488
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		169,398
(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	\$ (25,631)	
Less: retirement incentive payable	(60,000)	
Less: other postemployment benefits liability	<u>(1,973,750)</u>	<u>(2,059,381)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 40,500,136</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, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 3,463,916	\$ 0	\$ 0	\$ 3,463,916
Licenses and Permits	594	0	0	594
Fines, Forfeitures, and Penalties	15,851	0	0	15,851
Charges for Current Services	5,340	0	598,516	603,856
Other Local Revenues	220,320	0	6,773	227,093
State of Tennessee	18,754,874	0	19,473	18,774,347
Federal Government	202,305	2,720,949	1,350,361	4,273,615
Other Governments and Citizens Groups	219,932	0	0	219,932
Total Revenues	\$ 22,883,132	\$ 2,720,949	\$ 1,975,123	\$ 27,579,204
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,775,696	\$ 1,916,809	\$ 0	\$ 15,692,505
Support Services	6,290,752	817,096	0	7,107,848
Operation of Non-Instructional Services	428,111	0	1,951,887	2,379,998
Capital Outlay	839,514	0	0	839,514
Debt Service:				
Principal on Debt	712,943	0	0	712,943
Total Expenditures	\$ 22,047,016	\$ 2,733,905	\$ 1,951,887	\$ 26,732,808
Excess (Deficiency) of Revenues Over Expenditures	\$ 836,116	\$ (12,956)	\$ 23,236	\$ 846,396
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 66,612	\$ 0	\$ 0	\$ 66,612
Transfers In	73,313	100,000	0	173,313
Transfers Out	(100,000)	(72,809)	(504)	(173,313)
Total Other Financing Sources (Uses)	\$ 39,925	\$ 27,191	\$ (504)	\$ 66,612
Net Change in Fund Balances	\$ 876,041	\$ 14,235	\$ 22,732	\$ 913,008
Fund Balance, July 1, 2009	4,809,745	86,548	418,330	5,314,623
Fund Balance, June 30, 2010	\$ 5,685,786	\$ 100,783	\$ 441,062	\$ 6,227,631

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, 2010

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)		\$	913,008
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period		\$	420,833
Less: current year depreciation expense			<u>(1,132,421)</u>
			(711,588)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010		\$	169,398
Less: deferred delinquent property taxes and other deferred June 30, 2009			<u>(261,061)</u>
			(91,663)
(3) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on notes		\$	12,943
Less: increase in other postemployment benefits liability			<u>(657,525)</u>
			(644,582)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in retirement incentive payable			<u>5,000</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>(529,825)</u>

Exhibit I-6

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, 2010

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 598,516	\$ 0	\$ 598,516
Other Local Revenues	6,773	0	6,773
State of Tennessee	19,473	0	19,473
Federal Government	1,350,361	0	1,350,361
Total Revenues	<u>\$ 1,975,123</u>	<u>\$ 0</u>	<u>\$ 1,975,123</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,951,887	\$ 0	\$ 1,951,887
Total Expenditures	<u>\$ 1,951,887</u>	<u>\$ 0</u>	<u>\$ 1,951,887</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,236</u>	<u>\$ 0</u>	<u>\$ 23,236</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	\$ (504)	\$ (504)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (504)</u>	<u>\$ (504)</u>
Net Change in Fund Balances	\$ 23,236	\$ (504)	\$ 22,732
Fund Balance, July 1, 2009	417,826	504	418,330
Fund Balance, June 30, 2010	<u>\$ 441,062</u>	<u>\$ 0</u>	<u>\$ 441,062</u>

Exhibit I-7

Granger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Granger County School Department
General Purpose School Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,463,916	\$ 0	\$ 3,463,916	\$ 3,041,510	\$ 3,041,510	\$ 422,406
Licenses and Permits	594	0	594	0	0	594
Fines, Forfeitures, and Penalties	15,851	0	15,851	17,000	17,000	(1,149)
Charges for Current Services	5,340	0	5,340	7,000	10,000	(4,660)
Other Local Revenues	220,320	0	220,320	40,000	215,198	5,122
State of Tennessee	18,754,874	0	18,754,874	18,092,610	18,844,877	(90,003)
Federal Government	202,305	0	202,305	79,647	245,136	(42,831)
Other Governments and Citizens Groups	219,932	0	219,932	0	216,034	3,898
<u>Total Revenues</u>	<u>\$ 22,883,132</u>	<u>\$ 0</u>	<u>\$ 22,883,132</u>	<u>\$ 21,277,767</u>	<u>\$ 22,589,755</u>	<u>\$ 293,377</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 10,614,343	\$ 0	\$ 10,614,343	\$ 11,160,922	\$ 11,272,534	\$ 658,191
Alternative Instruction Program	68,250	0	68,250	68,872	68,872	622
Special Education Program	1,737,702	0	1,737,702	1,791,536	1,780,536	42,834
Vocational Education Program	876,659	0	876,659	913,672	913,672	37,013
Student Body Education Program	149,949	0	149,949	38,000	161,457	11,508
Adult Education Program	328,793	0	328,793	107,989	371,519	42,726
<u>Support Services</u>						
Attendance	7,096	0	7,096	7,453	7,453	357
Health Services	259,473	0	259,473	191,436	291,436	31,963
Other Student Support	359,645	0	359,645	370,486	397,236	37,591
Regular Instruction Program	675,492	0	675,492	706,133	773,729	98,237
Special Education Program	122,128	0	122,128	129,098	129,098	6,970

(Continued)

Exhibit I-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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	\$ 51,705	\$ 0	\$ 51,705	\$ 54,939	\$ 54,939	\$ 3,234
Adult Programs	22,581	0	22,581	0	32,793	10,212
Other Programs	144,590	0	144,590	0	144,590	0
Board of Education	288,705	0	288,705	321,582	325,082	36,377
Director of Schools	186,535	0	186,535	185,171	190,606	4,071
Office of the Principal	1,103,204	0	1,103,204	1,098,816	1,118,816	15,612
Operation of Plant	1,396,638	0	1,396,638	1,753,402	1,710,902	314,264
Maintenance of Plant	424,391	0	424,391	399,493	451,993	27,602
Transportation	1,248,569	0	1,248,569	1,306,068	1,317,068	68,499
<u>Operation of Non-Instructional Services</u>						
Community Services	33,300	0	33,300	33,300	33,300	0
Early Childhood Education	394,811	0	394,811	0	409,572	14,761
<u>Capital Outlay</u>						
Regular Capital Outlay	839,514	(215,313)	624,201	113,500	813,500	189,299
<u>Principal on Debt</u>						
Education	712,943	0	712,943	712,944	712,944	1
<u>Total Expenditures</u>	<u>\$ 22,047,016</u>	<u>\$ (215,313)</u>	<u>\$ 21,831,703</u>	<u>\$ 21,464,812</u>	<u>\$ 23,483,647</u>	<u>\$ 1,651,944</u>
<u>Excess (Deficiency) of Revenues</u>						
<u>Over Expenditures</u>	\$ 836,116	\$ 215,313	\$ 1,051,429	\$ (187,045)	\$ (893,892)	\$ 1,945,321

(Continued)

Exhibit I-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 66,612	0	\$ 66,612	0	0	\$ 66,612
Transfers In	73,313	0	73,313	0	86,204	(12,891)
Transfers Out	(100,000)	0	(100,000)	0	(100,000)	0
Total Other Financing Sources (Uses)	\$ 39,925	0	\$ 39,925	0	(13,796)	\$ 53,721
Net Change in Fund Balance	\$ 876,041	215,313	\$ 1,091,354	(187,045)	(907,688)	\$ 1,999,042
Fund Balance, July 1, 2009	4,809,745	(215,313)	4,594,432	187,045	907,688	3,686,744
Fund Balance, June 30, 2010	\$ 5,685,786	0	\$ 5,685,786	0	0	\$ 5,685,786

Exhibit I-8

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 10,307	\$ 0	\$ 0
Federal Government	2,720,949	2,441,359	3,899,576	(1,178,627)
Total Revenues	<u>\$ 2,720,949</u>	<u>\$ 2,451,666</u>	<u>\$ 3,899,576</u>	<u>\$ (1,178,627)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,078,706	\$ 939,697	\$ 1,213,524	\$ 134,818
Special Education Program	782,765	655,667	980,199	197,434
Vocational Education Program	55,338	53,742	55,338	0
<u>Support Services</u>				
Health Services	30,264	0	30,264	0
Other Student Support	123,579	240,242	493,335	369,756
Regular Instruction Program	166,847	392,737	422,118	255,271
Special Education Program	334,069	94,670	522,108	188,039
Vocational Education Program	3,000	3,000	3,000	0
Transportation	159,337	56,911	180,035	20,698
Total Expenditures	<u>\$ 2,733,905</u>	<u>\$ 2,436,666</u>	<u>\$ 3,899,921</u>	<u>\$ 1,166,016</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (12,956)</u>	<u>\$ 15,000</u>	<u>\$ (345)</u>	<u>\$ (12,611)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 89,991	\$ 104,909	\$ (4,909)
Transfers Out	(72,809)	(104,991)	(191,112)	118,303
Total Other Financing Sources (Uses)	<u>\$ 27,191</u>	<u>\$ (15,000)</u>	<u>\$ (86,203)</u>	<u>\$ 113,394</u>
Net Change in Fund Balance	\$ 14,235	\$ 0	\$ (86,548)	\$ 100,783
Fund Balance, July 1, 2009	<u>86,548</u>	<u>0</u>	<u>86,548</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 100,783</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,783</u>

Exhibit I-9

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 598,516	\$ 686,500	\$ 686,500	\$ (87,984)
Other Local Revenues	6,773	4,000	4,000	2,773
State of Tennessee	19,473	20,000	20,000	(527)
Federal Government	1,350,361	1,097,500	1,233,336	117,025
Total Revenues	<u>\$ 1,975,123</u>	<u>\$ 1,808,000</u>	<u>\$ 1,943,836</u>	<u>\$ 31,287</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,951,887	\$ 1,928,000	\$ 2,063,836	\$ 111,949
Total Expenditures	<u>\$ 1,951,887</u>	<u>\$ 1,928,000</u>	<u>\$ 2,063,836</u>	<u>\$ 111,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,236</u>	<u>\$ (120,000)</u>	<u>\$ (120,000)</u>	<u>\$ 143,236</u>
Net Change in Fund Balance	\$ 23,236	\$ (120,000)	\$ (120,000)	\$ 143,236
Fund Balance, July 1, 2009	<u>417,826</u>	<u>120,000</u>	<u>120,000</u>	<u>297,826</u>
Fund Balance, June 30, 2010	<u>\$ 441,062</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 441,062</u>

MISCELLANEOUS SCHEDULES

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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT								
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Justice Center	\$ 6,500,000	3.87 %	12-23-03	3-1-23	\$ 5,185,000	\$ 0	\$ 285,000	\$ 4,900,000
General Obligation School Bonds - Series 2005	20,500,000	4.21	7-14-05	5-1-30	19,295,000	0	630,000	18,665,000
General Obligation School Bonds - Series 2006	4,000,000	4.32	8-10-06	5-1-30	3,795,000	0	110,000	3,685,000
Total Bonds Payable					\$ 28,275,000	\$ 0	\$ 1,025,000	\$ 27,250,000
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Justice Center Equipment	225,000	4.97	12-16-05	12-16-14	\$ 150,000	\$ 0	\$ 25,000	\$ 125,000
Health Department Roof	125,000	4.26	10-17-05	10-17-10	50,000	0	25,000	25,000
School Building - Phase I	1,000,000	3.65	10-10-1998	10-9-10	122,720	0	83,410	39,310
School Building - Phase II	1,500,000	3.65	12-14-1998	12-14-10	187,500	0	125,000	62,500
School Building - Phase III	500,000	4.15	8-23-1999	8-23-11	102,900	0	41,800	61,100
School Building - Phase IV	350,000	4.25	5-19-00	5-19-12	87,471	0	29,168	58,303
Landfill Closure	550,000	4.25	5-30-00	5-30-12	137,440	0	45,840	91,600
Vehicles for the Sheriff's Department	120,000	4.46	1-5-07	1-5-11	60,000	0	30,000	30,000
Ambulance	85,000	4.78	12-7-07	12-7-11	63,750	0	21,250	42,500
Black Fox Bridge	150,000	4.17	2-11-08	2-28-12	112,500	0	37,500	75,000
School Fence	36,945	4.2	10-16-08	10-16-10	36,945	0	18,472	18,473
Ambulance and Sheriff Vehicles	135,000	4.07	6-19-09	6-19-13	135,000	0	33,750	101,250
Ambulance	75,000	4.07	2-1-10	2-1-13	0	75,000	0	75,000
Total Notes Payable					\$ 1,246,226	\$ 75,000	\$ 516,190	\$ 805,036

(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.)

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-09</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-10</u>
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Real Property - Ambulance Authority	\$ 55,000	0 %	8-31-01	6-30-12	\$ 15,000	0 \$	5,000 \$	10,000
Sheriff Vehicle	24,346	5.6	12-26-07	12-26-09	8,089	0	8,089	0
<u>Total Payable through General Fund</u>					<u>\$ 23,089</u>	<u>0</u>	<u>13,089</u>	<u>10,000</u>
<u>Payable through Solid Waste Fund</u>								
Bobcat	20,145	6	7-28-09	7-28-12	0 \$	20,145 \$	5,416 \$	14,729
<u>Total Payable through Solid Waste Fund</u>					<u>\$ 0</u>	<u>20,145</u>	<u>5,416</u>	<u>14,729</u>
<u>Total Capital Leases Payable</u>					<u>\$ 23,089</u>	<u>20,145</u>	<u>18,505</u>	<u>24,729</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Montgomery County Public Building Authority	1,000,000	Variable	3-5-03	5-24-14	\$ 482,000	0 \$	90,000 \$	392,000
<u>Total Other Loans Payable</u>					<u>\$ 482,000</u>	<u>0</u>	<u>90,000</u>	<u>392,000</u>
<u>DISCRETELY PRESENTED GRAINGER COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
EPA Asbestos Abatement	232,968	0	11-30-1994	5-30-12	\$ 38,574	0 \$	12,943 \$	25,631
<u>Total Notes Payable</u>					<u>\$ 38,574</u>	<u>0</u>	<u>12,943</u>	<u>25,631</u>

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 27,250,000	\$ 12,947,653	\$ 40,197,653

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 434,591	\$ 32,164	\$ 466,755
2012	236,695	15,560	252,255
2013	83,750	6,130	89,880
2014	25,000	2,485	27,485
2015	25,000	1,243	26,243
Total	\$ 805,036	\$ 57,582	\$ 862,618

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 9,585	\$ 875	\$ 10,460
2012	9,909	551	10,460
2013	5,235	226	5,461
Total	<u>\$ 24,729</u>	<u>\$ 1,652</u>	<u>\$ 26,381</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
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	<u>\$ 392,000</u>	<u>\$ 3,506</u>	<u>\$ 2,373</u>	<u>\$ 397,879</u>

DISCRETELY PRESENTED GRAINGER
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 12,943	\$ 0	\$ 12,943
2012	12,688	0	12,688
Total	<u>\$ 25,631</u>	<u>\$ 0</u>	<u>\$ 25,631</u>

Exhibit J-3

Grainger County, Tennessee
Schedule of Transfers - Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt retirement	\$ 137,729
Total Transfers Primary Government			<u>\$ 137,729</u>
<u>DISCRETELY PRESENTED GRAINGER</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 100,000
School Federal Projects	General Purpose School	Indirect costs	72,809
Education Capital Projects	General Purpose School	Close fund	504
Total Transfers Discretely Presented Grainger County School Department			<u>\$ 173,313</u>

Exhibit J-4

Grainger County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2010

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				
Terry Acuff (7-1-09 through 12-31-09)	State Board of Education and County Board of Education	40,090 (1)	(2)	
Edwin Jarnagin (1-1-10 through 6-30-10)	State Board of Education and County Board of Education	41,432 (3)	(2)	
Trustee	Section 8-24-102, <u>TCA</u>	57,751	550,200	"
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>	57,763	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751 (4)	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> , and County Commission	67,303 (5)	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 \$600.
- (2) Covered by employee blanket bond.
- (3) Includes a chief executive training supplement of \$400.
- (4) Does not include special commissioner fees of \$21,202.
- (5) Includes \$3,176 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit J-5

Grainger County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2010

	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	\$ 3,515,905	\$ 0	\$ 0	\$ 630,654	\$ 0
Trustee's Collections - Prior Year	195,243	0	0	38,986	0
Circuit/Clerk & Master Collections - Prior Years	101,212	0	0	18,422	0
Interest and Penalty	32,248	0	0	6,349	0
Payments in-Lieu-of Taxes - T.V.A.	2,471	0	0	443	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	51,952	0	0	9,180	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	3,137	0	0	0	0
Litigation Tax - Special Purpose	28,839	1,201	1,437	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	12,417	0	0	0	0
Business Tax	29,772	0	0	5,449	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	27,150	0	0	4,870	0
Wholesale Beer Tax	111,719	0	0	0	0
Interstate Telecommunications Tax	1,322	0	0	0	0
Total Local Taxes	\$ 4,113,387	\$ 1,201	\$ 1,437	\$ 714,353	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 641	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	54,188	0	0	0	0
<u>Permits</u>					
Beer Permits	8,934	0	0	0	0
Total Licenses and Permits	\$ 63,763	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
Circuit Court	\$ 5,541	\$ 0	\$ 0	\$ 1,035	\$ 0
Fines					

(Continued)

Grainger 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			
	\$	1,542	\$	0	\$	283	\$	0
<u>Circuit Court (Cont.)</u>		0		0		0		5,217
Officers Costs		17		0		0		0
Drug Control Fines		435		0		0		0
Jail Fees		312		0		0		0
DUI Treatment Fines		198		0		0		0
Data Entry Fee - Circuit Court								
Victims Assistance Assessments								
<u>General Sessions Court</u>		10,233		0		0		1,875
Fines		7,598		0		0		1,402
Officers Costs		64		0		12		0
Game and Fish Fines		0		0		0		5,559
Drug Control Fines		8,450		0		0		0
Jail Fees		4,778		0		0		0
DUI Treatment Fines		2,843		0		0		0
Data Entry Fee - General Sessions Court		160		0		0		0
Courtroom Security Fee		1,637		0		0		0
Victims Assistance Assessments								
<u>Juvenile Court</u>		42		0		7		0
Fines		492		0		0		0
Officers Costs		112		0		0		0
Data Entry Fee - Juvenile Court								
<u>Chancery Court</u>		3,575		0		0		0
Officers Costs		1,164		0		0		0
Data Entry Fee - Chancery Court								
<u>Other Courts - In-county</u>		1,188		0		0		0
Jail Fees								
<u>Other Fines, Forfeitures, and Penalties</u>		0		0		0		18,486
Proceeds from Confiscated Property								
Total Fines, Forfeitures, and Penalties	\$	50,381	\$	0	\$	4,614	\$	29,262

(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	\$ 2,851	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	923,113	0	0	0	0
Other General Service Charges	100	0	0	0	0
Service Charges	14,159	0	0	0	0
<u>Fees</u>					
Recreation Fees	0	0	0	0	0
Copy Fees	7,814	0	0	0	0
Library Fees	3,559	0	0	0	0
Archives and Records Management Fee - County Clerk	1,329	0	0	0	0
Telephone Commissions	9,076	0	0	0	0
Vending Machine Collections	348	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	7,846	0	0	0	0
Data Processing Fee - Sheriff	726	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,800	0	0	0	0
Total Charges for Current Services	\$ 972,721	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	26,087	0	0	100	0
Sale of Materials and Supplies	2,110	0	0	0	0
Commissary Sales	2,609	0	0	0	0
Sale of Maps	10	0	0	0	0
Sale of Recycled Materials	634	0	0	17,738	0
Miscellaneous Refunds	84,397	0	0	0	738
<u>Nonrecurring Items</u>					
Sale of Equipment	9,934	0	0	7,425	0
Sale of Property	0	0	0	0	0

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	<u>General</u>	<u>Courthouse and Jail Maintenance</u>	<u>Law Library</u>	<u>Solid Waste / Sanitation</u>	<u>Drug Control</u>
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items (Cont.)</u>					
Contributions and Gifts	\$ 624	\$ 0	\$ 0	\$ 0	\$ 55
Other Local Revenues	461	0	0	0	0
Total Other Local Revenues	\$ 1,268,666	\$ 0	\$ 0	\$ 25,263	\$ 793
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 9,572	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	107,500	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	38,502	0	0	0	0
General Sessions Court Clerk	72,272	0	0	0	0
Clerk and Master	65,086	0	0	0	0
Juvenile Court Clerk	4,648	0	0	0	0
Register	90,293	0	0	0	0
Sheriff	5,613	0	0	0	0
Total Fees Received from County Officials	\$ 393,486	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	5,768	0	0	0	0
Solid Waste Grants	0	0	0	5,891	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	6,600	0	0	0	0
<u>Health and Welfare Grants</u>					
Public Health Nurses	25,090	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	47,089	0	0	0	0

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	<u>General</u>	<u>Courthouse and Jail Maintenance</u>	<u>Law Library</u>	<u>Solid Waste / Sanitation</u>	<u>Drug Control</u>
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 35,166	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	33,549	0	0	0	0
State Revenue Sharing - T.V.A.	398,277	0	0	71,440	0
Contracted Prisoner Boarding	478,985	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	18,302	0	0	0	0
Other State Grants	1,504	0	0	0	0
Other State Revenues	2,325	0	0	0	0
Total State of Tennessee	\$ 1,059,405	\$ 0	\$ 0	\$ 77,331	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 35,500	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	83,948	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	920	0	0	0	0
Total Federal Government	\$ 120,368	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 6,900,377	\$ 1,201	\$ 1,437	\$ 821,561	\$ 30,055

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 74,237	\$ 0	\$ 445,158	\$ 1,039,258	\$ 5,705,212	
Trustee's Collections - Prior Year	4,655	0	28,169	75,646	342,699	
Circuit/Clerk & Master Collections - Prior Years	2,288	0	13,727	32,748	168,397	
Interest and Penalty	787	0	4,594	12,174	56,152	
Payments in-Lieu-of Taxes - T.V.A.	55	0	10,376	776	14,121	
Payments in-Lieu-of Taxes - Local Utilities	1,148	0	6,885	16,065	24,098	
Payments in-Lieu-of Taxes - Other	4,599	0	27,595	64,388	157,714	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	330,009	330,009	
Litigation Tax - General	0	0	0	0	3,137	
Litigation Tax - Special Purpose	0	0	0	0	31,477	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	12,417	
Business Tax	770	0	3,880	9,710	49,581	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	609	0	3,652	8,522	44,803	
Wholesale Beer Tax	0	0	0	0	111,719	
Interstate Telecommunications Tax	0	0	0	0	1,322	
Total Local Taxes	\$ 89,148	\$ 0	\$ 544,036	\$ 1,589,296	\$ 7,052,858	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 641	
Cable TV Franchise	0	0	0	0	54,188	
<u>Permits</u>						
Beer Permits	0	0	0	0	8,934	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,763	
<u>Fines, Forfeitures, and Penalties</u>						
Circuit Court	\$ 137	\$ 0	\$ 792	\$ 1,885	\$ 9,390	
Fines						

(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>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Officers Costs	38 \$	0 \$	211 \$	507 \$	2,581	
Drug Control Fines	0	0	0	0	5,217	
Jail Fees	0	0	0	0	17	
DUI Treatment Fines	0	0	0	0	435	
Data Entry Fee - Circuit Court	0	0	0	0	312	
Victims Assistance Assessments	0	0	0	0	198	
<u>General Sessions Court</u>						
Fines	245	0	1,335	3,353	17,041	
Officers Costs	187	0	1,044	2,524	12,755	
Game and Fish Fines	2	0	9	21	108	
Drug Control Fines	0	0	0	0	5,559	
Jail Fees	0	0	0	0	8,450	
DUI Treatment Fines	0	0	0	0	4,778	
Data Entry Fee - General Sessions Court	0	0	0	0	2,843	
Courtroom Security Fee	0	0	0	0	160	
Victims Assistance Assessments	0	0	0	0	1,637	
<u>Juvenile Court</u>						
Fines	1	0	6	13	69	
Officers Costs	0	0	0	0	492	
Data Entry Fee - Juvenile Court	0	0	0	0	112	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	3,575	
Data Entry Fee - Chancery Court	0	0	0	0	1,164	
<u>Other Courts - In-county</u>						
Jail Fees	0	0	0	0	1,188	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	18,486	
Total Fines, Forfeitures, and Penalties	610 \$	0 \$	3,397 \$	8,303 \$	96,567	

(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	\$ 2,851	
Patient Charges	0	0	0	0	923,113	
Other General Service Charges	0	0	0	0	100	
Service Charges	0	0	0	0	14,159	
<u>Fees</u>						
Recreation Fees	9,110	0	0	0	9,110	
Copy Fees	0	0	0	0	7,814	
Library Fees	0	0	0	0	3,559	
Archives and Records Management Fee - County Clerk	0	0	0	0	1,329	
Telephone Commissions	0	0	0	0	9,076	
Vending Machine Collections	0	0	0	0	348	
Constitutional Officers' Fees and Commissions	0	324,080	0	0	324,080	
Special Commissioner Fees/Special Master Fees	0	21,202	0	0	21,202	
Data Processing Fee - Register	0	0	0	0	7,846	
Data Processing Fee - Sheriff	0	0	0	0	726	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,800	
Total Charges for Current Services	\$ 9,110	\$ 345,282	\$ 0	\$ 0	\$ 1,327,113	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 236,897	\$ 236,897	
Lease/Rentals	0	0	0	0	26,187	
Sale of Materials and Supplies	0	0	0	0	2,110	
Commissary Sales	0	0	0	0	2,609	
Sale of Maps	0	0	0	0	10	
Sale of Recycled Materials	0	0	0	0	18,372	
Miscellaneous Refunds	305	0	0	0	85,440	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	17,359	
Sale of Property	10,000	0	0	0	10,000	

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Fund Total
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items (Cont.)</u>					
Contributions and Gifts	\$ 2,943	\$ 0	\$ 0	\$ 0	\$ 3,622
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	461
Total Other Local Revenues	\$ 13,248	\$ 0	\$ 0	\$ 236,897	\$ 403,067
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,572
Trustee	0	0	0	0	107,500
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	0	0	0	0	38,502
General Sessions Court Clerk	0	0	0	0	72,272
Clerk and Master	0	0	0	0	65,086
Juvenile Court Clerk	0	0	0	0	4,648
Register	0	0	0	0	90,293
Sheriff	0	0	0	0	5,613
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 393,486
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,750
State Reappraisal Grant	0	0	0	0	5,768
Solid Waste Grants	0	0	0	0	5,891
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	6,600
<u>Health and Welfare Grants</u>					
Public Health Nurses	0	0	0	0	25,090
<u>Public Works Grants</u>					
State Aid Program	0	0	325,414	0	325,414
Litter Program	0	0	0	0	47,089

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Service Fund	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,166
Alcoholic Beverage Tax	0	0	0	0	0	33,549
State Revenue Sharing - T.V.A.	8,930	0	43,536	125,019	0	647,202
Contracted Prisoner Boarding	0	0	0	0	0	478,985
Gasoline and Motor Fuel Tax	0	0	1,426,330	0	0	1,426,330
Petroleum Special Tax	0	0	16,591	0	0	16,591
Registrar's Salary Supplement	0	0	0	0	0	18,302
Other State Grants	0	0	0	0	0	1,504
Other State Revenues	0	0	0	0	0	2,325
Total State of Tennessee	\$ 8,930	\$ 0	\$ 1,811,871	\$ 125,019	\$ 0	\$ 3,082,556
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,500
Homeland Security Grants	0	0	0	0	0	83,948
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	920
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 120,368
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 0	\$ 700,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 0	\$ 700,000
Total	\$ 121,046	\$ 345,282	\$ 2,359,304	\$ 2,659,515	\$ 13,239,778	

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,086,673	\$ 0	\$ 0	\$ 2,086,673
Trustee's Collections - Prior Year	131,456	0	0	131,456
Circuit/Clerk & Master Collections - Prior Years	64,060	0	0	64,060
Interest and Penalty	21,440	0	0	21,440
Payments in-Lieu-of Taxes - T.V.A.	1,551	0	0	1,551
Payments in-Lieu-of Taxes - Local Utilities	32,131	0	0	32,131
Payments in-Lieu-of Taxes - Other	128,776	0	0	128,776
<u>County Local Option Taxes</u>				
Local Option Sales Tax	960,974	0	0	960,974
Business Tax	18,108	0	0	18,108
<u>Statutory Local Taxes</u>				
Bank Excise Tax	17,045	0	0	17,045
Interstate Telecommunications Tax	1,702	0	0	1,702
Total Local Taxes	\$ 3,463,916	\$ 0	\$ 0	\$ 3,463,916
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 594	\$ 0	\$ 0	\$ 594
Total Licenses and Permits	\$ 594	\$ 0	\$ 0	\$ 594
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 3,697	\$ 0	\$ 0	\$ 3,697
Officers Costs	983	0	0	983
<u>General Sessions Court</u>				
Fines	6,231	0	0	6,231
Officers Costs	4,872	0	0	4,872
Game and Fish Fines	42	0	0	42
<u>Juvenile Court</u>				
Fines	26	0	0	26
Total Fines, Forfeitures, and Penalties	\$ 15,851	\$ 0	\$ 0	\$ 15,851
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 308,468	\$ 308,468
Lunch Payments - Adults	0	0	73,192	73,192
Income from Breakfast	0	0	50,360	50,360
A la carte Sales	0	0	154,977	154,977
Receipts from Individual Schools	0	0	2,237	2,237
Community Service Fees - Adults	240	0	0	240
TBI Criminal Background Fees	5,100	0	0	5,100
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	9,282	9,282
Total Charges for Current Services	\$ 5,340	\$ 0	\$ 598,516	\$ 603,856
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 3,567	\$ 3,567
Cobra Insurance Payments	6,912	0	0	6,912
Miscellaneous Refunds	48,637	0	3,206	51,843

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Contributions and Gifts	114,573	0	0	114,573
<u>Other Local Revenues</u>				
Other Local Revenues	50,198	0	0	50,198
Total Other Local Revenues	\$ 220,320	\$ 0	\$ 6,773	\$ 227,093
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 144,590	\$ 0	\$ 0	\$ 144,590
<u>State Education Funds</u>				
Basic Education Program	16,864,750	0	0	16,864,750
Basic Education Program - ARRA	635,600	0	0	635,600
Early Childhood Education	394,810	0	0	394,810
School Food Service	0	0	19,473	19,473
Driver Education	12,448	0	0	12,448
Other State Education Funds	65,906	0	0	65,906
Coordinated School Health - ARRA	89,720	0	0	89,720
Internet Connectivity - ARRA	10,231	0	0	10,231
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	8,772	0	0	8,772
Career Ladder Program	145,083	0	0	145,083
Career Ladder - Extended Contract - ARRA	39,641	0	0	39,641
Other Vocational	5,733	0	0	5,733
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	250,040	0	0	250,040
Other State Grants	31,250	0	0	31,250
Safe Schools - ARRA	23,000	0	0	23,000
Total State of Tennessee	\$ 18,754,874	\$ 0	\$ 19,473	\$ 18,774,347
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 878,197	\$ 878,197
USDA - Commodities	0	0	97,917	97,917
Breakfast	0	0	332,997	332,997
USDA - Other	0	0	3,331	3,331
USDA Food Service Equipment Grant - ARRA	0	0	37,919	37,919
Adult Education State Grant Program	67,724	0	0	67,724
Vocational Education - Basic Grants to States	0	66,338	0	66,338
Title I Grants to Local Education Agencies	0	1,009,799	0	1,009,799
Special Education - Grants to States	0	1,300,526	0	1,300,526
Special Education Preschool Grants	0	53,347	0	53,347
English Language Acquisition Grants	0	10,169	0	10,169
Rural Education	0	74,643	0	74,643
Eisenhower Professional Development State Grants	0	189,572	0	189,572
Other Federal through State	75,000	16,555	0	91,555
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	\$ 59,581	\$ 0	\$ 0	\$ 59,581
Total Federal Government	\$ 202,305	\$ 2,720,949	\$ 1,350,361	\$ 4,273,615
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contracted Services	\$ 219,932	\$ 0	\$ 0	\$ 219,932
Total Other Governments and Citizens Groups	\$ 219,932	\$ 0	\$ 0	\$ 219,932
Total	\$ 22,883,132	\$ 2,720,949	\$ 1,975,123	\$ 27,579,204

Exhibit J-7

Grainger County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	40,250	
Social Security		3,079	
State Retirement		3,844	
Dues and Memberships		1,450	
Total County Commission			\$ 48,623

Board of Equalization

Board and Committee Members Fees	\$	256	
Total Board of Equalization			256

Beer Board

Board and Committee Members Fees	\$	625	
Total Beer Board			625

Budget and Finance Committee

Board and Committee Members Fees	\$	1,875	
Total Budget and Finance Committee			1,875

County Mayor/Executive

County Official/Administrative Officer	\$	70,038	
Longevity Pay		1,550	
Other Salaries and Wages		48,075	
Social Security		8,970	
State Retirement		12,499	
Unemployment Compensation		227	
Communication		1,759	
Data Processing Services		6,430	
Dues and Memberships		1,335	
Maintenance Agreements		1,604	
Postal Charges		1,870	
Printing, Stationery, and Forms		439	
Travel		1,350	
Office Supplies		1,383	
Other Supplies and Materials		470	
Office Equipment		718	
Total County Mayor/Executive			158,717

Election Commission

County Official/Administrative Officer	\$	51,976	
Assistant(s)		22,277	

(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.)

Election Commission	\$	23,250	
Election Workers		8,919	
In-Service Training		2,755	
Social Security		5,676	
State Retirement		7,767	
Unemployment Compensation		192	
Communication		1,851	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		1,855	
Maintenance Agreements		9,087	
Maintenance and Repair Services - Equipment		978	
Maintenance and Repair Services - Office Equipment		1,495	
Postal Charges		1,087	
Printing, Stationery, and Forms		2,254	
Rentals		3,600	
Travel		6,337	
Electricity		1,294	
Office Supplies		928	
Propane Gas		2,092	
Water and Sewer		457	
Transfers to Other Funds		6,650	
Total Election Commission			\$ 163,002

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Clerical Personnel		44,554	
Part-time Personnel		816	
Longevity Pay		1,050	
Social Security		6,965	
State Retirement		10,808	
Unemployment Compensation		226	
Communication		3,050	
Data Processing Services		7,668	
Dues and Memberships		622	
Maintenance Agreements		5,970	
Maintenance and Repair Services - Office Equipment		234	
Postal Charges		2,000	
Travel		48	
Office Supplies		2,812	
Office Equipment		4,393	
Total Register of Deeds			148,967

(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	\$	6,125	
Other Contracted Services		9,250	
Other Charges		10	
Total Planning			\$ 15,385

County Buildings

Custodial Personnel	\$	8,494	
Social Security		691	
State Retirement		43	
Unemployment Compensation		103	
Maintenance and Repair Services - Buildings		11,351	
Other Contracted Services		160	
Coal		3,338	
Custodial Supplies		3,810	
Electricity		15,791	
Water and Sewer		2,680	
Building Improvements		2,476	
Total County Buildings			48,937

Other Facilities

Maintenance Personnel	\$	26,004	
Social Security		1,904	
State Retirement		2,141	
Unemployment Compensation		153	
Communication		1,662	
Maintenance and Repair Services - Buildings		42,763	
Other Contracted Services		270	
Custodial Supplies		5,086	
Diesel Fuel		2,171	
Electricity		88,464	
Propane Gas		49,151	
Water and Sewer		27,098	
Total Other Facilities			246,867

Preservation of Records

Part-time Personnel	\$	10,609	
Social Security		812	
Unemployment Compensation		84	
Communication		1,351	
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.)

Travel	\$	185	
Electricity		3,705	
Office Supplies		8,416	
Other Supplies and Materials		1,411	
Other Charges		969	
Total Preservation of Records			\$ 27,692

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		12,610	
Deputy(ies)		22,734	
Part-time Personnel		2,500	
Longevity Pay		700	
Social Security		7,083	
State Retirement		8,710	
Unemployment Compensation		164	
Communication		1,790	
Contracts with Private Agencies		2,900	
Data Processing Services		8,419	
Maintenance Agreements		643	
Maintenance and Repair Services - Vehicles		298	
Postal Charges		600	
Gasoline		1,690	
Office Supplies		294	
Other Supplies and Materials		362	
Total Property Assessor's Office			129,248

County Trustee's Office

Social Security	\$	11,112	
State Retirement		15,610	
Unemployment Compensation		357	
Communication		2,188	
Data Processing Services		9,940	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		18	
Maintenance Agreements		1,052	
Postal Charges		6,954	
Printing, Stationery, and Forms		590	
Travel		835	

(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.)

Office Supplies	\$	2,450	
Data Processing Equipment		997	
Office Equipment		979	
Total County Trustee's Office			\$ 53,589

County Clerk's Office

Social Security	\$	12,450	
State Retirement		12,666	
Unemployment Compensation		29	
Communication		2,908	
Data Processing Services		630	
Dues and Memberships		817	
Maintenance Agreements		1,759	
Postal Charges		7,040	
Printing, Stationery, and Forms		975	
Travel		1,882	
Office Supplies		7,401	
Other Charges		690	
Data Processing Equipment		480	
Total County Clerk's Office			49,727

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,763	
Deputy(ies)		24,612	
Secretary(ies)		24,209	
Longevity Pay		700	
Jury and Witness Expense		7,011	
Social Security		7,546	
State Retirement		11,220	
Unemployment Compensation		205	
Communication		3,185	
Dues and Memberships		457	
Legal Notices, Recording, and Court Costs		224	
Maintenance Agreements		12,285	
Postal Charges		3,194	
Travel		564	
Office Supplies		3,360	
Total Circuit Court			156,535

(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)	\$	88,593	
Secretary(ies)		31,800	
Longevity Pay		250	
Social Security		8,997	
State Retirement		11,804	
Unemployment Compensation		182	
Maintenance Agreements		696	
Postal Charges		145	
Printing, Stationery, and Forms		1,946	
Office Supplies		387	
Total General Sessions Court			\$ 144,800

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,298	
Longevity Pay		500	
Social Security		5,636	
State Retirement		8,635	
Unemployment Compensation		102	
Communication		1,959	
Dues and Memberships		457	
Postal Charges		1,698	
Printing, Stationery, and Forms		2,099	
Library Books/Media		310	
Office Supplies		3,300	
Premiums on Corporate Surety Bonds		250	
Total Chancery Court			106,995

Juvenile Court

Assistant(s)	\$	4,968	
Supervisor/Director		31,468	
Probation Officer(s)		6,240	
Social Security		3,216	
State Retirement		3,215	
Unemployment Compensation		215	
Communication		2,855	
Contracts with Other Public Agencies		6,570	
Dues and Memberships		330	
Maintenance and Repair Services - Office Equipment		200	
Medical and Dental Services		200	

(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.)

Postal Charges	\$	800	
Printing, Stationery, and Forms		421	
Travel		2,057	
Food Preparation Supplies		16	
Office Supplies		1,934	
Uniforms		474	
Other Supplies and Materials		188	
Other Charges		300	
Office Equipment		600	
Total Juvenile Court			\$ 66,267

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	66,703
Deputy(ies)		436,795
Sergeant(s)		79,682
Medical Personnel		24,520
Salary Supplements		5,400
Secretary(ies)		44,525
Longevity Pay		3,150
In-Service Training		8,148
Social Security		46,874
State Retirement		56,414
Unemployment Compensation		2,195
Communication		10,884
Dues and Memberships		1,980
Maintenance Agreements		3,023
Maintenance and Repair Services - Vehicles		54,515
Postal Charges		1,290
Printing, Stationery, and Forms		1,586
Travel		5,195
Electricity		479
Gasoline		100,835
Law Enforcement Supplies		6,573
Office Supplies		4,134
Tires and Tubes		8,425
Uniforms		11,091
Other Supplies and Materials		12,377
Other Charges		12,195
Principal on Capital Leases		8,089

(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.)

Interest on Capital Leases	\$	472	
Communication Equipment		12,836	
Motor Vehicles		12,369	
Total Sheriff's Department			\$ 1,042,754

Jail

Medical Personnel	\$	60,279	
Guards		519,550	
Cafeteria Personnel		55,334	
Social Security		41,014	
State Retirement		54,762	
Unemployment Compensation		2,988	
Medical and Dental Services		79,681	
Other Contracted Services		1,591	
Drugs and Medical Supplies		16,378	
Food Preparation Supplies		142,786	
Other Supplies and Materials		37,593	
Other Charges		2,990	
Total Jail			1,014,946

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		2,800	
Social Security		652	
Unemployment Compensation		84	
Communication		2,677	
Maintenance Agreements		4,000	
Maintenance and Repair Services - Equipment		2,088	
Maintenance and Repair Services - Vehicles		2,744	
Printing, Stationery, and Forms		114	
Rentals		1,106	
Travel		152	
Diesel Fuel		221	
Gasoline		1,185	
Office Supplies		271	
Uniforms		700	

(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.)

Communication Equipment	\$	2,913	
Data Processing Equipment		974	
Surplus Equipment		3,000	
Other Equipment		18,872	
Other Capital Outlay		1,223	
Total Civil Defense			\$ 54,300

Other Emergency Management

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

Inspection and Regulation

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

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	12,566	
Other Salaries and Wages		24,074	
Social Security		2,804	
Unemployment Compensation		373	
Communication		3,264	
Dues and Memberships		200	
Maintenance Agreements		1,224	
Maintenance and Repair Services - Buildings		200	
Postal Charges		50	
Travel		1,950	
Other Contracted Services		362	
Custodial Supplies		357	
Drugs and Medical Supplies		1,407	
Office Supplies		612	
Utilities		11,503	
Other Supplies and Materials		10,388	
Other Charges		1,000	
Total Local Health Center			72,334

Ambulance/Emergency Medical Services

Supervisor/Director	\$	36,000	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Medical Personnel	\$	756,503	
Paraprofessionals		1,000	
Longevity Pay		950	
Other Salaries and Wages		30,064	
Board and Committee Members Fees		469	
In-Service Training		734	
Social Security		60,677	
State Retirement		66,852	
Unemployment Compensation		3,342	
Communication		9,921	
Debt Collection Services		55,781	
Licenses		2,150	
Maintenance Agreements		1,410	
Maintenance and Repair Services - Vehicles		18,083	
Postal Charges		1,500	
Rentals		8,761	
Travel		1,312	
Diesel Fuel		32,566	
Drugs and Medical Supplies		63,542	
Electricity		6,837	
Office Supplies		1,228	
Tires and Tubes		5,388	
Uniforms		1,349	
Water and Sewer		1,554	
Other Supplies and Materials		9,678	
Principal on Capital Leases		5,000	
Building Improvements		782	
Communication Equipment		2,894	
Motor Vehicles		73,900	
Total Ambulance/Emergency Medical Services			\$ 1,260,227

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	\$ 15,728	
Total Appropriation to State		\$ 15,728

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	6,000	
Total Senior Citizens Assistance		7,000

Libraries

Assistant(s)	\$ 7,210
Librarians	54,374
Part-time Personnel	3,090
Longevity Pay	1,750
Social Security	4,854
State Retirement	4,417
Unemployment Compensation	441
Communication	6,735
Data Processing Services	425
Maintenance and Repair Services - Buildings	459
Maintenance and Repair Services - Office Equipment	1,515
Postal Charges	362
Travel	20
Other Contracted Services	1,120
Electricity	7,123
Library Books/Media	15,718
Office Supplies	873
Periodicals	637

(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.)

Water and Sewer	\$	209	
Other Supplies and Materials		124	
Other Charges		123	
Total Libraries			\$ 111,579

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	41,300	
Communication		2,615	
Contributions		5,915	
Travel		5,400	
Total Agriculture Extension Service			55,230

Soil Conservation

Secretary(ies)	\$	23,006	
Longevity Pay		350	
Other Salaries and Wages		19,007	
Social Security		3,135	
State Retirement		4,431	
Unemployment Compensation		215	
Communication		1,770	
Contributions		4,000	
Rentals		4,200	
Remittance of Revenue Collected		6,484	
Other Supplies and Materials		1,540	
Office Equipment		511	
Total Soil Conservation			68,649

Other Operations

Tourism

Contributions	\$	1,000	
Total Tourism			1,000

Industrial Development

Longevity Pay	\$	850	
Other Salaries and Wages		31,034	
Social Security		2,419	
State Retirement		1,595	
Unemployment Compensation		186	
Maintenance and Repair Services - Equipment		246	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Electricity	\$	9,331	
Water and Sewer		972	
Other Supplies and Materials		1,280	
Other Charges		1,078	
Other Construction		7,000	
Total Industrial Development			\$ 55,991

Veterans' Services

Supervisor/Director	\$	6,375	
Social Security		488	
Unemployment Compensation		76	
Communication		729	
Total Veterans' Services			7,668

Other Charges

Medical Insurance	\$	396,645	
Building and Contents Insurance		29,333	
Liability Insurance		23,642	
Trustee's Commission		85,657	
Vehicle and Equipment Insurance		25,666	
Workers' Compensation Insurance		71,407	
Total Other Charges			632,350

Contributions to Other Agencies

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

Miscellaneous

Audit Services	\$	6,803	
Contributions		16,500	
Legal Services		7,380	
Maintenance Agreements		4,602	
Other Charges		9,579	
Total Miscellaneous			44,864

Highways

Litter and Trash Collection

Guards	\$	19,620	
Social Security		1,542	
State Retirement		1,868	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Unemployment Compensation	\$	106	
Instructional Supplies and Materials		5,722	
Other Supplies and Materials		<u>2,916</u>	
Total Litter and Trash Collection	\$		31,774

Capital Projects

Public Health and Welfare Projects

Other Construction	\$	<u>35,750</u>	
Total Public Health and Welfare Projects			<u>35,750</u>

Total General Fund \$ 6,314,376

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Trustee's Commission	\$	<u>12</u>	
Total County Buildings	\$		<u>12</u>

Total Courthouse and Jail Maintenance Fund 12

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	3,113	
Trustee's Commission		<u>14</u>	
Total Libraries	\$		<u>3,127</u>

Total Law Library Fund 3,127

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Accountants/Bookkeepers	\$	10,300	
Attendants		185,741	
Longevity Pay		3,250	
Social Security		14,939	
State Retirement		15,021	
Unemployment Compensation		964	
Communication		673	
Maintenance and Repair Services - Vehicles		4,117	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Disposal Fees	\$	398,556	
Other Contracted Services		3,500	
Diesel Fuel		4,128	
Tires and Tubes		890	
Utilities		12,216	
Other Supplies and Materials		6,429	
Liability Insurance		9,167	
Trustee's Commission		14,580	
Vehicle and Equipment Insurance		6,111	
Workers' Compensation Insurance		11,938	
Other Charges		2,543	
Principal on Capital Leases		5,416	
Solid Waste Equipment		20,145	
Total Sanitation Management			\$ 730,624

Recycling Center

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

Postclosure Care Costs

Testing	\$	8,286	
Total Postclosure Care Costs			8,286

Total Solid Waste/Sanitation Fund \$ 748,510

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	2,209	
Instructional Supplies and Materials		5,295	
Law Enforcement Supplies		1,533	
Other Supplies and Materials		356	
Trustee's Commission		103	
Motor Vehicles		1,372	
Total Drug Enforcement			\$ 10,868

Total Drug Control Fund 10,868

(Continued)

Exhibit J-7

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

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	29,000	
Clerical Personnel		6,900	
Custodial Personnel		7,278	
Longevity Pay		150	
Social Security		3,204	
State Retirement		3,339	
Unemployment Compensation		210	
Communication		1,287	
Contributions		2,392	
Legal Notices, Recording, and Court Costs		1,409	
Postal Charges		122	
Travel		492	
Other Contracted Services		9,466	
Electricity		2,337	
Gasoline		1,425	
Office Supplies		128	
Other Supplies and Materials		1,179	
Premiums on Corporate Surety Bonds		188	
Trustee's Commission		1,815	
Vehicle and Equipment Insurance		3,181	
Other Charges		10,264	
Maintenance Equipment		1,985	
Office Equipment		188	
Other Construction		135,961	
Total Parks and Fair Boards		<u>135,961</u>	\$ <u>223,900</u>

Total Sports and Recreation Fund \$ 223,900

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>152,763</u>	
Total County Trustee's Office			\$ 152,763

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>165,851</u>	
Total County Clerk's Office			165,851

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	21,202	
Constitutional Officers' Operating Expenses		1,970	
Total Chancery Court			\$ 23,172

Total Constitutional Officers - Fees Fund \$ 341,786

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
Accountants/Bookkeepers		36,627	
Secretary(ies)		26,520	
Data Processing Services		3,430	
Legal Notices, Recording, and Court Costs		189	
Postal Charges		819	
Travel		697	
Office Supplies		1,230	
Other Charges		2,973	
Total Administration			\$ 136,012

Highway and Bridge Maintenance

Salary Supplements	\$	18,700	
Foremen		95,472	
Equipment Operators		111,634	
Truck Drivers		187,765	
Laborers		329,862	
Rentals		2,010	
Asphalt - Cold Mix		6,174	
Asphalt - Hot Mix		460,334	
Crushed Stone		18,684	
Pipe - Metal		4,211	
Road Signs		1,600	
Small Tools		422	
Other Supplies and Materials		924	
Total Highway and Bridge Maintenance			1,237,792

Operation and Maintenance of Equipment

Mechanic(s)	\$	26,423	
Nightwatchmen		23,234	
Maintenance and Repair Services - Equipment		1,299	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	29,940	
Electricity		2,937	
Equipment and Machinery Parts		26,217	
Gasoline		31,077	
Lubricants		3,037	
Small Tools		378	
Tires and Tubes		11,159	
Other Supplies and Materials		944	
Total Operation and Maintenance of Equipment			\$ 156,645

Other Charges

Communication	\$	5,373	
Custodial Supplies		732	
Electricity		1,954	
Water and Sewer		457	
Trustee's Commission		25,267	
Vehicle and Equipment Insurance		61,110	
Workers' Compensation Insurance		71,629	
Total Other Charges			166,522

Employee Benefits

Social Security	\$	73,580	
State Retirement		74,866	
Unemployment Compensation		13,784	
Total Employee Benefits			162,230

Capital Outlay

Bridge Construction	\$	6,400	
Furniture and Fixtures		168	
Highway Equipment		30,050	
State Aid Projects		417,461	
Total Capital Outlay			454,079

Total Highway/Public Works Fund \$ 2,313,280

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	285,000	
Principal on Notes		199,312	
Total General Government			\$ 484,312

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Highways and Streets

Principal on Notes	\$ 37,500	
Principal on Other Loans	90,000	
Total Highways and Streets		\$ 127,500

Education

Principal on Bonds	\$ 740,000	
Principal on Notes	279,378	
Total Education		1,019,378

Interest on Debt

General Government

Interest on Bonds	\$ 199,310	
Interest on Notes	27,684	
Total General Government		226,994

Highways and Streets

Interest on Notes	\$ 4,674	
Interest on Other Loans	1,750	
Total Highways and Streets		6,424

Education

Interest on Bonds	\$ 984,684	
Interest on Notes	16,674	
Total Education		1,001,358

Other Debt Service

General Government

Trustee's Commission	\$ 31,329	
Total General Government		31,329

Highways and Streets

Other Debt Service	\$ 3,804	
Total Highways and Streets		3,804

Total General Debt Service Fund \$ 2,901,099

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Building Construction	\$ 11,227	
Total Administration of Justice Projects		\$ 11,227

Total General Capital Projects Fund 11,227

Total Governmental Funds - Primary Government \$ 12,868,185

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,163,565	
Career Ladder Program	92,472	
Career Ladder Extended Contracts	33,751	
Homebound Teachers	64,581	
Educational Assistants	309,131	
Other Salaries and Wages	101,468	
Certified Substitute Teachers	117,442	
Non-certified Substitute Teachers	151,039	
Social Security	424,169	
State Retirement	455,627	
Life Insurance	5,030	
Medical Insurance	1,183,353	
Unemployment Compensation	5,800	
Employer Medicare	101,834	
Maintenance and Repair Services - Equipment	21,789	
Instructional Supplies and Materials	82,192	
Textbooks	165,178	
Other Charges	73,081	
Regular Instruction Equipment	62,841	
Total Regular Instruction Program		\$ 10,614,343

Alternative Instruction Program

Teachers	\$ 37,284	
Educational Assistants	19,450	
Social Security	3,448	
State Retirement	4,428	
Life Insurance	29	
Medical Insurance	2,760	
Unemployment Compensation	45	
Employer Medicare	806	
Total Alternative Instruction Program		68,250

Special Education Program

Teachers	\$ 696,664
Career Ladder Program	12,000
Homebound Teachers	11,076
Educational Assistants	186,975
Speech Pathologist	186,153
Other Salaries and Wages	138,468

(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.)

Certified Substitute Teachers	\$	7,210	
Non-certified Substitute Teachers		36,088	
Social Security		73,298	
State Retirement		85,497	
Life Insurance		691	
Medical Insurance		156,267	
Unemployment Compensation		885	
Employer Medicare		17,190	
Maintenance and Repair Services - Equipment		117	
Other Contracted Services		125,456	
Instructional Supplies and Materials		600	
Other Supplies and Materials		1,540	
Other Charges		1,034	
Special Education Equipment		493	
Total Special Education Program			\$ 1,737,702

Vocational Education Program

Teachers	\$	629,770	
Career Ladder Program		7,000	
Other Salaries and Wages		26,543	
Certified Substitute Teachers		4,605	
Non-certified Substitute Teachers		7,332	
Social Security		39,148	
State Retirement		42,562	
Life Insurance		490	
Medical Insurance		100,027	
Unemployment Compensation		358	
Employer Medicare		9,190	
Instructional Supplies and Materials		8,778	
T&I Construction Materials		856	
Total Vocational Education Program			876,659

Student Body Education Program

Other Salaries and Wages	\$	94,440
Social Security		5,871
Medical Insurance		76
Employer Medicare		1,373
Other Fringe Benefits		12,583
Instructional Supplies and Materials		32,887

(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 Charges	\$ 2,719	
Total Student Body Education Program		\$ 149,949

Adult Education Program

Teachers	\$ 199,573	
Clerical Personnel	3,750	
Educational Assistants	29,154	
Other Salaries and Wages	23,207	
Social Security	14,556	
State Retirement	18,320	
Life Insurance	103	
Medical Insurance	23,381	
Unemployment Compensation	168	
Employer Medicare	3,476	
Instructional Supplies and Materials	4,088	
Other Supplies and Materials	6,145	
Other Charges	75	
Other Equipment	2,797	
Total Adult Education Program		328,793

Support Services

Attendance

Supervisor/Director	\$ 5,894	
Social Security	365	
State Retirement	378	
Life Insurance	29	
Unemployment Compensation	30	
Employer Medicare	86	
Travel	314	
Total Attendance		7,096

Health Services

Medical Personnel	\$ 167,633
Other Salaries and Wages	16,448
Social Security	10,298
State Retirement	18,605
Life Insurance	115
Medical Insurance	26,677
Unemployment Compensation	141

(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.)

Employer Medicare	\$	2,408	
Communication		400	
Travel		3,482	
Drugs and Medical Supplies		3,718	
Instructional Supplies and Materials		7,043	
In Service/Staff Development		1,006	
Other Charges		1,499	
Total Health Services			\$ 259,473

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		227,589	
School Resource Officer		23,000	
Other Salaries and Wages		6,567	
Social Security		13,490	
State Retirement		15,491	
Life Insurance		144	
Medical Insurance		40,807	
Unemployment Compensation		112	
Employer Medicare		3,155	
Evaluation and Testing		24,735	
Travel		874	
Other Supplies and Materials		681	
Total Other Student Support			359,645

Regular Instruction Program

Supervisor/Director	\$	100,086	
Career Ladder Program		5,500	
Librarians		259,641	
Instructional Computer Personnel		70,618	
Other Salaries and Wages		47,892	
In-Service Training		555	
Social Security		28,467	
State Retirement		33,454	
Life Insurance		230	
Medical Insurance		54,181	
Unemployment Compensation		220	
Employer Medicare		6,657	
Travel		22,332	

(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 Contracted Services	\$	14,993	
In Service/Staff Development		26,144	
Other Charges		4,522	
Total Regular Instruction Program			\$ 675,492

Special Education Program

Supervisor/Director	\$	60,522	
Career Ladder Program		1,000	
Clerical Personnel		15,581	
Other Salaries and Wages		1,761	
Social Security		4,439	
State Retirement		5,713	
Life Insurance		29	
Medical Insurance		8,576	
Unemployment Compensation		34	
Employer Medicare		1,038	
Consultants		350	
Travel		5,000	
Other Contracted Services		10,588	
In Service/Staff Development		4,531	
Other Charges		2,966	
Total Special Education Program			122,128

Vocational Education Program

Supervisor/Director	\$	22,305	
Career Ladder Program		1,000	
Clerical Personnel		15,581	
Social Security		2,331	
State Retirement		3,126	
Life Insurance		12	
Medical Insurance		2,043	
Unemployment Compensation		34	
Employer Medicare		545	
Travel		2,676	
Other Supplies and Materials		827	
In Service/Staff Development		310	
Other Charges		915	
Total Vocational Education Program			51,705

(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

Supervisor/Director	\$	1,545	
Other Salaries and Wages		2,500	
Social Security		96	
Employer Medicare		22	
Travel		5,324	
In Service/Staff Development		10,220	
Other Charges		2,874	
Total Adult Programs			\$ 22,581

Other Programs

On-Behalf Payments to OPEB	\$	144,590	
Total Other Programs			144,590

Board of Education

Other Salaries and Wages	\$	14,826	
Board and Committee Members Fees		28,750	
Social Security		2,651	
State Retirement		12,619	
Employer Medicare		620	
Audit Services		7,350	
Dues and Memberships		15,349	
Legal Services		875	
Travel		11,029	
Liability Insurance		26,902	
Premiums on Corporate Surety Bonds		1,500	
Trustee's Commission		99,096	
Workers' Compensation Insurance		60,016	
Criminal Investigation of Applicants - TBI		5,100	
Other Charges		2,022	
Total Board of Education			288,705

Director of Schools

County Official/Administrative Officer	\$	80,522	
Career Ladder Program		1,000	
Secretary(ies)		14,826	
Other Salaries and Wages		31,162	
Social Security		7,717	
State Retirement		10,044	
Life Insurance		26	

(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.)

Medical Insurance	\$	5,361	
Unemployment Compensation		67	
Employer Medicare		1,805	
Communication		14,531	
Dues and Memberships		500	
Postal Charges		3,612	
Travel		3,296	
Other Contracted Services		3,815	
Office Supplies		5,306	
Other Charges		2,945	
Total Director of Schools			\$ 186,535

Office of the Principal

Principals	\$	410,617	
Career Ladder Program		7,000	
Assistant Principals		297,565	
Secretary(ies)		166,165	
Social Security		51,891	
State Retirement		63,328	
Life Insurance		374	
Medical Insurance		81,188	
Unemployment Compensation		482	
Employer Medicare		12,136	
Communication		12,458	
Total Office of the Principal			1,103,204

Operation of Plant

Custodial Personnel	\$	441,183
Other Salaries and Wages		19,884
Social Security		27,807
State Retirement		44,016
Medical Insurance		4,800
Unemployment Compensation		538
Employer Medicare		6,740
Other Contracted Services		12,391
Custodial Supplies		50,668
Electricity		645,024
Natural Gas		28,228
Water and Sewer		45,628

(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.)

Operation of Plant (Cont.)

Other Supplies and Materials	\$	24,731	
Building and Contents Insurance		45,000	
Total Operation of Plant			\$ 1,396,638

Maintenance of Plant

Supervisor/Director	\$	60,522	
Other Salaries and Wages		173,177	
Social Security		13,317	
State Retirement		20,212	
Life Insurance		29	
Medical Insurance		8,969	
Unemployment Compensation		179	
Employer Medicare		3,197	
Maintenance and Repair Services - Buildings		88,498	
Travel		3,544	
Other Supplies and Materials		8,791	
Other Charges		43,956	
Total Maintenance of Plant			424,391

Transportation

Bus Drivers	\$	79,653	
Other Salaries and Wages		6,079	
Social Security		6,516	
State Retirement		4,661	
Medical Insurance		352	
Unemployment Compensation		157	
Employer Medicare		1,548	
Contracts with Parents		30,539	
Contracts with Vehicle Owners		816,602	
Maintenance and Repair Services - Vehicles		33,065	
Medical and Dental Services		3,145	
Travel		24,672	
Other Contracted Services		25,166	
Diesel Fuel		64,677	
Gasoline		17,376	
Lubricants		1,362	
Tires and Tubes		5,056	
Vehicle and Equipment Insurance		39,918	
Transportation Equipment		88,025	
Total Transportation			1,248,569

(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

Community Services

Other Salaries and Wages	\$	25,613	
Social Security		1,588	
State Retirement		2,679	
Unemployment Compensation		22	
Employer Medicare		369	
Travel		500	
Other Supplies and Materials		800	
Other Charges		1,729	
Total Community Services			\$ 33,300

Early Childhood Education

Teachers	\$	156,266	
Educational Assistants		68,279	
Certified Substitute Teachers		540	
In-Service Training		133	
Non-certified Substitute Teachers		18,717	
Social Security		14,429	
State Retirement		17,116	
Life Insurance		86	
Medical Insurance		22,880	
Unemployment Compensation		203	
Employer Medicare		3,375	
Evaluation and Testing		964	
Travel		3,970	
Instructional Supplies and Materials		52,621	
Other Supplies and Materials		6,000	
In Service/Staff Development		830	
Other Charges		28,402	
Total Early Childhood Education			394,811

Capital Outlay

Regular Capital Outlay

Architects	\$	4,263	
Building Improvements		835,251	
Total Regular Capital Outlay			839,514

Principal on Debt

Education

Principal on Notes	\$	12,943	
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(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 (Cont.)

Education (Cont.)

Debt Service Contribution to Primary Government	\$	700,000	
Total Education			\$ 712,943

Total General Purpose School Fund \$ 22,047,016

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	312,903	
Educational Assistants		348,771	
Social Security		40,255	
State Retirement		44,170	
Life Insurance		230	
Medical Insurance		30,927	
Unemployment Compensation		792	
Employer Medicare		9,416	
Maintenance and Repair Services - Equipment		19,521	
Instructional Supplies and Materials		172,161	
Regular Instruction Equipment		99,560	
Total Regular Instruction Program			\$ 1,078,706

Special Education Program

Teachers	\$	32,508	
Homebound Teachers		21,677	
Educational Assistants		282,451	
Speech Pathologist		43,454	
Other Salaries and Wages		26,203	
Certified Substitute Teachers		1,710	
Non-certified Substitute Teachers		57,060	
Social Security		28,015	
State Retirement		36,508	
Life Insurance		29	
Medical Insurance		5,094	
Unemployment Compensation		474	
Employer Medicare		6,581	
Maintenance and Repair Services - Equipment		2,938	
Other Contracted Services		125,230	
Instructional Supplies and Materials		12,093	
Other Supplies and Materials		35,769	

(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.)

Special Education Equipment	\$ 64,971	
Total Special Education Program		\$ 782,765

Vocational Education Program

Instructional Supplies and Materials	\$ 20,338	
T&I Construction Materials	7,004	
Vocational Instruction Equipment	27,996	
Total Vocational Education Program		55,338

Support Services

Health Services

Medical Personnel	\$ 25,623	
Social Security	1,572	
State Retirement	2,701	
Employer Medicare	368	
Total Health Services		30,264

Other Student Support

Other Salaries and Wages	\$ 20,685	
Social Security	1,228	
State Retirement	2,160	
Unemployment Compensation	27	
Employer Medicare	287	
Communication	676	
Evaluation and Testing	12,952	
Postal Charges	777	
Travel	6,082	
Other Supplies and Materials	28,971	
In Service/Staff Development	3,519	
Other Charges	16,591	
Other Equipment	29,624	
Total Other Student Support		123,579

Regular Instruction Program

Supervisor/Director	\$ 54,683
Clerical Personnel	3,224
Other Salaries and Wages	517
Certified Substitute Teachers	1,845
In-Service Training	5,696

(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.)

Non-certified Substitute Teachers	\$	9,717	
Social Security		4,358	
State Retirement		3,658	
Life Insurance		12	
Medical Insurance		4,708	
Unemployment Compensation		22	
Employer Medicare		1,038	
Communication		373	
Maintenance and Repair Services - Equipment		9,922	
Travel		12,525	
Other Contracted Services		2,780	
Library Books/Media		27,285	
Other Supplies and Materials		387	
In Service/Staff Development		19,093	
Other Equipment		5,004	
Total Regular Instruction Program			\$ 166,847

Special Education Program

Clerical Personnel	\$	11,620	
In-Service Training		97,119	
Social Security		6,756	
State Retirement		594	
Employer Medicare		1,582	
Consultants		5,000	
Maintenance and Repair Services - Equipment		5,375	
Postal Charges		1,232	
Travel		27,558	
Other Contracted Services		70,848	
Other Supplies and Materials		4,011	
In Service/Staff Development		83,242	
Other Charges		19,132	
Total Special Education Program			334,069

Vocational Education Program

Travel	\$	2,000	
In Service/Staff Development		1,000	
Total Vocational Education Program			3,000

(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.)

Transportation

Bus Drivers	\$	37,485	
Other Salaries and Wages		12,148	
Social Security		2,869	
State Retirement		3,893	
Employer Medicare		671	
Communication		1,007	
Contracts with Vehicle Owners		3,520	
Transportation Equipment		97,744	
Total Transportation			\$ 159,337

Total School Federal Projects Fund \$ 2,733,905

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	41,423	
Clerical Personnel		28,149	
Cafeteria Personnel		476,926	
Other Salaries and Wages		47,802	
Social Security		33,998	
State Retirement		53,823	
Life Insurance		17	
Medical Insurance		3,065	
Unemployment Compensation		1,056	
Employer Medicare		8,042	
Communication		3,754	
Maintenance and Repair Services - Equipment		19,017	
Travel		2,100	
Other Contracted Services		11,285	
Food Preparation Supplies		79,098	
Food Supplies		839,862	
USDA - Commodities		97,917	
Workers' Compensation Insurance		16,548	
In Service/Staff Development		975	
Other Charges		38,517	
Food Service Equipment		148,513	
Total Food Service			\$ 1,951,887

Total Central Cafeteria Fund 1,951,887

Total Governmental Funds - Grainger County School Department \$ 26,732,808

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, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 640,470
Total Cash Receipts	<u>\$ 640,470</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 634,073
Trustee's Commission	6,397
Total Cash Disbursements	<u>\$ 640,470</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

January 7, 2011

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, 2010, which collectively comprise Grainger County's basic financial statements and have issued our report thereon dated January 7, 2011. 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.01 and 10.02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

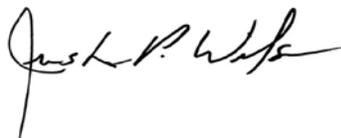
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grainger County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

This report is intended solely for the information and use of management, the county mayor, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

January 7, 2011

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, 2010. 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, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grainger County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 7, 2011. 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, County Commission, Board of Education, others within Grainger County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Grainger County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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	\$ 97,917 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	332,997
National School Lunch Program	10.555	N/A	881,528 (3)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	37,919
Total U.S. Department of Agriculture			<u>\$ 1,350,361</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)	\$ 35,500
Total U.S. Department of Housing and Urban Development			<u>\$ 35,500</u>
U.S. Department of Justice:			
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	N/A	\$ 7,778
Total U.S. Department of Justice			<u>\$ 7,778</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 817,873
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	236,896
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	829,700
Special Education - Grants to States, Recovery Act	84.391	N/A	496,201
Special Education - Preschool Grants	84.173	N/A	40,621
Special Education - Preschool Grants, Recovery Act	84.392	N/A	12,725
Career and Technical Education - Basic Grants to States	84.048	N/A	66,338
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	16,677
Even Start - State Educational Agencies	84.213	(2)	75,000
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	6,036
Education Technology State Grants, Recovery Act	84.386	(2)	10,660
Rural Education	84.358	N/A	82,563
English Language Acquisition Grants	84.365	N/A	10,169
Improving Teacher Quality State Grants	84.367	N/A	180,254
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	635,600
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	204,664
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-218507-00	67,724
Total U.S. Department of Education			<u>\$ 3,789,701</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(4)	\$ 83,948
Total U.S. Department of Homeland Security			<u>\$ 83,948</u>
Total Expenditures of Federal Awards			<u>\$ 5,267,288</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)	\$ 5,768
Public Health Nurses - State Department of Health	N/A	(2)	25,090
Juvenile Services Program - State Children's Services Commission	N/A	(2)	6,750
Litter Grant Program - State Department of Transportation	N/A	(2)	40,185
High Schools That Work - State Department of Education	N/A	(2)	5,733
Adult Education - State Grant Program - State Department of Education	N/A	Z-10-218507-00	13,415
Archives Development Program - Tennessee Secretary of State	N/A	(2)	1,174
Driver's Education - State Department of Education	N/A	(2)	12,448
Energy Efficient School Grant - State Department of Education	N/A	(2)	77,600
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	394,810
Waste Tire Grant - State Department of Environment and and Conservation	N/A	(2)	5,891
Total State Grants			\$ 588,864

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 \$979,445.
- (4) GG-07-25145-00: \$8,948; GG-08-25144-00: \$75,000.

Grainger County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Grainger County, Tennessee, for the year ended June 30, 2009, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.02	183	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

GRAINGER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Grainger County disclosed significant deficiencies in internal control. None of those deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Grainger County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553, and 10.555); the Title I Part A Cluster: Title I Grants to Local Education Agencies and Title I Grants to Local Education Agencies Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173 and 84.392); and State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) 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 ROAD SUPERINTENDENT

FINDING 10.01 **SICK LEAVE RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Road Department did not have documentation on file to support sick leave for its employees. Personnel policies adopted by the county permit employees to accumulate earned but unused sick leave. However, there is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the Road Department. Sound business practices dictate that leave records of employees be on file. This deficiency exists due to a lack of management oversight. The failure to maintain adequate documentation of sick leave weakens internal controls over the payroll process and increases the risks of improper payments.

RECOMMENDATION

The Road Department should maintain summary accrued sick leave information. These records should reflect the dollar value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year end.

OTHER FINDING AND RECOMMENDATION

FINDING 10.02 **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.

BEST PRACTICES

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

ITEM 1. **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

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

ITEM 2. **GRAINGER COUNTY HAS NOT ESTABLISHED AN AUDIT COMMITTEE**

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

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

There were no findings and questioned costs for federal awards.

**GRAINGER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010**

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