
ANNUAL FINANCIAL REPORT GRAINGER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
GRAINGER COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

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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, 2011

Scope

We have audited the basic financial statements of Grainger County as of and for the year ended June 30, 2011.

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

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ A fund deficit existed in the General Capital Projects Fund at June 30, 2011.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ Deficiencies were noted in the purchase order system.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Written guidelines governing the use of credit cards had not been adopted.
 - ◆ Personal credit cards were used for School Department purchases.
-

OFFICES OF ROAD SUPERINTENDENT AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The offices had deficiencies in computer system backup procedures.
-

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.
-

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

- ◆ Duties were not segregated adequately.
-

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, 2011

Officials

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

Board of County Commissioners

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

Wendy Noe
Rodney Overbay
Darrell Stratton
Elizabeth White
Michael Whitt
Darrell Williams
Doyle Wynn

Board of Education

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

Joyce Lane
Coy McDaniel
Karen McNish
Norma Tate
Larry Turley

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

December 12, 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, 2011, 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, 2011, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

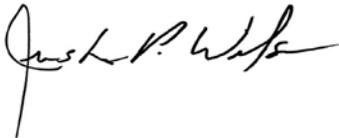
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 58 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grainger County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Grainger County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government Governmental Activities	Component Unit Grainger County School Department
<u>ASSETS</u>		
Cash	\$ 72,152	\$ 1,906
Equity in Pooled Cash and Investments	4,898,630	7,058,572
Accounts Receivable	400,589	39,364
Allowance for Uncollectible Accounts Receivable	(221,200)	0
Due from Other Governments	454,384	1,315,479
Property Taxes Receivable	6,438,099	2,645,484
Allowance for Uncollectible Property Taxes	(242,220)	(97,032)
Deferred Charges - Debt Issuance Cost	640,103	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,819,753	812,384
Construction in Progress	0	313,976
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,732,667	32,607,769
Other Capital Assets	1,084,289	1,763,372
Infrastructure	872,601	0
Total Assets	<u>\$ 24,949,847</u>	<u>\$ 46,461,274</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 17,381	\$ 342,156
Accrued Payroll	35,920	72,210
Payroll Deductions Payable	10,450	0
Contracts Payable	39,147	0
Retainage Payable	19,065	0
Due to State of Tennessee	30,218	0
Accrued Interest Payable	208,717	0
Other Current Liabilities	2	0
Deferred Revenue - Property Taxes	5,902,319	2,434,290
Noncurrent Liabilities:		
Due Within One Year	1,511,053	27,688
Due in More than One Year (net of unamortized premium on debt)	26,829,893	2,388,499
Total Liabilities	<u>\$ 34,604,165</u>	<u>\$ 5,264,843</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Grainger County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 7,268,156	\$ 0
Invested in Capital Assets Restricted for:	0	35,497,501
General Government	38,015	0
Administration of Justice	57,976	0
Public Safety	93,637	0
Public Health and Welfare	94,910	0
Social, Cultural, and Recreational Services	91,663	0
Highways/Public Works	783,246	0
Education	0	476,923
Capital Outlay	40,712	0
Debt Service	2,117,389	0
Capital Projects	0	15,462
Other Purposes	30,522	0
Unrestricted	<u>(20,270,544)</u>	<u>5,206,545</u>
Total Net Assets (Deficit)	<u>\$ (9,654,318)</u>	<u>\$ 41,196,431</u>

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

Exhibit B

Grainger County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Unit	
	Expenses	Program Revenues			Capital Grants and Contributions	Primary Governmental Activities			Grainger County School Department
		Charges for Services	Operating Grants and Contributions	Grants and Contributions		Governmental Activities	Governmental Activities		
Primary Government:									
Governmental Activities:									
General Government	\$ 930,666	\$ 162,482	\$ 16,885	\$ 0	\$ 0	(751,299)	\$ 0	0	
Finance	592,030	456,464	0	0	0	(135,566)	0	0	
Administration of Justice	580,438	264,481	13,500	0	0	(302,457)	0	0	
Public Safety	2,490,598	552,762	70,400	0	0	(1,867,436)	0	0	
Public Health and Welfare	2,643,179	926,790	82,312	348,190	0	(1,285,887)	0	0	
Social, Cultural, and Recreational Services	274,039	11,700	0	142,284	0	(120,055)	0	0	
Agriculture and Natural Resources	120,836	0	0	0	0	(120,836)	0	0	
Other Operations	702,840	0	1,097	0	0	(701,743)	0	0	
Highways	2,425,189	100,164	1,480,048	173,701	0	(671,276)	0	0	
Debt Service:									
Interest	1,150,574	0	0	0	0	(1,150,574)	0	0	
Other Debt Service	75,888	0	0	0	0	(75,888)	0	0	
Total Primary Government	\$ 11,986,277	\$ 2,474,843	\$ 1,664,242	\$ 664,175	\$ (7,183,017)	\$ 0	\$ 0	0	
Component Unit:									
Grainger County School Department	\$ 28,541,655	\$ 599,425	\$ 4,361,300	\$ 0	\$ 0	0	\$ (23,580,930)	0	
Total Component Unit	\$ 28,541,655	\$ 599,425	\$ 4,361,300	\$ 0	\$ 0	0	\$ (23,580,930)	0	

(Continued)

Exhibit B

Granger County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary		Granger County School Department	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities		
Expenses							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,617,089		\$ 2,407,668	
Property Taxes Levied for Solid Waste/Sanitation				654,363		0	
Property Taxes Levied for Sports and Recreation				97,487		0	
Property Taxes Levied for Highway				515,928		0	
Property Taxes Levied for Debt Service				1,304,622		0	
Sales Taxes				337,658		962,530	
Litigation Tax				47,981		0	
Business Tax				42,859		23,807	
Wholesale Beer Tax				70,300		0	
Interstate Telecommunication Tax				987		1,489	
Grants and Contributions Not Restricted to Specific Programs				1,674,213		20,782,689	
Unrestricted Investment Income				245,749		3,864	
Miscellaneous				71,992		95,178	
Total General Revenues				\$ 8,681,228		\$ 24,277,225	
Change in Net Assets				\$ 1,498,211		\$ 696,295	
Net Assets (Deficit), July 1, 2010				(11,152,529)		40,500,136	
Net Assets (Deficit), June 30, 2011				\$ (9,654,318)		\$ 41,196,431	

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, 2011

	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	\$ 71,752	\$ 72,152	
Equity in Pooled Cash and Investments	1,075,669	106,281	569,034	2,933,968	213,678	4,898,630	
Accounts Receivable	375,228	973	0	12,953	11,435	400,589	
Allowance for Uncollectibles	(221,200)	0	0	0	0	(221,200)	
Due from Other Governments	129,355	0	260,618	64,411	0	454,384	
Due from Other Funds	370	0	48,500	0	0	48,870	
Property Taxes Receivable	3,849,132	690,352	613,069	1,176,543	109,003	6,438,099	
Allowance for Uncollectible Property Taxes	(143,167)	(25,783)	(21,716)	(47,483)	(4,071)	(242,220)	
Total Assets	\$ 5,065,787	\$ 771,823	\$ 1,469,505	\$ 4,140,392	\$ 401,797	\$ 11,849,304	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 5,076	\$ 0	\$ 11,593	\$ 0	\$ 712	\$ 17,381
Accounts Payable	34,317	1,492	0	0	111	35,920
Accrued Payroll	3,578	7	6,807	0	58	10,450
Payroll Deductions Payable	10,791	0	0	0	28,356	39,147
Contracts Payable	19,065	0	0	0	0	19,065
Retainage Payable	48,500	0	0	0	370	48,870
Due to Other Funds	28,027	321	1,831	0	39	30,218
Due to State of Tennessee	2	0	0	0	0	2
Other Current Liabilities	3,534,722	633,582	566,890	1,067,086	100,039	5,902,319
Deferred Revenue - Current Property Taxes	131,814	23,852	18,830	47,704	3,766	225,966
Deferred Revenue - Delinquent Property Taxes	111,976	0	175,439	34,574	0	321,989
Other Deferred Revenues	\$ 3,927,868	\$ 659,254	\$ 781,390	\$ 1,149,364	\$ 133,451	\$ 6,651,327
Total Liabilities						

(Continued)

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	Other Governmental Funds		
\$	38,015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	38,015
	42,090	0	0	0	15,886	0	0	57,976
	19,877	0	0	0	73,760	0	0	93,637
	42,142	28,916	0	0	0	0	0	71,058
	5,434	0	0	0	82,463	0	0	87,897
	0	0	588,977	0	0	0	0	588,977
	0	0	40,712	0	0	0	0	40,712
	0	0	0	2,243,829	0	0	0	2,243,829
	30,522	0	0	0	0	0	0	30,522
Committed:								
Committed for Finance	0	0	0	0	82,817	0	0	82,817
Committed for Public Health and Welfare	0	83,653	0	0	0	0	0	83,653
Committed for Social, Cultural, and Recreational Services	1,004	0	0	0	22,817	0	0	23,821
Committed for Highways/Public Works	0	0	58,426	0	0	0	0	58,426
Committed for Debt Service	0	0	0	747,199	0	0	0	747,199
Assigned:								
Assigned for Public Health and Welfare	46,664	0	0	0	0	0	0	46,664
Assigned for Other Purposes	461,236	0	0	0	0	0	0	461,236
Unassigned	450,935	0	0	0	(9,397)	0	0	441,538
Total Fund Balances	\$ 1,137,919	\$ 112,569	\$ 688,115	\$ 2,991,028	\$ 268,346	\$ 0	\$ 0	\$ 5,197,977
Total Liabilities and Fund Balances	\$ 5,065,787	\$ 771,823	\$ 1,469,505	\$ 4,140,392	\$ 401,797	\$ 0	\$ 0	\$ 11,849,304

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

Grainger County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2011

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)		\$	5,197,977
(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: infrastructure net of accumulated depreciation		872,601	
Add: buildings and improvements net of accumulated depreciation		8,732,667	
Add: other capital assets net of accumulated depreciation		<u>1,084,289</u>	12,509,310
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(370,445)	
Less: other loans payable		(299,000)	
Less: capital leases payable		(15,144)	
Less: bonds payable		(26,190,000)	
Add: deferred charges - debt issuance costs		640,103	
Less: compensated absences payable		(105,937)	
Less: landfill closure/postclosure care costs		(1,161,793)	
Less: accrued interest on bonds and notes		(208,717)	
Less: other deferred revenue - premium on debt		<u>(198,627)</u>	(27,909,560)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>547,955</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u><u>(9,654,318)</u></u>

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

Exhibit C-3

Grainger County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 3,840,098	\$ 673,605	\$ 530,889	\$ 1,671,657	\$ 108,918	\$ 6,825,167	
Licenses and Permits	58,632	0	0	0	0	58,632	
Fines, Forfeitures, and Penalties	54,695	3,513	2,843	6,840	18,950	86,841	
Charges for Current Services	852,578	0	0	0	360,964	1,213,542	
Other Local Revenues	168,213	18,290	51,735	245,772	3,637	487,647	
Fees Received from County Officials	375,257	0	0	0	0	375,257	
State of Tennessee	1,141,850	71,497	1,709,190	140,810	153,401	3,216,748	
Federal Government	408,390	0	0	0	0	408,390	
Other Governments and Citizens Groups	0	0	0	700,000	0	700,000	
Total Revenues	\$ 6,899,713	\$ 766,905	\$ 2,294,657	\$ 2,765,079	\$ 645,870	\$ 13,372,224	
<u>Expenditures</u>							
Current:							
General Government	\$ 904,320	\$ 0	\$ 0	\$ 0	\$ 901	\$ 905,221	
Finance	254,237	0	0	0	388,421	592,658	
Administration of Justice	498,535	0	0	0	6,417	504,952	
Public Safety	2,356,754	0	0	0	30,387	2,387,141	
Public Health and Welfare	1,461,860	764,678	0	0	0	2,226,538	
Social, Cultural, and Recreational Services	127,642	0	0	0	286,964	414,606	
Agriculture and Natural Resources	120,836	0	0	0	0	120,836	
Other Operations	688,218	0	0	0	0	688,218	
Highways	32,185	0	2,113,182	0	0	2,145,367	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Expenditures (Cont.)</u>							
Debt Service:							
Principal on Debt	\$ 0	\$ 0	\$ 0	\$ 1,587,591	\$ 0	\$ 0	\$ 1,587,591
Interest on Debt	0	0	0	1,176,892	0	0	1,176,892
Other Debt Service	0	0	0	38,644	0	0	38,644
Capital Projects	440,132	0	0	0	0	0	440,132
Total Expenditures	\$ 6,884,719	\$ 764,678	\$ 2,113,182	\$ 2,803,127	\$ 663,090	\$ 13,228,796	
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,994	\$ 2,227	\$ 181,475	\$ (38,048)	\$ (17,220)	\$ 143,428	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 48,509	\$ 3,509	\$ 0	\$ 0	\$ 0	\$ 52,018	
Transfers In	0	0	0	143,520	0	143,520	
Transfers Out	0	0	(143,520)	0	0	(143,520)	
Total Other Financing Sources (Uses)	\$ 48,509	\$ 3,509	\$ (143,520)	\$ 143,520	\$ 0	\$ 52,018	
Net Change in Fund Balances	\$ 63,503	\$ 5,736	\$ 37,955	\$ 105,472	\$ (17,220)	\$ 195,446	
Fund Balance, July 1, 2010	1,074,416	106,833	650,160	2,885,556	285,566	5,002,531	
Fund Balance, June 30, 2011	\$ 1,137,919	\$ 112,569	\$ 688,115	\$ 2,991,028	\$ 268,346	\$ 5,197,977	

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, 2011

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)	\$	195,446	
 (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	\$	345,984	
Less: current-year depreciation expense		<u>(731,992)</u>	(386,008)
 (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, 2011	\$	547,955	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(435,691)</u>	112,264
 (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: change in deferred debt issuance costs	\$	(37,243)	
Add: change in premium on debt		10,565	
Add: principal payments on bonds		1,060,000	
Add: principal payments on notes		434,591	
Add: principal payments on other loans		93,000	
Add: principal payments on capital leases		<u>9,585</u>	1,570,498
 (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	\$	15,752	
Change in compensated absences payable		(7,954)	
Change in landfill closure/postclosure care costs		<u>(1,787)</u>	<u>6,011</u>
Change in net assets of governmental activities (Exhibit B)	\$		<u><u>1,498,211</u></u>

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

Exhibit D

Grainger County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 456,994
Due from Other Governments	110,785
Restricted Assets	<u>86,169</u>
Total Assets	<u>\$ 653,948</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 110,785
Due to Litigants, Heirs, and Others	<u>543,163</u>
Total Liabilities	<u>\$ 653,948</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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Grainger County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund is used to account for the operation of the county’s convenience centers and the material recovery facility. Local taxes are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local taxes and state gasoline taxes are the foundational revenues of this fund.

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

Additionally, Grainger County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of 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 special revenue fund accounts for restricted federal revenues, which must be expended on specific education programs.

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

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

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

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 two percent of total taxes levied.

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

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

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

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

Retainage payable in the General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. 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, 2011, Grainger County had \$21,633,435 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding

stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund consists of amount appropriated for use in the 2011-12 budget (\$445,439) and amounts assigned for encumbrances (\$62,461). Assigned fund balance in the School Department's General Purpose School Fund consists of amounts assigned for future capital outlays (\$675,000) and encumbrances (\$64,475).

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Grainger County School Department

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

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

Primary Government

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

Discretely Presented Grainger County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2011, Grainger County and the Grainger County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Primary Government		
Major Fund:		
General	Waterline Construction	\$ 46,664
School Department		
Major Fund:		
General Purpose School	Auditorium Renovations	64,475

B. Fund Deficit

The General Capital Projects Fund had a deficit in unassigned fund balance of \$9,397 at June 30, 2011. Management expects to provide funding to eliminate this deficit in the 2011-12 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, 2011.

B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Governmental Activities

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,819,753	\$ 0	\$ 0	\$ 1,819,753
Construction in Progress	92,292	94,082	(186,374)	0
Total Capital Assets Not Depreciated	\$ 1,912,045	\$ 94,082	\$ (186,374)	\$ 1,819,753
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,659,208	\$ 260,814	\$ 0	\$ 10,920,022
Roads and Bridges	10,846,848	0	0	10,846,848
Other Capital Assets	3,540,328	177,462	(53,011)	3,664,779
Total Capital Assets Depreciated	\$ 25,046,384	\$ 438,276	\$ (53,011)	\$ 25,431,649
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,945,181	\$ 242,174	\$ 0	\$ 2,187,355
Roads and Bridges	9,718,886	255,361	0	9,974,247
Other Capital Assets	2,399,044	234,457	(53,011)	2,580,490
Total Accumulated Depreciation	\$ 14,063,111	\$ 731,992	\$ (53,011)	\$ 14,742,092
Total Capital Assets Depreciated, Net	\$ 10,983,273	\$ (293,716)	\$ 0	\$ 10,689,557
Governmental Activities Capital Assets, Net	\$ 12,895,318	\$ (199,634)	\$ (186,374)	\$ 12,509,310

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

Governmental Activities:

General Government	\$ 19,497
Administration of Justice	109,671
Public Safety	145,097
Public Health and Welfare	116,829
Social, Cultural, and Recreational Services	26,703
Other Operations	14,623
Highway/Public Works	<u>299,572</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 731,992</u></u>

Discretely Presented Grainger County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 812,384	\$ 0	\$ 0	\$ 812,384
Construction in Progress	0	313,976	0	313,976
Total Capital Assets Not Depreciated	<u>\$ 812,384</u>	<u>\$ 313,976</u>	<u>\$ 0</u>	<u>\$ 1,126,360</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 40,963,572	\$ 0	\$ 0	\$ 40,963,572
Other Capital Assets	2,841,570	173,249	(51,728)	2,963,091
Total Capital Assets Depreciated	<u>\$ 43,805,142</u>	<u>\$ 173,249</u>	<u>\$ (51,728)</u>	<u>\$ 43,926,663</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 7,484,084	\$ 871,719	\$ 0	\$ 8,355,803
Other Capital Assets	970,954	280,493	(51,728)	1,199,719
Total Accumulated Depreciation	<u>\$ 8,455,038</u>	<u>\$ 1,152,212</u>	<u>\$ (51,728)</u>	<u>\$ 9,555,522</u>
Total Capital Assets Depreciated, Net	<u>\$ 35,350,104</u>	<u>\$ (978,963)</u>	<u>\$ 0</u>	<u>\$ 34,371,141</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 36,162,488</u></u>	<u><u>\$ (664,987)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 35,497,501</u></u>

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

Governmental Activities:

Instruction	\$ 871,719
Support Services	<u>280,493</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,152,212</u>

C. Construction Commitments

At June 30, 2011, the General Fund had uncompleted contracts of \$46,664 for waterline construction. The School Department's General Purpose School Fund had uncompleted construction contracts of \$64,475 for auditorium renovations. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Highway/Public Works	General	\$ 48,500
General	Nonmajor governmental	370
Discretely Presented School Department:		
General Purpose School	School Federal Projects	44,962

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

	Transfer In
Transfer Out	General Debt Service Fund
Highway/Public Works Fund	\$ 143,520

Discretely Presented Grainger County School Department

	Transfers In
Transfers Out	General Purpose School Fund
School Federal Projects Fund	\$ 44,962
Central Cafeteria Fund	<u>15,000</u>
Total	<u><u>\$ 59,962</u></u>

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

E. Capital Leases

On August 31, 2001, Grainger County entered into an 11-year lease-purchase agreement for land for the Ambulance Service. The terms of the agreement require total lease payments of \$55,000 with no interest. The deed to the leased property transfers to Grainger County at the end of the lease period. In addition, on 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/Sanitation Fund is making the lease payments.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Land	\$ 55,000
Machinery and Equipment	20,145
Less: Accumulated Depreciation	<u>(2,583)</u>
Total Book Value	<u><u>\$ 72,562</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 10,460
2013	<u>5,461</u>
Total Minimum Lease Payments	\$ 15,921
Less: Amount Representing Interest	<u>(777)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 15,144</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to 12 years for notes, and up to 11 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2011, 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, 2011, for governmental activities were as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds:			
Primary Government Purposes	3.87 %	\$ 6,500,000	\$ 4,605,000
School Purposes	4.21 to 4.32	24,500,000	21,585,000
Capital Outlay Notes:			
Primary Government Purposes	4.07 to 4.97	1,220,000	322,010
School Purposes	4.15 to 4.25	850,000	48,435
Other Loans	variable	1,000,000	299,000
Capital Leases	0 to 6	75,145	15,144

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, 2011, the variable interest rate was .39 percent, and other fees totaled approximately .27 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, 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, 2011.

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	7,130,000	3,808,514	10,938,514
2022-2026	7,160,000	2,243,620	9,403,620
2027-2030	5,995,000	685,924	6,680,924
Total	\$ 26,190,000	\$ 11,804,944	\$ 37,994,944

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 370,445	\$ 25,418	\$ 395,863

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 96,000	\$ 1,073	\$ 743	\$ 97,816
2013	100,000	694	481	101,175
2014	103,000	301	209	103,510
Total	\$ 299,000	\$ 2,068	\$ 1,433	\$ 302,501

There is \$2,991,028 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,156, based on the 2010 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,186, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 27,250,000	\$ 805,036	\$ 392,000
Deductions	(1,060,000)	(434,591)	(93,000)
Balance, June 30, 2011	\$ 26,190,000	\$ 370,445	\$ 299,000
Balance Due Within One Year	\$ 1,095,000	\$ 236,695	\$ 96,000

Governmental Activities (Cont.):

	Capital Leases	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2010	\$ 24,729	\$ 97,983	\$ 1,160,006
Additions	0	24,618	10,073
Deductions	(9,585)	(16,664)	(8,286)
Balance, June 30, 2011	<u>\$ 15,144</u>	<u>\$ 105,937</u>	<u>\$ 1,161,793</u>
Balance Due Within One Year	<u>\$ 9,909</u>	<u>\$ 21,188</u>	<u>\$ 52,261</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 28,142,319
Less: Balance Due Within One Year	(1,511,053)
Add: Unamortized Premium on Debt	<u>198,627</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 26,829,893</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, 2011, for governmental activities was as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-11</u>
Capital Outlay Note	0 %	\$ 232,968	\$ 12,688

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

The annual requirements to amortize the note outstanding as of June 30, 2011, are presented in the following table:

Year Ending June 30	Note Principal
2012	\$ 12,688

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, 2011:

	Notes	Retirement Incentive	Other Postemployment Benefits
Balance, July 1, 2010	\$ 25,631	\$ 60,000	\$ 1,973,750
Additions	0	5,000	835,690
Deductions	(12,943)	(47,500)	(423,441)
Balance, June 30, 2011	<u>\$ 12,688</u>	<u>\$ 17,500</u>	<u>\$ 2,385,999</u>
Balance Due Within One Year	<u>\$ 12,688</u>	<u>\$ 15,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 2,416,187
Less: Balance Due within One Year	<u>(27,688)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,388,499</u>

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

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grainger County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended

June 30, 2011, were \$131,310 and \$13,319, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Grainger County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
General	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 0
Solid Waste/Sanitation	0	300,000	(300,000)	0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county participates in the Local Government Property and Casualty Fund and the Local Government Workers' Compensation Fund, public entity risk pools, 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 discretely presented Grainger County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department purchased commercial insurance for risks related to general liability, property, casualty, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For certified employees, the School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool

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

The School Department provides commercial health insurance coverage for its active noncertified personnel. Pre-65 age retirees 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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Grainger County and the Grainger County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

Grainger County utilized idle funds of the General Debt Service Fund to issue tax anticipation notes in advance of property tax collections for the General and Solid Waste/Sanitation funds totaling \$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. Changes in Administration

The following table lists administration changes as of August 31, 2010:

<u>Departing Official</u>	<u>Office</u>	<u>Successor</u>
James Harville	Sheriff	Scott Layel
Rhonda Reagan	Circuit and General Sessions Courts Clerk	Sherry Clifton
David Bean	Road Superintendent	Jim Renfro

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 \$1,161,793 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. 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, Cocke, Grainger, and Jefferson counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Grainger County made no contributions to the DTF for the year ended June 30, 2011, and does not have any equity interest in this joint venture.

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

Administrative Office:

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

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, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors/executives of each county or the county mayors'/executives' designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex-officio member, is in charge of the daily operations of the center.

I. Retirement Commitments

Plan Description

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

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

Funding Policy

Grainger County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 10.47 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$739,039 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was seven years. An actuarial valuation was performed as of July 1, 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
6-30-11	\$739,039	100%	\$0
6-30-10	727,507	100	0
6-30-09	717,164	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 \$15 million, and the actuarial value of assets was \$12 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

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

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 SETHEPP. 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, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$1,040,682, \$723,665, and \$716,136, 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 accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)* for teachers. In previous years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2011, the discretely presented School Department contributed \$423,441 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 831,000
Interest on the NPO	88,819
Adjustment to the ARC	<u>(84,129)</u>
Annual OPEB cost	\$ 835,690
Amount of contribution	<u>(423,441)</u>
Increase/decrease in NPO	\$ 412,249
Net OPEB obligation, 7-1-10	<u>1,973,750</u>
Net OPEB obligation, 6-30-11	<u><u>\$ 2,385,999</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 843,799	23 %	\$ 1,316,225
6-30-10	"	810,340	20	1,973,750
6-30-11	"	835,690	51	2,385,999

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 8,095,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 8,095,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 14,358,660
UAAL as a % of covered payroll	56%

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, 2010, 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both 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 with 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 \$47,500 were recognized for retirement incentive bonus payments. At June 30, 2011, six individuals were participating in the program and were owed \$17,500, with \$15,000 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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,840,098	\$ 0	\$ 0	\$ 3,840,098	\$ 3,859,773	\$ 3,859,773	\$ (19,675)
Licenses and Permits	58,632	0	0	58,632	54,850	54,850	3,782
Fines, Forfeitures, and Penalties	54,695	0	0	54,695	46,400	46,400	8,295
Charges for Current Services	852,578	0	0	852,578	915,400	915,400	(62,822)
Other Local Revenues	168,213	0	0	168,213	79,500	119,180	49,033
Fees Received from County Officials	375,257	0	0	375,257	375,500	375,500	(243)
State of Tennessee	1,141,850	0	0	1,141,850	983,450	1,000,858	140,992
Federal Government	408,390	0	0	408,390	2,060,000	2,060,000	(1,651,610)
<u>Total Revenues</u>	\$ 6,899,713	\$ 0	\$ 0	\$ 6,899,713	\$ 8,374,873	\$ 8,431,961	\$ (1,532,248)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 52,079	\$ 0	\$ 0	\$ 52,079	\$ 64,010	\$ 64,010	\$ 11,931
Board of Equalization	875	0	0	875	1,150	1,150	275
Beer Board	522	0	0	522	2,000	2,000	1,478
Budget and Finance Committee	1,625	0	0	1,625	4,000	4,000	2,375
County Mayor/Executive	165,273	0	0	165,273	164,093	167,893	2,620
Election Commission	169,943	0	0	169,943	179,454	181,641	11,698
Register of Deeds	152,366	0	0	152,366	164,713	173,473	21,107
Planning	17,875	0	0	17,875	20,750	20,750	2,875
County Buildings	57,592	0	0	57,592	71,452	68,370	10,778
Other Facilities	263,759	0	0	263,759	269,466	272,966	9,207
Preservation of Records	22,411	0	0	22,411	22,064	26,564	4,153
<u>Finance</u>							
Property Assessor's Office	149,598	0	0	149,598	153,558	156,393	6,795

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 52,543	\$ 0	\$ 8,537	\$ 61,080	\$ 62,364	\$ 62,364	\$ 1,284
County Clerk's Office	52,096	0	0	52,096	58,393	58,393	6,297
<u>Administration of Justice</u>							
Circuit Court	168,824	0	360	169,184	166,990	171,840	2,656
General Sessions Court	142,023	0	0	142,023	157,137	158,637	16,614
Chancery Court	113,363	0	0	113,363	109,906	115,606	2,243
Juvenile Court	74,325	0	0	74,325	92,702	93,802	19,477
<u>Public Safety</u>							
Sheriff's Department	1,031,554	(2,398)	0	1,029,156	1,001,788	1,057,468	28,312
Jail	1,026,438	(12,140)	0	1,014,298	1,024,838	1,058,155	43,857
Fire Prevention and Control	1,500	0	0	1,500	1,500	1,500	0
Civil Defense	95,901	0	0	95,901	148,398	148,398	52,497
Other Emergency Management	200,000	0	0	200,000	200,000	200,000	0
Inspection and Regulation	1,361	0	0	1,361	3,305	3,305	1,944
<u>Public Health and Welfare</u>							
Local Health Center	66,470	0	0	66,470	84,605	84,605	18,135
Ambulance/Emergency Medical Services	1,357,903	0	195	1,358,098	1,379,948	1,405,726	47,628
Appropriation to State	18,787	0	0	18,787	15,580	18,788	1
General Welfare Assistance	10,000	0	0	10,000	10,000	10,000	0
Aid to Dependent Children	4,700	0	0	4,700	4,700	4,700	0
Other Local Welfare Services	4,000	0	0	4,000	4,000	4,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	10,000	0	0	10,000	12,000	12,000	2,000
Libraries	117,626	0	5,759	123,385	133,325	150,611	27,226

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Parks and Fair Boards	\$ 16	\$ 0	\$ 0	\$ 16	\$ 0	\$ 0	(16)
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	56,559	0	0	56,559	57,105	57,105	546
Soil Conservation	64,277	0	0	64,277	64,202	66,202	1,925
<u>Other Operations</u>							
Tourism	1,000	0	0	1,000	18,950	18,950	17,950
Industrial Development	52,628	0	0	52,628	59,565	59,565	6,937
Housing and Urban Development	0	0	0	0	20,000	20,000	20,000
Other Economic and Community Development	0	0	0	0	1,500,000	1,500,000	1,500,000
Veterans' Services	10,318	0	0	10,318	10,925	10,925	607
Other Charges	582,919	0	0	582,919	718,000	618,805	35,886
Contributions to Other Agencies	3,391	0	0	3,391	3,791	3,791	400
Miscellaneous	37,962	0	946	38,908	68,998	65,790	26,882
<u>Highways</u>							
Litter and Trash Collection	32,185	0	0	32,185	31,907	31,907	(278)
<u>Capital Projects</u>							
Public Health and Welfare Projects	440,132	0	46,664	486,796	500,000	500,000	13,204
Total Expenditures	\$ 6,884,719	\$ (14,538)	\$ 62,461	\$ 6,932,642	\$ 8,841,632	\$ 8,912,148	\$ 1,979,506
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,994	\$ 14,538	\$ (62,461)	\$ (32,929)	\$ (466,759)	\$ (480,187)	\$ 447,258
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,000	\$ 80,000	\$ (80,000)

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Insurance Recovery	\$ 48,509 \$	0 \$	0 \$	48,509 \$	0 \$	5,024 \$	43,485
Total Other Financing Sources (Uses)	\$ 48,509 \$	0 \$	0 \$	48,509 \$	80,000 \$	85,024 \$	(36,515)
Net Change in Fund Balance	\$ 63,503 \$	14,538 \$	(62,461) \$	15,580 \$	(386,759) \$	(395,163) \$	410,743
Fund Balance, July 1, 2010	1,074,416	(14,538)	0	1,059,878	831,162	831,162	228,716
Fund Balance, June 30, 2011	\$ 1,137,919 \$	0 \$	(62,461) \$	1,075,458 \$	444,403 \$	435,999 \$	639,459

Exhibit E-2

Granger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 673,605	\$ 0	\$ 673,605	\$ 687,500	\$ 687,500	\$ (13,895)
Fines, Forfeitures, and Penalties	3,513	0	3,513	4,550	4,550	(1,037)
Other Local Revenues	18,290	0	18,290	15,000	15,000	3,290
State of Tennessee	71,497	0	71,497	69,300	69,300	2,197
Total Revenues	\$ 766,905	\$ 0	\$ 766,905	\$ 776,350	\$ 776,350	\$ (9,445)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 745,362	\$ 74	\$ 745,436	\$ 771,110	\$ 771,110	\$ 25,674
Recycling Center	9,600	0	9,600	9,600	9,600	0
Postclosure Care Costs	9,716	0	9,716	22,000	22,000	12,284
Total Expenditures	\$ 764,678	\$ 74	\$ 764,752	\$ 802,710	\$ 802,710	\$ 37,958
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,227	\$ (74)	\$ 2,153	\$ (26,360)	\$ (26,360)	\$ 28,513
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 3,509	\$ 0	\$ 3,509	\$ 0	\$ 0	\$ 3,509
Total Other Financing Sources (Uses)	\$ 3,509	\$ 0	\$ 3,509	\$ 0	\$ 0	\$ 3,509
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 5,736	\$ (74)	\$ 5,662	\$ (26,360)	\$ (26,360)	\$ 32,022
	106,833	0	106,833	106,831	106,831	2
Fund Balance, June 30, 2011	\$ 112,569	\$ (74)	\$ 112,495	\$ 80,471	\$ 80,471	\$ 32,024

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 530,889	\$ 524,600	\$ 524,600	\$ 6,289
Fines, Forfeitures, and Penalties	2,843	3,215	3,215	(372)
Other Local Revenues	51,735	0	51,734	1
State of Tennessee	1,709,190	1,642,748	1,642,748	66,442
Total Revenues	<u>\$ 2,294,657</u>	<u>\$ 2,170,563</u>	<u>\$ 2,222,297</u>	<u>\$ 72,360</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 150,658	\$ 140,402	\$ 170,210	\$ 19,552
Highway and Bridge Maintenance	1,209,402	1,162,866	1,360,977	151,575
Operation and Maintenance of Equipment	224,525	220,778	241,665	17,140
Other Charges	172,320	182,200	182,200	9,880
Employee Benefits	0	203,000	0	0
Capital Outlay	356,277	227,500	377,585	21,308
Total Expenditures	<u>\$ 2,113,182</u>	<u>\$ 2,136,746</u>	<u>\$ 2,332,637</u>	<u>\$ 219,455</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 181,475</u>	<u>\$ 33,817</u>	<u>\$ (110,340)</u>	<u>\$ 291,815</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (143,520)	\$ (150,000)	\$ (150,000)	\$ 6,480
Total Other Financing Sources (Uses)	<u>\$ (143,520)</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ 6,480</u>
Net Change in Fund Balance	\$ 37,955	\$ (116,183)	\$ (260,340)	\$ 298,295
Fund Balance, July 1, 2010	<u>650,160</u>	<u>506,983</u>	<u>506,983</u>	<u>143,177</u>
Fund Balance, June 30, 2011	<u>\$ 688,115</u>	<u>\$ 390,800</u>	<u>\$ 246,643</u>	<u>\$ 441,472</u>

Exhibit E-4

Grainger County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Grainger County School Department
June 30, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 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, 2011

(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
"	7-1-10	0	8,095	8,095	0	14,358	56

GRAINGER COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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.

At June 30, 2011, Grainger County reported the following significant encumbrances in the General Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Waterline Construction	\$ 46,664

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Fund

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

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

Exhibit F-1

Grainger County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total	
\$	0	0	0	0	71,752	71,752	0
Equity in Pooled Cash and Investments	13,551	2,335	73,760	105,073	0	194,719	18,959
Accounts Receivable	0	0	0	0	11,435	11,435	0
Property Taxes Receivable	0	0	0	109,003	0	109,003	0
Allowance for Uncollectible Property Taxes	0	0	0	(4,071)	0	(4,071)	0
Total Assets	13,551	2,335	73,760	210,005	83,187	382,838	18,959

ASSETS

Cash	0
Equity in Pooled Cash and Investments	13,551
Accounts Receivable	0
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Total Assets	13,551

LIABILITIES AND FUND BALANCES

	Liabilities	Capital Projects Fund	Total
Accounts Payable	0	0	0
Accrued Payroll	0	0	0
Payroll Deductions Payable	0	0	0
Contracts Payable	0	0	0
Due to Other Funds	0	0	0
Due to State of Tennessee	0	0	0
Deferred Revenue - Current Property Taxes	0	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	0
Total Liabilities	0	0	0

	Capital Projects Fund	Total
Accounts Payable	0	0
Accrued Payroll	0	0
Payroll Deductions Payable	0	0
Contracts Payable	0	0
Due to Other Funds	0	0
Due to State of Tennessee	0	0
Deferred Revenue - Current Property Taxes	0	0
Deferred Revenue - Delinquent Property Taxes	0	0
Total Liabilities	0	0

Fund Balances

Restricted:	
Restricted for Administration of Justice	13,551
Restricted for Public Safety	0
Restricted for Social, Cultural, and Recreational Services	0
	0

(Continued)

	Special Revenue Funds					Constituti- tional Officers - Fees	Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	General Capital Projects			General Capital Projects		
\$ 0 \$	0 \$	0 \$	0 \$	0 \$	82,817 \$	82,817 \$	0 \$	0 \$	82,817	
0	0	0	22,817	0	22,817	22,817	0	(9,397)	22,817	
0	0	0	0	0	0	0	0	(9,397)	(9,397)	
\$ 13,551 \$	2,335 \$	73,760 \$	105,280 \$	82,817 \$	277,743 \$	277,743 \$	(9,397) \$	(9,397) \$	268,346	
\$ 13,551 \$	2,335 \$	73,760 \$	210,005 \$	83,187 \$	382,838 \$	382,838 \$	18,959 \$	18,959 \$	401,797	

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)	
Committed:	
Committed for Finance	
Committed for Social, Cultural, and Recreational	
Services	
Unassigned	
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, 2011

	Special Revenue Funds						Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitutional Officers - Fees	General Capital Projects		General Capital Projects		
Revenues										
Local Taxes	\$ 2,934	\$ 971	\$ 0	\$ 105,013	\$ 0	\$ 108,918	\$ 0	\$ 0	\$ 108,918	
Fines, Forfeitures, and Penalties	0	0	18,419	531	0	18,950	0	0	18,950	
Charges for Current Services	0	0	0	11,700	349,264	360,964	0	0	360,964	
Other Local Revenues	0	0	0	3,637	0	3,637	0	0	3,637	
State of Tennessee	0	0	0	153,401	0	153,401	0	0	153,401	
Total Revenues	\$ 2,934	\$ 971	\$ 18,419	\$ 274,282	\$ 349,264	\$ 645,870	\$ 0	\$ 0	\$ 645,870	
Expenditures										
Current:										
General Government	\$ 901	\$ 0	\$ 0	\$ 0	\$ 0	\$ 901	\$ 0	\$ 0	\$ 901	
Finance	0	0	0	0	338,421	338,421	0	0	338,421	
Administration of Justice	0	0	0	0	6,417	6,417	0	0	6,417	
Public Safety	0	0	30,387	0	0	30,387	0	0	30,387	
Social, Cultural, and Recreational Services	0	2,138	0	284,826	0	286,964	0	0	286,964	
Total Expenditures	\$ 901	\$ 2,138	\$ 30,387	\$ 284,826	\$ 344,838	\$ 663,090	\$ 0	\$ 0	\$ 663,090	
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,033	\$ (1,167)	\$ (11,968)	\$ (10,544)	\$ 4,426	\$ (17,220)	\$ 0	\$ 0	\$ (17,220)	
Net Change in Fund Balances	\$ 2,033	\$ (1,167)	\$ (11,968)	\$ (10,544)	\$ 4,426	\$ (17,220)	\$ 0	\$ 0	\$ (17,220)	
Fund Balance, July 1, 2010	11,518	3,502	85,728	115,824	78,391	294,963	(9,397)	(9,397)	285,566	
Fund Balance, June 30, 2011	\$ 13,551	\$ 2,335	\$ 73,760	\$ 105,280	\$ 82,817	\$ 277,743	\$ (9,397)	\$ (9,397)	\$ 268,346	

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,934	\$ 1,300	\$ 1,300	\$ 1,634
Total Revenues	\$ 2,934	\$ 1,300	\$ 1,300	\$ 1,634
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 901	\$ 8,020	\$ 8,020	\$ 7,119
Total Expenditures	\$ 901	\$ 8,020	\$ 8,020	\$ 7,119
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,033	\$ (6,720)	\$ (6,720)	\$ 8,753
Net Change in Fund Balance	\$ 2,033	\$ (6,720)	\$ (6,720)	\$ 8,753
Fund Balance, July 1, 2010	11,518	11,518	11,518	0
Fund Balance, June 30, 2011	\$ 13,551	\$ 4,798	\$ 4,798	\$ 8,753

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 971	\$ 1,400	\$ 1,400	\$ (429)
Total Revenues	\$ 971	\$ 1,400	\$ 1,400	\$ (429)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 2,138	\$ 2,020	\$ 2,220	\$ 82
Total Expenditures	\$ 2,138	\$ 2,020	\$ 2,220	\$ 82
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,167)	\$ (620)	\$ (820)	\$ (347)
Net Change in Fund Balance	\$ (1,167)	\$ (620)	\$ (820)	\$ (347)
Fund Balance, July 1, 2010	3,502	3,502	3,502	0
Fund Balance, June 30, 2011	\$ 2,335	\$ 2,882	\$ 2,682	\$ (347)

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 18,419	\$ 35,000	\$ 35,000	\$ (16,581)
Total Revenues	\$ 18,419	\$ 35,000	\$ 35,000	\$ (16,581)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 30,387	\$ 53,250	\$ 53,250	\$ 22,863
Total Expenditures	\$ 30,387	\$ 53,250	\$ 53,250	\$ 22,863
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,968)	\$ (18,250)	\$ (18,250)	\$ 6,282
Net Change in Fund Balance	\$ (11,968)	\$ (18,250)	\$ (18,250)	\$ 6,282
Fund Balance, July 1, 2010	85,728	65,020	65,020	20,708
Fund Balance, June 30, 2011	\$ 73,760	\$ 46,770	\$ 46,770	\$ 26,990

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 105,013	\$ 0	\$ 105,013	\$ 103,355	\$ 103,355	\$ 1,658
Fines, Forfeitures, and Penalties	531	0	531	546	546	(15)
Charges for Current Services	11,700	0	11,700	7,000	10,000	1,700
Other Local Revenues	3,637	0	3,637	0	5,819	(2,182)
State of Tennessee	153,401	0	153,401	82,000	121,370	32,031
Total Revenues	\$ 274,282	\$ 0	\$ 274,282	\$ 192,901	\$ 241,090	\$ 33,192
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Parks and Fair Boards	\$ 284,826	(25,903)	\$ 258,923	\$ 257,890	\$ 306,079	\$ 47,156
Total Expenditures	\$ 284,826	(25,903)	\$ 258,923	\$ 257,890	\$ 306,079	\$ 47,156
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,544)	25,903	\$ 15,359	(64,989)	\$ (64,989)	\$ 80,348
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (10,544)	25,903	\$ 15,359	(64,989)	\$ (64,989)	\$ 80,348
	115,824	(25,903)	89,921	69,751	69,751	20,170
Fund Balance, June 30, 2011	\$ 105,280	0	\$ 105,280	\$ 4,762	\$ 4,762	\$ 100,518

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,671,657	\$ 1,627,500	\$ 1,627,500	\$ 44,157
Fines, Forfeitures, and Penalties	6,840	8,000	8,000	(1,160)
Other Local Revenues	245,772	225,000	225,000	20,772
State of Tennessee	140,810	100,000	100,000	40,810
Other Governments and Citizens Groups	700,000	0	700,000	0
Total Revenues	<u>\$ 2,765,079</u>	<u>\$ 1,960,500</u>	<u>\$ 2,660,500</u>	<u>\$ 104,579</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 519,313	\$ 519,323	\$ 519,323	\$ 10
Highways and Streets	130,500	127,500	130,500	0
Education	937,778	1,042,538	1,042,538	104,760
<u>Interest on Debt</u>				
General Government	211,483	212,339	213,339	1,856
Highways and Streets	4,594	4,869	4,869	275
Education	960,815	966,313	964,735	3,920
<u>Other Debt Service</u>				
General Government	33,702	42,000	38,000	4,298
Highways and Streets	3,364	3,806	3,806	442
Education	1,578	0	1,578	0
Total Expenditures	<u>\$ 2,803,127</u>	<u>\$ 2,918,688</u>	<u>\$ 2,918,688</u>	<u>\$ 115,561</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,048)</u>	<u>\$ (958,188)</u>	<u>\$ (258,188)</u>	<u>\$ 220,140</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 143,520	\$ 850,000	\$ 150,000	\$ (6,480)
Total Other Financing Sources (Uses)	<u>\$ 143,520</u>	<u>\$ 850,000</u>	<u>\$ 150,000</u>	<u>\$ (6,480)</u>
Net Change in Fund Balance	\$ 105,472	\$ (108,188)	\$ (108,188)	\$ 213,660
Fund Balance, July 1, 2010	<u>2,885,556</u>	<u>2,885,555</u>	<u>2,885,555</u>	<u>1</u>
Fund Balance, June 30, 2011	<u><u>\$ 2,991,028</u></u>	<u><u>\$ 2,777,367</u></u>	<u><u>\$ 2,777,367</u></u>	<u><u>\$ 213,661</u></u>

Fiduciary Funds

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

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

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

Exhibit H-1

Grainger County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 456,994	\$ 456,994
Due from Other Governments	110,785	0	110,785
Restricted Assets	0	86,169	86,169
Total Assets	\$ 110,785	\$ 543,163	\$ 653,948
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 110,785	\$ 0	\$ 110,785
Due to Litigants, Heirs, and Others	0	543,163	543,163
Total Liabilities	\$ 110,785	\$ 543,163	\$ 653,948

Exhibit H-2

Grainger County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 624,510	\$ 624,510	\$ 0
Due from Other Governments	105,556	110,785	105,556	110,785
Total Assets	\$ 105,556	\$ 735,295	\$ 730,066	\$ 110,785
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 105,556	\$ 735,295	\$ 730,066	\$ 110,785
Total Liabilities	\$ 105,556	\$ 735,295	\$ 730,066	\$ 110,785
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 546,512	\$ 2,607,484	\$ 2,697,002	\$ 456,994
Restricted Assets	85,047	86,169	85,047	86,169
Total Assets	\$ 631,559	\$ 2,693,653	\$ 2,782,049	\$ 543,163
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 631,559	\$ 2,693,653	\$ 2,782,049	\$ 543,163
Total Liabilities	\$ 631,559	\$ 2,693,653	\$ 2,782,049	\$ 543,163
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 546,512	\$ 2,607,484	\$ 2,697,002	\$ 456,994
Equity in Pooled Cash and Investments	0	624,510	624,510	0
Due from Other Governments	105,556	110,785	105,556	110,785
Restricted Assets	85,047	86,169	85,047	86,169
Total Assets	\$ 737,115	\$ 3,428,948	\$ 3,512,115	\$ 653,948
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 105,556	\$ 735,295	\$ 730,066	\$ 110,785
Due to Litigants, Heirs, and Others	631,559	2,693,653	2,782,049	543,163
Total Liabilities	\$ 737,115	\$ 3,428,948	\$ 3,512,115	\$ 653,948

Grainger County School Department

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

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

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

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

Exhibit I-1

Grainger County, Tennessee
Statement of Activities
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues		Charges for Services		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants and Contributions					Total	Governmental Activities
Governmental Activities:							
Instruction		\$ 2,437,891	\$ 0	\$ 17,444,163	\$	\$ (15,006,272)	
Support Services		479,531	23,583	7,998,174		(7,495,060)	
Operation of Non-Instructional Services		1,443,878	575,842	2,399,318		(379,598)	
Debt Service		0	0	700,000		(700,000)	
Total Governmental Activities		4,361,300	599,425	28,541,655	\$	\$ (23,580,930)	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes						\$ 2,407,668	
Local Option Sales Taxes						962,530	
Business Tax						23,807	
Interstate Telecommunications Tax						1,489	
Grants and Contributions Not Restricted for Specific Programs						20,782,689	
Unrestricted Investment Earnings						3,864	
Miscellaneous						95,178	
Total General Revenues						\$ 24,277,225	
Change in Net Assets						\$ 696,295	
Net Assets, July 1, 2010						40,500,136	
Net Assets, June 30, 2011						\$ 41,196,431	

Exhibit I-2

Grainger County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Grainger County School Department
June 30, 2011

	<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>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
			<u>Fund</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,906	\$ 1,906
Equity in Pooled Cash and Investments	6,452,318	180,986	425,268	7,058,572
Accounts Receivable	38,346	5	1,013	39,364
Due from Other Governments	1,029,341	160,212	125,926	1,315,479
Due from Other Funds	44,962	0	0	44,962
Property Taxes Receivable	2,645,484	0	0	2,645,484
Allowance for Uncollectible Property Taxes	(97,032)	0	0	(97,032)
Total Assets	\$ 10,113,419	\$ 341,203	\$ 554,113	\$ 11,008,735
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 69,295	\$ 153,513	\$ 119,348	\$ 342,156
Accrued Payroll	48,996	23,214	0	72,210
Due to Other Funds	0	44,962	0	44,962
Deferred Revenue - Current Property Taxes	2,434,290	0	0	2,434,290
Deferred Revenue - Delinquent Property Taxes	87,876	0	0	87,876
Other Deferred Revenues	90,290	0	0	90,290
Total Liabilities	\$ 2,730,747	\$ 221,689	\$ 119,348	\$ 3,071,784
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 22,644	\$ 19,514	\$ 434,765	\$ 476,923
Restricted for Capital Projects	15,462	0	0	15,462
Committed:				
Committed for Education	502,425	100,000	0	602,425
Assigned:				
Assigned for Capital Projects	739,475	0	0	739,475
Unassigned	6,102,666	0	0	6,102,666
Total Fund Balances	\$ 7,382,672	\$ 119,514	\$ 434,765	\$ 7,936,951
Total Liabilities and Fund Balances	\$ 10,113,419	\$ 341,203	\$ 554,113	\$ 11,008,735

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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	7,936,951
(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: construction in progress		313,976	
Add: buildings and improvements net of accumulated depreciation		32,607,769	
Add: other capital assets net of accumulated depreciation		<u>1,763,372</u>	35,497,501
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			178,166
(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	\$	(12,688)	
Less: retirement incentive payable		(17,500)	
Less: other postemployment benefits liability		<u>(2,385,999)</u>	<u>(2,416,187)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 41,196,431</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, 2011

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria Fund	
<u>Revenues</u>				
Local Taxes	\$ 3,442,152	\$ 0	\$ 0	\$ 3,442,152
Licenses and Permits	670	0	0	670
Fines, Forfeitures, and Penalties	12,756	0	0	12,756
Charges for Current Services	4,370	0	595,055	599,425
Other Local Revenues	140,225	0	3,864	144,089
State of Tennessee	20,038,006	0	19,504	20,057,510
Federal Government	344,642	3,150,575	1,372,074	4,867,291
Other Governments and Citizens Groups	105,289	0	0	105,289
Total Revenues	<u>\$ 24,088,110</u>	<u>\$ 3,150,575</u>	<u>\$ 1,990,497</u>	<u>\$ 29,229,182</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,990,046	\$ 2,212,649	\$ 0	\$ 16,202,695
Support Services	6,597,286	874,233	0	7,471,519
Operation of Non-Instructional Services	417,524	0	1,981,794	2,399,318
Capital Outlay	754,699	0	0	754,699
Debt Service:				
Principal on Debt	12,943	0	0	12,943
Other Debt Service	700,000	0	0	700,000
Total Expenditures	<u>\$ 22,472,498</u>	<u>\$ 3,086,882</u>	<u>\$ 1,981,794</u>	<u>\$ 27,541,174</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,615,612</u>	<u>\$ 63,693</u>	<u>\$ 8,703</u>	<u>\$ 1,688,008</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 21,312	\$ 0	\$ 0	\$ 21,312
Transfers In	59,962	0	0	59,962
Transfers Out	0	(44,962)	(15,000)	(59,962)
Total Other Financing Sources (Uses)	<u>\$ 81,274</u>	<u>\$ (44,962)</u>	<u>\$ (15,000)</u>	<u>\$ 21,312</u>
Net Change in Fund Balances	\$ 1,696,886	\$ 18,731	\$ (6,297)	\$ 1,709,320
Fund Balance, July 1, 2010	<u>5,685,786</u>	<u>100,783</u>	<u>441,062</u>	<u>6,227,631</u>
Fund Balance, June 30, 2011	<u>\$ 7,382,672</u>	<u>\$ 119,514</u>	<u>\$ 434,765</u>	<u>\$ 7,936,951</u>

Exhibit I-5

Grainger County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Grainger County School Department
For the Year Ended June 30, 2011

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)		\$ 1,709,320
(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	\$ 487,225	
Less: current-year depreciation expense	<u>(1,152,212)</u>	(664,987)
(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, 2011	\$ 178,166	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(169,398)</u>	8,768
(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
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	(412,249)	
Change in retirement incentive payable	<u>42,500</u>	<u>(369,749)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 696,295</u>

Exhibit I-6

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grainger County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,442,152	\$ 0	\$ 3,442,152	\$ 3,041,510	\$ 3,041,510	\$ 400,642
Licenses and Permits	670	0	670	0	0	670
Fines, Forfeitures, and Penalties	12,756	0	12,756	17,000	17,000	(4,244)
Charges for Current Services	4,370	0	4,370	7,000	9,000	(4,630)
Other Local Revenues	140,225	0	140,225	50,000	98,238	41,987
State of Tennessee	20,038,006	0	20,038,006	18,670,022	19,488,873	549,133
Federal Government	344,642	0	344,642	65,000	373,183	(28,541)
Other Governments and Citizens Groups	105,289	0	105,289	0	105,289	0
<u>Total Revenues</u>	<u>\$ 24,088,110</u>	<u>\$ 0</u>	<u>\$ 24,088,110</u>	<u>\$ 21,850,532</u>	<u>\$ 23,133,093</u>	<u>\$ 955,017</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 10,921,660	\$ 0	\$ 10,921,660	\$ 11,366,252	\$ 11,440,978	\$ 519,318
Alternative Instruction Program	67,058	0	67,058	70,386	70,386	3,328
Special Education Program	1,691,448	0	1,691,448	1,766,402	1,766,505	75,057
Vocational Education Program	928,744	0	928,744	932,102	932,102	3,358
Student Body Education Program	74,380	0	74,380	38,000	96,092	21,712
Adult Education Program	306,756	0	306,756	113,430	377,743	70,987
<u>Support Services</u>						
Attendance	6,973	0	6,973	7,613	7,613	640
Health Services	325,251	0	325,251	239,255	362,555	37,304
Other Student Support	352,123	0	352,123	384,273	418,423	66,300
Regular Instruction Program	609,925	0	609,925	716,362	760,362	150,437
Special Education Program	136,354	0	136,354	145,233	145,233	8,879

(Continued)

Exhibit I-6

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)	Add: Encumbrances 6/30/2011	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	\$ 55,461	\$ 0	\$ 55,461	\$ 55,542	\$ 55,542	\$ 81
Adult Programs	45,614	0	45,614	0	57,796	12,182
Other Programs	144,629	0	144,629	0	144,629	0
Board of Education	293,193	0	293,193	327,664	350,672	57,479
Director of Schools	199,767	0	199,767	207,109	213,109	13,342
Office of the Principal	1,146,668	0	1,146,668	1,150,637	1,150,637	3,969
Operation of Plant	1,510,134	0	1,510,134	1,771,438	1,771,438	261,304
Maintenance of Plant	429,935	0	429,935	399,001	446,734	16,799
Transportation	1,341,259	0	1,341,259	1,300,089	1,447,785	106,526
<u>Operation of Non-Instructional Services</u>						
Community Services	33,300	0	33,300	33,300	33,300	0
Early Childhood Education	384,224	0	384,224	0	421,473	37,249
<u>Capital Outlay</u>						
Regular Capital Outlay	754,699	64,475	819,174	113,500	1,031,062	211,888
Principal on Debt	12,943	0	12,943	712,944	12,944	1
Education	700,000	0	700,000	0	700,000	0
Other Debt Service	22,472,498	64,475	22,536,973	21,850,532	24,215,113	1,678,140
Education						
Total Expenditures	\$ 22,472,498	\$ 64,475	\$ 22,536,973	\$ 21,850,532	\$ 24,215,113	\$ 1,678,140
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,615,612	\$ (64,475)	\$ 1,551,137	\$ 0	\$ (1,082,020)	\$ 2,633,157

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 21,312	0 \$	21,312 \$	0 \$	15,814 \$	5,498
Transfers In	59,962	0	59,962	0	62,475	(2,513)
Total Other Financing Sources (Uses)	\$ 81,274	0 \$	81,274 \$	0 \$	78,289 \$	2,985
Net Change in Fund Balance	\$ 1,696,886	(64,475) \$	1,632,411 \$	0 \$	(1,003,731) \$	2,636,142
Fund Balance, July 1, 2010	5,685,786	0	5,685,786	0	1,003,731	4,682,055
Fund Balance, June 30, 2011	\$ 7,382,672	(64,475) \$	7,318,197 \$	0 \$	0 \$	7,318,197

Exhibit I-7

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grainger County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 11,251	\$ 0	\$ 0
Federal Government	3,150,575	2,418,935	4,148,509	(997,934)
Total Revenues	\$ 3,150,575	\$ 2,430,186	\$ 4,148,509	\$ (997,934)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,554,809	\$ 921,223	\$ 1,926,788	\$ 371,979
Special Education Program	602,045	577,803	707,583	105,538
Vocational Education Program	55,795	55,795	55,795	0
<u>Support Services</u>				
Health Services	34,390	33,642	33,642	(748)
Other Student Support	101,381	232,659	145,571	44,190
Regular Instruction Program	397,412	401,966	763,112	365,700
Special Education Program	196,899	98,291	310,614	113,715
Vocational Education Program	3,000	3,000	3,000	0
Operation of Plant	8,560	0	9,919	1,359
Transportation	132,591	58,332	145,793	13,202
Total Expenditures	\$ 3,086,882	\$ 2,382,711	\$ 4,101,817	\$ 1,014,935
Excess (Deficiency) of Revenues Over Expenditures	\$ 63,693	\$ 47,475	\$ 46,692	\$ 17,001
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 126,399	\$ 22,883	\$ (22,883)
Transfers Out	(44,962)	(173,874)	(73,153)	28,191
Total Other Financing Sources (Uses)	\$ (44,962)	\$ (47,475)	\$ (50,270)	\$ 5,308
Net Change in Fund Balance	\$ 18,731	\$ 0	\$ (3,578)	\$ 22,309
Fund Balance, July 1, 2010	100,783	0	3,578	97,205
Fund Balance, June 30, 2011	\$ 119,514	\$ 0	\$ 0	\$ 119,514

Exhibit I-8

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grainger County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 595,055	\$ 666,300	\$ 666,300	\$ (71,245)
Other Local Revenues	3,864	4,000	4,000	(136)
State of Tennessee	19,504	20,000	20,000	(496)
Federal Government	1,372,074	1,278,300	1,382,089	(10,015)
Total Revenues	<u>\$ 1,990,497</u>	<u>\$ 1,968,600</u>	<u>\$ 2,072,389</u>	<u>\$ (81,892)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,981,794	\$ 1,953,600	\$ 2,187,389	\$ 205,595
Total Expenditures	<u>\$ 1,981,794</u>	<u>\$ 1,953,600</u>	<u>\$ 2,187,389</u>	<u>\$ 205,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,703</u>	<u>\$ 15,000</u>	<u>\$ (115,000)</u>	<u>\$ 123,703</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (6,297)	\$ 0	\$ (130,000)	\$ 123,703
Fund Balance, July 1, 2010	441,062	0	130,000	311,062
Fund Balance, June 30, 2011	<u>\$ 434,765</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 434,765</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Granger County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Granger County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>							
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Justice Center	\$ 6,500,000	3.87 %	12-23-03	3-1-23	\$ 4,900,000	\$ 295,000	\$ 4,605,000
General Obligation School Bonds - Series 2005	20,500,000	4.21	7-14-05	5-1-30	18,665,000	650,000	18,015,000
General Obligation School Bonds - Series 2006	4,000,000	4.32	8-10-06	5-1-30	3,685,000	115,000	3,570,000
Total Bonds Payable					\$ 27,250,000	\$ 1,060,000	\$ 26,190,000
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Justice Center Equipment	225,000	4.97	12-16-05	12-16-14	\$ 125,000	\$ 25,000	\$ 100,000
Health Department Roof	125,000	4.26	10-17-05	10-17-10	25,000	25,000	0
School Building - Phase I	1,000,000	3.65	10-10-1998	10-9-10	39,310	39,310	0
School Building - Phase II	1,500,000	3.65	12-14-1998	12-14-10	62,500	62,500	0
School Building - Phase III	500,000	4.15	8-23-1999	8-23-11	61,100	41,800	19,300
School Building - Phase IV	350,000	4.25	5-19-00	5-19-12	58,303	29,168	29,135
Landfill Closure	550,000	4.25	5-30-00	5-30-12	91,600	45,840	45,760
Vehicles for the Sheriff's Department	120,000	4.46	1-5-07	1-5-11	30,000	30,000	0
Ambulance	85,000	4.78	12-7-07	12-7-11	42,500	21,250	21,250
Black Fox Bridge	150,000	4.17	2-11-08	2-28-12	75,000	37,500	37,500
School Fence	36,945	4.2	10-16-08	10-16-10	18,473	18,473	0
Ambulance and Sheriff Vehicles	135,000	4.07	6-19-09	6-19-13	101,250	33,750	67,500
Ambulance	75,000	4.07	2-1-10	2-1-13	75,000	25,000	50,000
Total Notes Payable					\$ 805,036	\$ 434,591	\$ 370,445

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT (CONT.)</u>							
<u>CAPITAL LEASES PAYABLE</u>							
Payable through General Fund							
Real Property - Ambulance Authority	\$ 55,000	0 %	8-31-01	6-30-12	\$ 10,000	\$ 5,000	\$ 5,000
Total Payable through General Fund					\$ 10,000	\$ 5,000	\$ 5,000
<u>Payable through Solid Waste/Sanitation Fund</u>							
Bobcat	20,145	6	7-28-09	7-28-12	\$ 14,729	\$ 4,585	\$ 10,144
Total Payable through Solid Waste/Sanitation Fund					\$ 14,729	\$ 4,585	\$ 10,144
Total Capital Leases Payable					\$ 24,729	\$ 9,585	\$ 15,144
<u>OTHER LOANS PAYABLE</u>							
Payable through General Debt Service Fund							
Montgomery County Public Building Authority	1,000,000	Variable	3-5-03	5-24-14	\$ 392,000	\$ 93,000	\$ 299,000
Total Other Loans Payable					\$ 392,000	\$ 93,000	\$ 299,000
<u>DISCRETELY PRESENTED GRAINGER COUNTY SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
Payable through General Purpose School Fund							
EPA Asbestos Abatement	232,968	0	11-30-1994	5-30-12	\$ 25,631	\$ 12,943	\$ 12,688
Total Notes Payable					\$ 25,631	\$ 12,943	\$ 12,688

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
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	\$ 26,190,000	\$ 11,804,944	\$ 37,994,944

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 370,445	\$ 25,418	\$ 395,863

(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
2012	\$ 9,909	\$ 551	\$ 10,460
2013	5,235	226	5,461
Total	\$ 15,144	\$ 777	\$ 15,921

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 96,000	\$ 1,073	\$ 743	\$ 97,816
2013	100,000	694	481	101,175
2014	103,000	301	209	103,510
Total	\$ 299,000	\$ 2,068	\$ 1,433	\$ 302,501

DISCRETELY PRESENTED GRAINGER
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 12,688	\$ 0	\$ 12,688
Total	\$ 12,688	\$ 0	\$ 12,688

Exhibit J-3

Grainger County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2011

<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	\$ 143,520
Total Transfers Primary Government			<u>\$ 143,520</u>
<u>DISCRETELY PRESENTED GRAINGER</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 44,962
Central Cafeteria Fund	General Purpose School	Utilities reimbursement	15,000
Total Transfers Discretely Presented Grainger County School Department			<u>\$ 59,962</u>

Grainger County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 70,038	\$ 50,000	RLI Insurance Company
Road Superintendent:				
David Bean (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,588	100,000	Ohio Casualty Insurance Company
Jim Renfro (9-1-10 through 6-30-11)	Section 8-24-102, TCA	51,310	100,000	RLI Insurance Company
Director of Schools	State Board of Education and County Board of Education	82,026 (1)	(2)	
Trustee	Section 8-24-102, TCA	57,751	550,200	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	57,751	50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk:				
Rhonda Reagan (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,106	50,000	Ohio Casualty Insurance Company
Sherry Clifton (9-1-10 through 6-30-11)	Section 8-24-102, TCA	46,645	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	57,751 (3)	50,000	Western Surety Company
Register	Section 8-24-102, TCA	57,751	25,000	RLI Insurance Company
Sheriff:				
James Harville (7-1-10 through 8-31-10)	Section 8-24-102, TCA, and County Commission	12,828 (4)	25,000	Ohio Casualty Insurance Company
Scott Layel (9-1-10 through 6-30-11)	Section 8-24-102, TCA, and County Commission	53,875 (5)	25,000	RLI Insurance Company
Employee Blanket Bonds:				
County Employees			25,000	RLI Insurance Company
School Department Employees			100,000	Montgomery Insurance Company

(1) Includes a chief executive officer training supplement of \$1,000.
(2) Covered by employee blanket bond.
(3) Does not include special commissioner fees of \$4,462.
(4) Includes \$529 for serving as workhouse superintendent.
(5) Includes \$2,647 for serving as workhouse superintendent.

Exhibit J-5

Grainger County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

	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	\$ 3,309,197	\$ 0	\$ 0	\$ 603,170	\$ 0
Trustee's Collections - Prior Year	202,740	0	0	32,053	0
Circuit/Clerk & Master Collections - Prior Years	76,736	0	0	13,826	0
Interest and Penalty	28,816	0	0	5,177	0
Payments in-Lieu-of Taxes - T.V.A.	2,364	0	0	428	0
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	51,338	0	0	9,290	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	7,358	0	0	0	0
Litigation Tax - Special Purpose	24,983	2,934	971	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	11,735	0	0	0	0
Business Tax	24,767	0	0	4,473	0
Other County Local Option Taxes	4	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	28,673	0	0	5,188	0
Wholesale Beer Tax	70,300	0	0	0	0
Interstate Telecommunications Tax	1,082	0	0	0	0
Other Statutory Local Taxes	5	0	0	0	0
Total Local Taxes	\$ 3,840,098	\$ 2,934	\$ 971	\$ 673,605	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 779	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	57,370	0	0	0	0
<u>Permits</u>					
Beer Permits	483	0	0	0	0
Total Licenses and Permits	\$ 58,632	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 6,243	\$ 0	\$ 0	\$ 1,128	\$ 0
Officers Costs	1,484	0	0	268	0
Drug Control Fines	0	0	0	0	7,675
Jail Fees	717	0	0	0	0
DUI Treatment Fines	256	0	0	0	0
Data Entry Fee - Circuit Court	378	0	0	0	0
Courtroom Security Fee	104	0	0	0	0
Victims Assistance Assessments	2,103	0	0	0	0
<u>General Sessions Court</u>					
Fines	5,513	0	0	996	0
Officers Costs	5,941	0	0	1,072	0
Game and Fish Fines	47	0	0	9	0
Drug Control Fines	0	0	0	0	5,901
Jail Fees	11,078	0	0	0	0
Judicial Commissioner Fees	400	0	0	0	0
DUI Treatment Fines	1,824	0	0	0	0
Data Entry Fee - General Sessions Court	2,205	0	0	0	0
Courtroom Security Fee	357	0	0	0	0
Victims Assistance Assessments	10,551	0	0	0	0
<u>Juvenile Court</u>					
Fines	220	0	0	40	0
Officers Costs	472	0	0	0	0
Data Entry Fee - Juvenile Court	104	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,820	0	0	0	0
Data Entry Fee - Chancery Court	1,080	0	0	0	0
<u>Other Courts - In-county</u>					
Jail Fees	798	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	4,843
Total Fines, Forfeitures, and Penalties	\$ 54,695	\$ 0	\$ 0	\$ 3,513	\$ 18,419

(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
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 808,496	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	150	0	0	0	0
Service Charges	15,905	0	0	0	0
<u>Fees</u>					
Recreation Fees	0	0	0	0	0
Copy Fees	6,032	0	0	0	0
Library Fees	4,509	0	0	0	0
Telephone Commissions	7,123	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	7,280	0	0	0	0
Data Processing Fee - Sheriff	1,783	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,300	0	0	0	0
Total Charges for Current Services	\$ 852,578	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	27,632	0	0	100	0
Sale of Materials and Supplies	307	0	0	0	0
Commissary Sales	3,407	0	0	0	0
Sale of Recycled Materials	1,644	0	0	18,070	0
Sale of Animals/Livestock	78	0	0	0	0
Miscellaneous Refunds	69,674	0	0	120	0
<u>Nonrecurring Items</u>					
Sale of Equipment	1,535	0	0	0	0
Contributions and Gifts	63,367	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	569	0	0	0	0
Total Other Local Revenues	\$ 168,213	\$ 0	\$ 0	\$ 18,290	\$ 0

(Continued)

Exhibit J-5

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
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Circuit Court Clerk	5	0	0	0	0
General Sessions Court Clerk	10	0	0	0	0
Trustee	107,200	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	43,546	0	0	0	0
General Sessions Court Clerk	68,804	0	0	0	0
Clerk and Master	60,113	0	0	0	0
Juvenile Court Clerk	5,162	0	0	0	0
Register	85,951	0	0	0	0
Sheriff	4,466	0	0	0	0
Total Fees Received from County Officials	\$ 375,257	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	13,500	0	0	0	0
Solid Waste Grants	0	0	0	1,092	0
On-Behalf Contributions for OPEB	1,097	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	10,200	0	0	0	0
<u>Health and Welfare Grants</u>					
Public Health Nurses	41,785	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	28,124	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	38,071	0	0	0	0
Beer Tax	18,724	0	0	0	0
Alcoholic Beverage Tax	34,983	0	0	0	0
State Revenue Sharing - T.V.A.	389,080	0	0	70,405	0
Contracted Prisoner Boarding	538,090	0	0	0	0

(Continued)

Exhibit J-5

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
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	11,311	0	0	0	0
Other State Revenues	1,721	0	0	0	0
Total State of Tennessee	\$ 1,141,850	\$ 0	\$ 0	\$ 71,497	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 348,190	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	60,000	0	0	0	0
ARRA Grant No. 1	200	0	0	0	0
Total Federal Government	\$ 408,390	\$ 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	\$ 6,899,713	\$ 2,934	\$ 971	\$ 766,905	\$ 18,419

(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		
Local Taxes						
<u>County Property Taxes</u>						
Current Property Tax	\$ 89,947	\$ 0	\$ 478,376	\$ 1,206,372	\$ 5,687,062	
Trustee's Collections - Prior Year	4,098	0	21,970	56,782	317,643	
Circuit/Clerk & Master Collections - Prior Years	1,961	0	10,649	25,966	129,138	
Interest and Penalty	679	0	3,890	9,301	47,863	
Payments in-Lieu-of Taxes - T.V.A.	68	0	338	856	4,054	
Payments in-Lieu-of Taxes - Local Utilities	6,766	0	0	0	6,766	
Payments in-Lieu-of Taxes - Other	0	0	7,334	18,580	86,542	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	334,715	334,715	
Litigation Tax - General	0	0	0	0	7,358	
Litigation Tax - Special Purpose	0	0	0	0	28,888	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	11,735	
Business Tax	675	0	4,236	8,708	42,859	
Other County Local Option Taxes	0	0	0	0	4	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	819	0	4,096	10,377	49,153	
Wholesale Beer Tax	0	0	0	0	70,300	
Interstate Telecommunications Tax	0	0	0	0	1,082	
Other Statutory Local Taxes	0	0	0	0	5	
Total Local Taxes	\$ 105,013	\$ 0	\$ 530,889	\$ 1,671,657	\$ 6,825,167	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 779	
Cable TV Franchise	0	0	0	0	57,370	
<u>Permits</u>						
Beer Permits	0	0	0	0	483	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,632	

(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>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 171	\$ 0	\$ 873	\$ 2,199	\$ 10,614	
Officers Costs	41	0	215	523	2,531	
Drug Control Fines	0	0	0	0	7,675	
Jail Fees	0	0	0	0	717	
DUI Treatment Fines	0	0	0	0	256	
Data Entry Fee - Circuit Court	0	0	0	0	378	
Courtroom Security Fee	0	0	0	0	104	
Victims Assistance Assessments	0	0	0	0	2,103	
<u>General Sessions Court</u>						
Fines	152	0	863	1,950	9,474	
Officers Costs	160	0	854	2,075	10,102	
Game and Fish Fines	1	0	7	14	78	
Drug Control Fines	0	0	0	0	5,901	
Jail Fees	0	0	0	0	11,078	
Judicial Commissioner Fees	0	0	0	0	400	
DUI Treatment Fines	0	0	0	0	1,824	
Data Entry Fee - General Sessions Court	0	0	0	0	2,205	
Courtroom Security Fee	0	0	0	0	357	
Victims Assistance Assessments	0	0	0	0	10,551	
<u>Juvenile Court</u>						
Fines	6	0	31	79	376	
Officers Costs	0	0	0	0	472	
Data Entry Fee - Juvenile Court	0	0	0	0	104	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	2,820	
Data Entry Fee - Chancery Court	0	0	0	0	1,080	
<u>Other Courts - In-county</u>						
Jail Fees	0	0	0	0	798	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	4,843	
Total Fines, Forfeitures, and Penalties	\$ 531	\$ 0	\$ 2,843	\$ 6,840	\$ 86,841	

(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>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 808,496	
Other General Service Charges	0	0	0	0	150	
Service Charges	0	0	0	0	15,905	
<u>Fees</u>						
Recreation Fees	11,700	0	0	0	11,700	
Copy Fees	0	0	0	0	6,032	
Library Fees	0	0	0	0	4,509	
Telephone Commissions	0	0	0	0	7,123	
Constitutional Officers' Fees and Commissions	0	344,802	0	0	344,802	
Special Commissioner Fees/Special Master Fees	0	4,462	0	0	4,462	
Data Processing Fee - Register	0	0	0	0	7,280	
Data Processing Fee - Sheriff	0	0	0	0	1,783	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,300	
Total Charges for Current Services	\$ 11,700	\$ 349,264	\$ 0	\$ 0	\$ 1,213,542	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	0	0	245,749	245,749	
Lease/Rentals	0	0	0	0	27,732	
Sale of Materials and Supplies	0	0	0	0	307	
Commissary Sales	0	0	0	0	3,407	
Sale of Recycled Materials	0	0	51,664	0	71,378	
Sale of Animals/Livestock	0	0	0	0	78	
Miscellaneous Refunds	0	0	71	23	69,888	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	1,535	
Contributions and Gifts	3,637	0	0	0	67,004	
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	569	
Total Other Local Revenues	\$ 3,637	\$ 0	\$ 51,735	\$ 245,772	\$ 487,647	

(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>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Circuit Court Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	5
General Sessions Court Clerk	0	0	0	0	0	10
Trustee	0	0	0	0	0	107,200
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	43,546
General Sessions Court Clerk	0	0	0	0	0	68,804
Clerk and Master	0	0	0	0	0	60,113
Juvenile Court Clerk	0	0	0	0	0	5,162
Register	0	0	0	0	0	85,951
Sheriff	0	0	0	0	0	4,466
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	375,257
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	13,500
Solid Waste Grants	0	0	0	0	0	1,092
On-Behalf Contributions for OPEB	0	0	0	0	0	1,097
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,200
<u>Health and Welfare Grants</u>						
Public Health Nurses	0	0	0	0	0	41,785
<u>Public Works Grants</u>						
State Aid Program	0	0	173,701	0	0	173,701
Litter Program	0	0	0	0	0	28,124
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	38,071
Beer Tax	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	34,983
State Revenue Sharing - T.V.A.	11,117	0	55,583	140,810	0	666,995
Contracted Prisoner Boarding	0	0	0	0	0	538,090

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund
	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	1,463,315 \$	0 \$	1,463,315
Petroleum Special Tax	0	0	16,591	0	16,591
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	142,284	0	0	0	153,595
Other State Revenues	0	0	0	0	1,721
Total State of Tennessee	\$ 153,401 \$	0 \$	1,709,190 \$	140,810 \$	3,216,748
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0 \$	0 \$	0 \$	0 \$	348,190
Homeland Security Grants	0	0	0	0	60,000
ARRA Grant No. 1	0	0	0	0	200
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	408,390
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0 \$	0 \$	0 \$	700,000 \$	700,000
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	700,000 \$	700,000
Total	\$ 274,282 \$	349,264 \$	2,294,657 \$	2,765,079 \$	13,372,224

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,232,417	\$ 0	\$ 0	\$ 2,232,417
Trustee's Collections - Prior Year	102,528	0	0	102,528
Circuit/Clerk & Master Collections - Prior Years	49,696	0	0	49,696
Interest and Penalty	18,155	0	0	18,155
Payments in-Lieu-of Taxes - T.V.A.	1,576	0	0	1,576
Payments in-Lieu-of Taxes - Other	34,226	0	0	34,226
<u>County Local Option Taxes</u>				
Local Option Sales Tax	962,530	0	0	962,530
Business Tax	19,768	0	0	19,768
<u>Statutory Local Taxes</u>				
Bank Excise Tax	19,624	0	0	19,624
Interstate Telecommunications Tax	1,632	0	0	1,632
Total Local Taxes	\$ 3,442,152	\$ 0	\$ 0	\$ 3,442,152
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 670	\$ 0	\$ 0	\$ 670
Total Licenses and Permits	\$ 670	\$ 0	\$ 0	\$ 670
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 4,075	\$ 0	\$ 0	\$ 4,075
Officers Costs	1,002	0	0	1,002
<u>General Sessions Court</u>				
Fines	4,026	0	0	4,026
Officers Costs	3,475	0	0	3,475
Game and Fish Fines	32	0	0	32
<u>Juvenile Court</u>				
Fines	146	0	0	146
Total Fines, Forfeitures, and Penalties	\$ 12,756	\$ 0	\$ 0	\$ 12,756
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 314,099	\$ 314,099
Lunch Payments - Adults	0	0	76,759	76,759
Income from Breakfast	0	0	52,358	52,358
A la carte Sales	0	0	128,935	128,935
Receipts from Individual Schools	0	0	3,401	3,401
Community Service Fees - Adults	290	0	0	290
TBI Criminal Background Fees	4,080	0	0	4,080
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	19,503	19,503
Total Charges for Current Services	\$ 4,370	\$ 0	\$ 595,055	\$ 599,425

(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</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 3,864	\$ 3,864
Cobra Insurance Payments	2,901	0	0	2,901
Miscellaneous Refunds	79,520	0	0	79,520
<u>Nonrecurring Items</u>				
Sale of Property	1	0	0	1
Contributions and Gifts	3,250	0	0	3,250
<u>Other Local Revenues</u>				
Other Local Revenues	54,553	0	0	54,553
Total Other Local Revenues	\$ 140,225	\$ 0	\$ 3,864	\$ 144,089
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 144,629	\$ 0	\$ 0	\$ 144,629
<u>State Education Funds</u>				
Basic Education Program	16,684,106	0	0	16,684,106
Basic Education Program - ARRA	2,167,544	0	0	2,167,544
Early Childhood Education	384,225	0	0	384,225
School Food Service	0	0	19,504	19,504
Driver Education	15,102	0	0	15,102
Other State Education Funds	28,229	0	0	28,229
Coordinated School Health - ARRA	90,072	0	0	90,072
Internet Connectivity - ARRA	10,650	0	0	10,650
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	8,957	0	0	8,957
Career Ladder Program	142,394	0	0	142,394
Career Ladder - Extended Contract - ARRA	38,511	0	0	38,511
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	259,387	0	0	259,387
Other State Grants	8,000	0	0	8,000
Safe Schools - ARRA	22,900	0	0	22,900
Total State of Tennessee	\$ 20,038,006	\$ 0	\$ 19,504	\$ 20,057,510
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 912,728	\$ 912,728
USDA - Commodities	0	0	103,789	103,789
Breakfast	0	0	352,015	352,015
USDA - Other	0	0	3,542	3,542
Adult Education State Grant Program	85,259	0	0	85,259
Vocational Education - Basic Grants to States	0	67,795	0	67,795
Title I Grants to Local Education Agencies	0	1,075,452	0	1,075,452
Special Education - Grants to States	51,103	964,801	0	1,015,904
Special Education Preschool Grants	0	45,595	0	45,595
English Language Acquisition Grants	0	10,730	0	10,730

(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>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Rural Education	\$ 0	\$ 125,122	\$ 0	\$ 125,122
Eisenhower Professional Development State Grants	0	175,719	0	175,719
Race to the Top - ARRA	0	197,652	0	197,652
Other Federal through State	135,397	487,709	0	623,106
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	72,883	0	0	72,883
Total Federal Government	\$ 344,642	\$ 3,150,575	\$ 1,372,074	\$ 4,867,291
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contracted Services	\$ 105,289	\$ 0	\$ 0	\$ 105,289
Total Other Governments and Citizens Groups	\$ 105,289	\$ 0	\$ 0	\$ 105,289
Total	\$ 24,088,110	\$ 3,150,575	\$ 1,990,497	\$ 29,229,182

Exhibit J-7

Grainger County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	43,751	
Social Security		3,347	
State Retirement		3,230	
Unemployment Compensation		136	
Dues and Memberships		1,450	
Travel		165	
Total County Commission	\$		52,079

Board of Equalization

Board and Committee Members Fees	\$	875	
Total Board of Equalization			875

Beer Board

Board and Committee Members Fees	\$	522	
Total Beer Board			522

Budget and Finance Committee

Board and Committee Members Fees	\$	1,625	
Total Budget and Finance Committee			1,625

County Mayor/Executive

County Official/Administrative Officer	\$	70,038	
Purchasing Personnel		1,000	
Longevity Pay		1,700	
Other Salaries and Wages		48,153	
Social Security		8,945	
State Retirement		12,600	
Medical Insurance		3,938	
Unemployment Compensation		234	
Communication		1,906	
Data Processing Services		6,583	
Dues and Memberships		1,370	
Maintenance Agreements		1,452	
Postal Charges		1,773	
Printing, Stationery, and Forms		282	
Travel		1,728	
Office Supplies		1,935	
Other Supplies and Materials		500	
Office Equipment		1,136	
Total County Mayor/Executive			165,273

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	51,976	
Assistant(s)		22,500	
Longevity Pay		100	
Election Commission		21,750	
Election Workers		20,713	
In-Service Training		2,640	
Social Security		5,705	
State Retirement		7,771	
Unemployment Compensation		196	
Communication		1,898	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		3,760	
Maintenance Agreements		9,128	
Maintenance and Repair Services - Equipment		1,008	
Maintenance and Repair Services - Office Equipment		2,189	
Postal Charges		3,705	
Printing, Stationery, and Forms		1,991	
Rentals		3,600	
Travel		4,339	
Electricity		1,454	
Office Supplies		1,340	
Propane Gas		1,480	
Water and Sewer		475	
Total Election Commission			\$ 169,943

Register of Deeds

County Official/Administrative Officer	\$	57,751
Clerical Personnel		44,429
Part-time Personnel		2,487
Longevity Pay		1,150
Other Salaries and Wages		1,123
Social Security		7,161
State Retirement		10,818
Medical Insurance		9,006
Unemployment Compensation		247
Communication		2,740
Data Processing Services		10,266
Dues and Memberships		422
Maintenance Agreements		1,388
Maintenance and Repair Services - Office Equipment		114

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Postal Charges	\$	432	
Printing, Stationery, and Forms		25	
Travel		64	
Office Supplies		2,094	
Office Equipment		649	
Total Register of Deeds			\$ 152,366

Planning

Board and Committee Members Fees	\$	8,625	
Other Contracted Services		9,250	
Total Planning			17,875

County Buildings

Custodial Personnel	\$	12,493	
Social Security		937	
State Retirement		146	
Medical Insurance		70	
Unemployment Compensation		134	
Maintenance and Repair Services - Buildings		12,884	
Coal		5,647	
Custodial Supplies		2,807	
Electricity		19,441	
Water and Sewer		2,968	
Building Improvements		65	
Total County Buildings			57,592

Other Facilities

Maintenance Personnel	\$	27,137	
Social Security		1,962	
State Retirement		2,572	
Medical Insurance		1,955	
Unemployment Compensation		125	
Communication		1,736	
Maintenance and Repair Services - Buildings		41,346	
Other Contracted Services		1,685	
Custodial Supplies		4,352	
Electricity		106,303	
Propane Gas		47,621	
Water and Sewer		26,965	
Total Other Facilities			263,759

(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

Part-time Personnel	\$	10,715	
Social Security		820	
Unemployment Compensation		127	
Communication		1,378	
Postal Charges		44	
Travel		200	
Electricity		4,012	
Office Supplies		2,397	
Other Supplies and Materials		1,996	
Other Charges		491	
Other Equipment		231	
Total Preservation of Records			\$ 22,411

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		23,103	
Deputy(ies)		24,408	
Part-time Personnel		2,500	
Longevity Pay		750	
Social Security		7,817	
State Retirement		9,377	
Medical Insurance		2,898	
Unemployment Compensation		258	
Communication		1,574	
Contracts with Private Agencies		1,850	
Data Processing Services		12,753	
Maintenance Agreements		732	
Maintenance and Repair Services - Vehicles		40	
Postal Charges		498	
Travel		36	
Gasoline		1,142	
Office Supplies		1,407	
Other Supplies and Materials		704	
Total Property Assessor's Office			149,598

County Trustee's Office

Social Security	\$	11,910
State Retirement		15,983
Unemployment Compensation		400

(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.)

Communication	\$	2,100	
Data Processing Services		11,478	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		232	
Maintenance Agreements		1,162	
Postal Charges		6,598	
Printing, Stationery, and Forms		52	
Travel		100	
Office Supplies		2,021	
Total County Trustee's Office			\$ 52,543

County Clerk's Office

Social Security	\$	13,156	
State Retirement		12,783	
Unemployment Compensation		761	
Communication		2,773	
Data Processing Services		1,600	
Dues and Memberships		894	
Maintenance Agreements		1,331	
Maintenance and Repair Services - Office Equipment		121	
Postal Charges		7,184	
Printing, Stationery, and Forms		3,811	
Travel		2,318	
Office Supplies		5,115	
Office Equipment		249	
Total County Clerk's Office			52,096

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		13,148	
Secretary(ies)		43,603	
Longevity Pay		250	
Jury and Witness Expense		7,899	
Social Security		7,512	
State Retirement		11,731	
Medical Insurance		4,275	
Unemployment Compensation		520	
Communication		2,646	
Dues and Memberships		487	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	162	
Maintenance Agreements		10,420	
Postal Charges		2,127	
Printing, Stationery, and Forms		1,790	
Travel		947	
Office Supplies		3,331	
Office Equipment		225	
Total Circuit Court			\$ 168,824

General Sessions Court

Judge(s)	\$	88,593	
Secretary(ies)		27,384	
Longevity Pay		300	
Other Per Diem and Fees		173	
Social Security		9,007	
State Retirement		11,593	
Medical Insurance		1,575	
Unemployment Compensation		170	
Maintenance Agreements		139	
Postal Charges		1,153	
Printing, Stationery, and Forms		1,308	
Office Supplies		628	
Total General Sessions Court			142,023

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,541	
Longevity Pay		550	
Social Security		5,631	
State Retirement		8,632	
Medical Insurance		6,687	
Unemployment Compensation		98	
Communication		2,172	
Dues and Memberships		487	
Maintenance Agreements		134	
Postal Charges		1,688	
Printing, Stationery, and Forms		1,412	
Travel		209	
Library Books/Media		710	
Office Supplies		2,220	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Premiums on Corporate Surety Bonds	\$	250	
Office Equipment		191	
Total Chancery Court			\$ 113,363

Juvenile Court

Assistant(s)	\$	8,739	
Supervisor/Director		31,315	
Probation Officer(s)		6,302	
Longevity Pay		100	
Social Security		3,588	
State Retirement		3,980	
Medical Insurance		1,125	
Unemployment Compensation		247	
Communication		2,692	
Contracts with Other Public Agencies		10,170	
Dues and Memberships		450	
Maintenance and Repair Services - Office Equipment		200	
Medical and Dental Services		214	
Postal Charges		371	
Printing, Stationery, and Forms		424	
Travel		1,330	
Food Preparation Supplies		68	
Office Supplies		1,126	
Uniforms		294	
Other Supplies and Materials		365	
Other Charges		575	
Office Equipment		650	
Total Juvenile Court			74,325

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	66,703	
Deputy(ies)		397,497	
Investigator(s)		26,253	
Sergeant(s)		95,511	
Medical Personnel		15,601	
Salary Supplements		10,200	
Secretary(ies)		40,769	
Longevity Pay		5,050	
In-Service Training		8,500	

(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.)

Social Security	\$	47,679	
State Retirement		59,900	
Medical Insurance		18,909	
Unemployment Compensation		3,064	
Communication		14,397	
Data Processing Services		4,784	
Dues and Memberships		1,500	
Operating Lease Payments		1,758	
Maintenance Agreements		3,535	
Maintenance and Repair Services - Vehicles		30,276	
Postal Charges		1,216	
Printing, Stationery, and Forms		1,758	
Travel		6,027	
Electricity		527	
Gasoline		127,957	
Law Enforcement Supplies		10,269	
Office Supplies		3,109	
Tires and Tubes		5,948	
Uniforms		7,818	
Other Supplies and Materials		7,487	
Other Charges		3,064	
Communication Equipment		4,488	
Total Sheriff's Department			\$ 1,031,554

Jail

Medical Personnel	\$	45,117	
Guards		492,275	
Cafeteria Personnel		47,837	
Social Security		42,284	
State Retirement		52,867	
Medical Insurance		19,996	
Unemployment Compensation		3,307	
Medical and Dental Services		115,628	
Drugs and Medical Supplies		33,318	
Food Preparation Supplies		138,879	
Other Supplies and Materials		32,516	
Other Charges		2,414	
Total Jail			1,026,438

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	8,609	
In-Service Training		2,058	
Social Security		659	
Unemployment Compensation		120	
Communication		2,993	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Equipment		1,967	
Maintenance and Repair Services - Office Equipment		767	
Maintenance and Repair Services - Vehicles		4,278	
Printing, Stationery, and Forms		20	
Rentals		1,046	
Travel		487	
Diesel Fuel		235	
Gasoline		1,155	
Communication Equipment		2,877	
Data Processing Equipment		812	
Surplus Equipment		3,000	
Other Equipment		61,818	
Total Civil Defense			95,901

Other Emergency Management

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

Inspection and Regulation

Supervisor/Director	\$	1,258	
Social Security		96	
Unemployment Compensation		7	
Total Inspection and Regulation			1,361

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	12,692	
Other Salaries and Wages		27,583	
Social Security		3,028	
Unemployment Compensation		414	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	3,233	
Dues and Memberships		200	
Maintenance Agreements		989	
Maintenance and Repair Services - Buildings		754	
Postal Charges		44	
Travel		1,528	
Custodial Supplies		221	
Drugs and Medical Supplies		1,136	
Office Supplies		1,892	
Utilities		12,756	
Total Local Health Center			\$ 66,470

Ambulance/Emergency Medical Services

Supervisor/Director	\$	36,439
Medical Personnel		774,843
Paraprofessionals		1,000
Longevity Pay		2,600
Other Salaries and Wages		24,005
Board and Committee Members Fees		625
In-Service Training		264
Social Security		62,599
State Retirement		70,119
Medical Insurance		23,996
Unemployment Compensation		3,857
Communication		8,948
Debt Collection Services		52,027
Licenses		2,420
Maintenance Agreements		1,615
Maintenance and Repair Services - Vehicles		19,791
Postal Charges		514
Rentals		10,450
Travel		744
Diesel Fuel		55,776
Drugs and Medical Supplies		78,394
Electricity		9,785
Office Supplies		1,844
Tires and Tubes		5,769
Uniforms		3,083
Water and Sewer		1,330
Other Supplies and Materials		8,481

(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.)

Principal on Capital Leases	\$	5,000	
Building Improvements		10,942	
Communication Equipment		643	
Motor Vehicles		80,000	
Total Ambulance/Emergency Medical Services			\$ 1,357,903

Appropriation to State

Contracts with Government Agencies	\$	18,787	
Total Appropriation to State			18,787

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		9,000	
Total Senior Citizens Assistance			10,000

Libraries

Assistant(s)	\$	462	
Librarians		55,621	
Part-time Personnel		5,064	
Longevity Pay		450	
Social Security		4,327	
State Retirement		4,618	
Medical Insurance		6,075	
Unemployment Compensation		563	
Communication		7,080	
Data Processing Services		2,913	
Maintenance and Repair Services - Buildings		226	

(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.)

Maintenance and Repair Services - Office Equipment	\$	1,569	
Postal Charges		362	
Other Contracted Services		1,108	
Electricity		7,742	
Library Books/Media		14,886	
Office Supplies		902	
Periodicals		394	
Water and Sewer		184	
Other Charges		3,080	
Total Libraries			\$ 117,626

Parks and Fair Boards

Electricity	\$	16	
Total Parks and Fair Boards			16

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	41,812	
Communication		2,080	
Contributions		6,967	
Travel		5,700	
Total Agriculture Extension Service			56,559

Soil Conservation

Secretary(ies)	\$	23,236	
Longevity Pay		550	
Other Salaries and Wages		19,096	
Social Security		3,092	
State Retirement		4,468	
Medical Insurance		2,025	
Unemployment Compensation		196	
Communication		1,694	
Contributions		4,000	
Rentals		3,850	
Other Supplies and Materials		1,070	
Office Equipment		1,000	
Total Soil Conservation			64,277

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$	1,000	
Total Tourism			\$ 1,000

Industrial Development

Longevity Pay	\$	900	
Other Salaries and Wages		31,345	
Social Security		2,444	
State Retirement		1,609	
Unemployment Compensation		231	
Maintenance Agreements		500	
Maintenance and Repair Services - Equipment		666	
Other Contracted Services		133	
Electricity		9,448	
Water and Sewer		624	
Other Supplies and Materials		1,346	
Other Charges		1,404	
Other Construction		1,978	
Total Industrial Development			52,628

Veterans' Services

Supervisor/Director	\$	8,585	
Social Security		657	
Unemployment Compensation		120	
Communication		656	
Travel		300	
Total Veterans' Services			10,318

Other Charges

State Retirement	\$	2,565	
Medical Insurance		351,251	
On-Behalf Payments to OPEB		1,097	
Building and Contents Insurance		29,779	
Liability Insurance		21,508	
Trustee's Commission		80,657	
Vehicle and Equipment Insurance		26,056	
Workers' Compensation Insurance		70,006	
Total Other Charges			582,919

Contributions to Other Agencies

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Audit Services	\$	6,728	
Contributions		12,500	
Legal Services		75	
Maintenance Agreements		3,300	
Premiums on Corporate Surety Bonds		10,954	
Other Charges		4,405	
Total Miscellaneous			\$ 37,962

Highways

Litter and Trash Collection

Guards	\$	20,234	
Social Security		1,561	
State Retirement		2,094	
Unemployment Compensation		130	
Gasoline		600	
Instructional Supplies and Materials		5,800	
Other Supplies and Materials		1,766	
Total Litter and Trash Collection			32,185

Capital Projects

Public Health and Welfare Projects

Other Construction	\$	440,132	
Total Public Health and Welfare Projects			440,132

Total General Fund \$ 6,884,719

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	871	
Trustee's Commission		30	
Total County Buildings			\$ 901

Total Courthouse and Jail Maintenance Fund 901

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	2,128	
Trustee's Commission		10	
Total Libraries			\$ 2,138

Total Law Library Fund 2,138

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Accountants/Bookkeepers	\$	10,554	
Attendants		190,097	
Longevity Pay		3,300	
Social Security		15,442	
State Retirement		17,782	
Unemployment Compensation		1,218	
Communication		528	
Maintenance and Repair Services - Vehicles		6,102	
Disposal Fees		420,986	
Other Contracted Services		3,985	
Asphalt - Hot Mix		4,042	
Diesel Fuel		5,861	
Utilities		13,717	
Other Supplies and Materials		4,365	
Liability Insurance		9,306	
Trustee's Commission		14,026	
Vehicle and Equipment Insurance		6,204	
Workers' Compensation Insurance		12,387	
Principal on Capital Leases		4,585	
Interest on Capital Leases		875	
Total Sanitation Management			\$ 745,362

Recycling Center

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

Postclosure Care Costs

Other Contracted Services	\$	2,000	
Testing		7,716	
Total Postclosure Care Costs			9,716

Total Solid Waste/Sanitation Fund \$ 764,678

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	2,010	
Instructional Supplies and Materials		1,800	
Law Enforcement Supplies		18,682	
Other Supplies and Materials		3,752	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Trustee's Commission	\$	143	
Motor Vehicles		4,000	
Total Drug Enforcement			\$ 30,387

Total Drug Control Fund \$ 30,387

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	30,550	
Clerical Personnel		7,349	
Custodial Personnel		8,330	
Social Security		3,335	
State Retirement		4,001	
Medical Insurance		225	
Unemployment Compensation		364	
Communication		1,331	
Contributions		3,468	
Legal Notices, Recording, and Court Costs		112	
Postal Charges		137	
Printing, Stationery, and Forms		12	
Travel		440	
Other Contracted Services		6,751	
Electricity		4,258	
Gasoline		2,014	
Office Supplies		650	
Other Supplies and Materials		2,231	
Premiums on Corporate Surety Bonds		400	
Trustee's Commission		2,185	
Vehicle and Equipment Insurance		3,102	
Other Charges		18,413	
Maintenance Equipment		1,465	
Office Equipment		1,283	
Other Equipment		2,642	
Other Construction		179,778	
Total Parks and Fair Boards			\$ 284,826

Total Sports and Recreation Fund 284,826

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 160,744	
Total County Trustee's Office		\$ 160,744

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 177,677	
Total County Clerk's Office		177,677

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 4,462	
Constitutional Officers' Operating Expenses	1,955	
Total Chancery Court		<u>6,417</u>

Total Constitutional Officers - Fees Fund \$ 344,838

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 61,898	
Accountants/Bookkeepers	32,086	
Secretary(ies)	20,202	
Social Security	8,153	
State Retirement	10,565	
Medical Insurance	2,700	
Unemployment Compensation	1,080	
Data Processing Services	7,249	
Legal Notices, Recording, and Court Costs	272	
Postal Charges	390	
Travel	479	
Office Supplies	2,436	
Other Charges	<u>3,148</u>	
Total Administration		\$ 150,658

Highway and Bridge Maintenance

Salary Supplements	\$ 17,000
Foremen	83,230
Equipment Operators	98,598
Truck Drivers	179,764
Laborers	335,661
Social Security	50,663

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

State Retirement	\$	69,420	
Medical Insurance		41,453	
Unemployment Compensation		7,679	
Rentals		2,999	
Asphalt - Cold Mix		9,768	
Asphalt - Hot Mix		272,604	
Crushed Stone		24,898	
Pipe - Metal		9,999	
Road Signs		3,270	
Small Tools		1,225	
Wood Products		182	
Other Supplies and Materials		989	
Total Highway and Bridge Maintenance			\$ 1,209,402

Operation and Maintenance of Equipment

Mechanic(s)	\$	27,233	
Nightwatchmen		24,844	
Social Security		3,357	
State Retirement		4,206	
Medical Insurance		3,864	
Unemployment Compensation		913	
Maintenance and Repair Services - Equipment		3,972	
Diesel Fuel		44,517	
Electricity		2,670	
Equipment and Machinery Parts		48,005	
Gasoline		44,346	
Lubricants		7,393	
Small Tools		980	
Tires and Tubes		6,498	
Other Supplies and Materials		1,727	
Total Operation and Maintenance of Equipment			224,525

Other Charges

Communication	\$	5,800	
Custodial Supplies		181	
Electricity		2,140	
Water and Sewer		479	
Premiums on Corporate Surety Bonds		699	
Trustee's Commission		25,880	
Vehicle and Equipment Insurance		62,039	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$ 74,322	
Other Charges	780	
Total Other Charges	<u> </u>	\$ 172,320

Capital Outlay

Bridge Construction	\$ 102,888	
Furniture and Fixtures	285	
Highway Equipment	31,072	
Office Equipment	772	
State Aid Projects	221,260	
Total Capital Outlay	<u> </u>	<u>356,277</u>

Total Highway/Public Works Fund \$ 2,113,182

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 295,000	
Principal on Notes	224,313	
Total General Government	<u> </u>	\$ 519,313

Highways and Streets

Principal on Notes	\$ 37,500	
Principal on Other Loans	93,000	
Total Highways and Streets	<u> </u>	130,500

Education

Principal on Bonds	\$ 765,000	
Principal on Notes	172,778	
Total Education	<u> </u>	937,778

Interest on Debt

General Government

Interest on Bonds	\$ 189,478	
Interest on Notes	22,005	
Total General Government	<u> </u>	211,483

Highways and Streets

Interest on Notes	\$ 3,119	
Interest on Other Loans	1,475	
Total Highways and Streets	<u> </u>	4,594

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 953,231	
Interest on Notes	<u>7,584</u>	
Total Education		\$ 960,815

Other Debt Service

General Government

Trustee's Commission	\$ <u>33,702</u>	
Total General Government		33,702

Highways and Streets

Other Debt Service	\$ <u>3,364</u>	
Total Highways and Streets		3,364

Education

Other Debt Service	\$ <u>1,578</u>	
Total Education		<u>1,578</u>

Total General Debt Service Fund \$ 2,803,127

Total Governmental Funds - Primary Government \$ 13,228,796

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,212,905	
Career Ladder Program	84,490	
Career Ladder Extended Contracts	33,000	
Homebound Teachers	71,836	
Educational Assistants	340,510	
Other Salaries and Wages	90,983	
Certified Substitute Teachers	53,575	
Non-certified Substitute Teachers	134,808	
Social Security	467,758	
State Retirement	585,435	
Life Insurance	5,092	
Medical Insurance	1,268,099	
Unemployment Compensation	4,668	
Employer Medicare	110,992	
Maintenance and Repair Services - Equipment	21,231	
Instructional Supplies and Materials	74,723	
Textbooks	204,084	
Other Supplies and Materials	32,715	
Other Charges	51,880	
Regular Instruction Equipment	72,876	
Total Regular Instruction Program		\$ 10,921,660

Alternative Instruction Program

Teachers	\$ 37,739	
Educational Assistants	19,450	
Social Security	3,509	
State Retirement	5,442	
Life Insurance	29	
Unemployment Compensation	68	
Employer Medicare	821	
Total Alternative Instruction Program		67,058

Special Education Program

Teachers	\$ 687,279
Career Ladder Program	12,000
Homebound Teachers	15,464
Educational Assistants	165,517
Speech Pathologist	153,252
Other Salaries and Wages	106,193

(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	\$	9,635	
Non-certified Substitute Teachers		33,686	
Social Security		69,179	
State Retirement		98,061	
Life Insurance		547	
Medical Insurance		125,888	
Unemployment Compensation		958	
Employer Medicare		16,199	
Other Contracted Services		172,222	
Instructional Supplies and Materials		1,961	
Other Supplies and Materials		2,164	
Other Charges		3,000	
Special Education Equipment		18,243	
Total Special Education Program			\$ 1,691,448

Vocational Education Program

Teachers	\$	635,656	
Career Ladder Program		7,000	
Other Salaries and Wages		26,382	
Certified Substitute Teachers		4,905	
Non-certified Substitute Teachers		8,662	
Social Security		39,587	
State Retirement		60,490	
Life Insurance		463	
Medical Insurance		119,903	
Unemployment Compensation		547	
Employer Medicare		9,290	
Instructional Supplies and Materials		9,000	
T&I Construction Materials		6,859	
Total Vocational Education Program			928,744

Student Body Education Program

Other Salaries and Wages	\$	20,816	
Social Security		1,288	
Employer Medicare		301	
Other Fringe Benefits		13,935	
Instructional Supplies and Materials		35,485	
Other Charges		2,555	
Total Student Body Education Program			74,380

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	147,867	
Clerical Personnel		4,500	
Educational Assistants		30,785	
Other Salaries and Wages		40,804	
Social Security		12,421	
State Retirement		18,702	
Life Insurance		94	
Medical Insurance		19,660	
Unemployment Compensation		155	
Employer Medicare		3,070	
Instructional Supplies and Materials		7,459	
Other Supplies and Materials		17,255	
Other Equipment		3,984	
Total Adult Education Program			\$ 306,756

Support Services

Attendance

Supervisor/Director	\$	5,894	
Social Security		365	
State Retirement		533	
Life Insurance		50	
Unemployment Compensation		35	
Employer Medicare		86	
Travel		10	
Total Attendance			6,973

Health Services

Medical Personnel	\$	220,373	
Other Salaries and Wages		16,909	
Social Security		12,366	
State Retirement		23,047	
Life Insurance		218	
Medical Insurance		33,876	
Unemployment Compensation		208	
Employer Medicare		2,892	
Communication		400	
Travel		3,630	
Drugs and Medical Supplies		1,576	
Instructional Supplies and Materials		7,299	

(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.)

In Service/Staff Development	\$	971	
Other Charges		1,486	
Total Health Services			\$ 325,251

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		207,513	
School Resource Officer		22,900	
Other Salaries and Wages		24,657	
Social Security		13,524	
State Retirement		21,620	
Life Insurance		131	
Medical Insurance		37,172	
Unemployment Compensation		187	
Employer Medicare		3,163	
Evaluation and Testing		16,149	
Travel		1,593	
Other Supplies and Materials		514	
Total Other Student Support			352,123

Regular Instruction Program

Supervisor/Director	\$	68,737	
Career Ladder Program		6,000	
Librarians		257,233	
Instructional Computer Personnel		70,618	
Other Salaries and Wages		31,116	
In-Service Training		1,942	
Social Security		25,817	
State Retirement		39,677	
Life Insurance		178	
Medical Insurance		49,238	
Unemployment Compensation		342	
Employer Medicare		6,037	
Travel		19,540	
Other Contracted Services		18,581	
In Service/Staff Development		10,145	
Other Charges		4,724	
Total Regular Instruction Program			609,925

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	61,022	
Career Ladder Program		1,000	
Clerical Personnel		16,847	
Other Salaries and Wages		3,866	
Social Security		4,880	
State Retirement		7,758	
Life Insurance		29	
Medical Insurance		5,966	
Unemployment Compensation		51	
Employer Medicare		1,141	
Maintenance and Repair Services - Equipment		156	
Travel		5,044	
Other Contracted Services		23,530	
In Service/Staff Development		2,064	
Other Charges		3,000	
Total Special Education Program			\$ 136,354

Vocational Education Program

Supervisor/Director	\$	22,305	
Career Ladder Program		1,000	
Clerical Personnel		15,581	
Social Security		2,440	
State Retirement		3,732	
Life Insurance		10	
Medical Insurance		1,879	
Unemployment Compensation		29	
Employer Medicare		571	
Travel		4,822	
Other Supplies and Materials		1,353	
In Service/Staff Development		739	
Other Charges		1,000	
Total Vocational Education Program			55,461

Adult Programs

Supervisor/Director	\$	3,500	
Other Salaries and Wages		2,500	
Social Security		217	
State Retirement		316	
Employer Medicare		50	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Maintenance and Repair Services - Equipment	\$	8,176	
Travel		8,361	
Other Supplies and Materials		196	
In Service/Staff Development		8,865	
Other Charges		13,433	
Total Adult Programs			\$ 45,614

Other Programs

On-Behalf Payments to OPEB	\$	144,629	
Total Other Programs			144,629

Board of Education

Other Salaries and Wages	\$	16,124	
Board and Committee Members Fees		25,750	
Social Security		2,551	
State Retirement		3,816	
Employer Medicare		597	
Audit Services		7,700	
Dues and Memberships		8,833	
Legal Services		2,030	
Travel		9,052	
Liability Insurance		31,216	
Premiums on Corporate Surety Bonds		1,500	
Trustee's Commission		99,997	
Workers' Compensation Insurance		78,995	
Criminal Investigation of Applicants - TBI		4,020	
Other Charges		1,012	
Total Board of Education			293,193

Director of Schools

County Official/Administrative Officer	\$	81,026	
Career Ladder Program		1,000	
Secretary(ies)		16,748	
Other Salaries and Wages		33,693	
Social Security		7,998	
State Retirement		12,747	
Life Insurance		31	
Medical Insurance		6,024	
Unemployment Compensation		103	

(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.)

Employer Medicare	\$	1,871	
Communication		14,829	
Dues and Memberships		500	
Postal Charges		3,978	
Travel		6,511	
Other Contracted Services		3,970	
Office Supplies		7,213	
Other Charges		1,525	
Total Director of Schools			\$ 199,767

Office of the Principal

Principals	\$	413,870	
Career Ladder Program		7,000	
Assistant Principals		301,745	
Secretary(ies)		168,107	
Social Security		52,344	
State Retirement		82,727	
Life Insurance		375	
Medical Insurance		95,604	
Unemployment Compensation		718	
Employer Medicare		12,242	
Communication		11,936	
Total Office of the Principal			1,146,668

Operation of Plant

Custodial Personnel	\$	436,364	
Other Salaries and Wages		38,333	
Social Security		28,150	
State Retirement		43,619	
Unemployment Compensation		821	
Employer Medicare		6,349	
Other Contracted Services		2,805	
Custodial Supplies		52,421	
Electricity		742,758	
Natural Gas		27,801	
Water and Sewer		60,137	
Other Supplies and Materials		25,576	
Building and Contents Insurance		45,000	
Total Operation of Plant			1,510,134

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	60,522	
Other Salaries and Wages		183,319	
Social Security		13,920	
State Retirement		21,297	
Life Insurance		30	
Medical Insurance		9,501	
Unemployment Compensation		274	
Employer Medicare		3,338	
Maintenance and Repair Services - Buildings		86,757	
Travel		3,021	
Other Supplies and Materials		7,872	
Other Charges		40,084	
Total Maintenance of Plant			\$ 429,935

Transportation

Bus Drivers	\$	81,088	
Other Salaries and Wages		9,154	
Social Security		5,307	
State Retirement		5,439	
Unemployment Compensation		137	
Employer Medicare		1,258	
Contracts with Parents		33,938	
Contracts with Vehicle Owners		845,553	
Maintenance and Repair Services - Vehicles		36,215	
Medical and Dental Services		3,212	
Travel		22,120	
Other Contracted Services		36,853	
Diesel Fuel		82,013	
Gasoline		23,847	
Lubricants		1,564	
Tires and Tubes		7,312	
Vehicle and Equipment Insurance		40,000	
Transportation Equipment		106,249	
Total Transportation			1,341,259

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	25,612	
Social Security		1,588	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

State Retirement	\$	2,669	
Unemployment Compensation		35	
Employer Medicare		371	
Travel		500	
Other Supplies and Materials		800	
Other Charges		<u>1,725</u>	
Total Community Services	\$		33,300

Early Childhood Education

Teachers	\$	156,560	
Educational Assistants		68,366	
Other Salaries and Wages		8,497	
Non-certified Substitute Teachers		17,060	
Social Security		14,915	
State Retirement		20,197	
Life Insurance		86	
Medical Insurance		23,182	
Employer Medicare		3,488	
Travel		2,036	
Instructional Supplies and Materials		35,533	
Other Supplies and Materials		10,579	
In Service/Staff Development		2,735	
Other Charges		<u>20,990</u>	
Total Early Childhood Education			384,224

Capital Outlay

Regular Capital Outlay

Architects	\$	14,630	
Building Improvements		488,468	
Other Capital Outlay		<u>251,601</u>	
Total Regular Capital Outlay			754,699

Principal on Debt

Education

Principal on Notes	\$	<u>12,943</u>	
Total Education			12,943

(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.)

Other Debt Service

Education

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

Total General Purpose School Fund \$ 22,472,498

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 416,738	
Educational Assistants	361,301	
Other Salaries and Wages	161,337	
Non-certified Substitute Teachers	1,498	
Social Security	57,177	
State Retirement	185,326	
Life Insurance	226	
Medical Insurance	100,675	
Employer Medicare	13,420	
Maintenance and Repair Services - Equipment	12,092	
Tuition	2,828	
Instructional Supplies and Materials	126,895	
Other Supplies and Materials	52,311	
Other Charges	600	
Regular Instruction Equipment	62,385	
Total Regular Instruction Program		\$ 1,554,809

Special Education Program

Teachers	\$ 15,557
Homebound Teachers	7,765
Educational Assistants	293,987
Speech Pathologist	46,311
Other Salaries and Wages	15,715
Non-certified Substitute Teachers	21,094
Social Security	24,347
State Retirement	37,492
Life Insurance	29
Medical Insurance	5,630
Employer Medicare	5,695
Maintenance and Repair Services - Equipment	302
Other Contracted Services	85,488

(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.)

Instructional Supplies and Materials	\$	17,327	
Other Supplies and Materials		13,435	
Special Education Equipment		11,871	
Total Special Education Program			\$ 602,045

Vocational Education Program

Instructional Supplies and Materials	\$	19,642	
T&I Construction Materials		14,000	
Vocational Instruction Equipment		22,153	
Total Vocational Education Program			55,795

Support Services

Health Services

Medical Personnel	\$	29,192	
Social Security		1,747	
State Retirement		3,042	
Employer Medicare		409	
Total Health Services			34,390

Other Student Support

Social Workers	\$	17,511	
Social Security		1,018	
State Retirement		1,825	
Employer Medicare		238	
Communication		1,936	
Evaluation and Testing		11,653	
Travel		4,000	
Other Supplies and Materials		42,538	
In Service/Staff Development		3,000	
Other Charges		17,662	
Total Other Student Support			101,381

Regular Instruction Program

Supervisor/Director	\$	98,355	
Clerical Personnel		20,854	
Other Salaries and Wages		32,325	
Certified Substitute Teachers		9,975	
In-Service Training		33,653	
Non-certified Substitute Teachers		21,115	

(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.)

Social Security	\$	10,719	
State Retirement		12,763	
Life Insurance		48	
Medical Insurance		14,982	
Employer Medicare		2,586	
Maintenance and Repair Services - Equipment		716	
Travel		21,886	
Library Books/Media		17,096	
Other Supplies and Materials		17,523	
In Service/Staff Development		38,721	
Other Charges		2,587	
Other Equipment		41,508	
Total Regular Instruction Program			\$ 397,412

Special Education Program

Clerical Personnel	\$	12,817	
In-Service Training		44,144	
Social Security		3,430	
State Retirement		74	
Employer Medicare		826	
Travel		27,164	
Other Contracted Services		28,638	
Other Supplies and Materials		17,573	
In Service/Staff Development		44,769	
Other Equipment		17,464	
Total Special Education Program			196,899

Vocational Education Program

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

Operation of Plant

Other Salaries and Wages	\$	7,250	
Social Security		450	
State Retirement		755	
Employer Medicare		105	
Total Operation of Plant			8,560

(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		16,632	
Social Security		2,618	
State Retirement		4,205	
Employer Medicare		612	
Communication		122	
Contracts with Parents		917	
Transportation Equipment		70,000	
Total Transportation			\$ 132,591

Total School Federal Projects Fund \$ 3,086,882

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	41,923	
Clerical Personnel		30,340	
Cafeteria Personnel		494,551	
Other Salaries and Wages		40,762	
Social Security		35,203	
State Retirement		56,456	
Life Insurance		19	
Medical Insurance		3,555	
Unemployment Compensation		1,161	
Employer Medicare		8,323	
Communication		3,833	
Maintenance and Repair Services - Equipment		8,418	
Travel		2,970	
Other Contracted Services		6,527	
Food Preparation Supplies		77,459	
Food Supplies		892,633	
USDA - Commodities		103,789	
Workers' Compensation Insurance		16,743	
In Service/Staff Development		2,395	
Other Charges		36,137	
Food Service Equipment		118,597	
Total Food Service			\$ 1,981,794

Total Central Cafeteria Fund 1,981,794

Total Governmental Funds - Grainger County School Department \$ 27,541,174

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, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 624,510
Total Cash Receipts	<u>\$ 624,510</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 618,273
Trustee's Commission	<u>6,237</u>
Total Cash Disbursements	<u>\$ 624,510</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <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

December 12, 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, 2011, which collectively comprise Grainger County's basic financial statements and have issued our report thereon dated December 12, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Grainger County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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: 11.02, 11.03, 11.04(A,B), 11.06, and 11.07. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

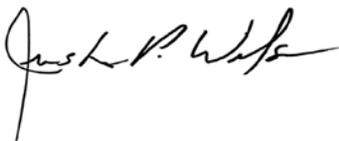
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grainger County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.04(C,D), and 11.05.

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

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 12, 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Grainger County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Grainger County's management. Our responsibility is to express an opinion on Grainger County's compliance based on our audit.

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

performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Grainger County's compliance with those requirements.

In our opinion, Grainger County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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.

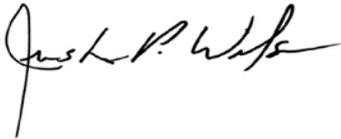
Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated December 12, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Grainger County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is 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, 2011

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	\$ 103,789 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	352,015
National School Lunch Program	10.555	N/A	916,269 (3)
Total U.S. Department of Agriculture			<u>\$ 1,372,073</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)	\$ 378,046
Total U.S. Department of Housing and Urban Development			<u>\$ 378,046</u>
U.S. Department of Justice:			
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States	16.803	N/A	\$ 200
Total U.S. Department of Justice			<u>\$ 200</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	\$ 815,527
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	252,591
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	776,792
Special Education - Grants to States, Recovery Act	84.391	N/A	232,319
Special Education - Preschool Grants	84.173	N/A	40,588
Special Education - Preschool Grants, Recovery Act	84.392	N/A	5,007
Career and Technical Education - Basic Grants to States	84.048	N/A	67,795
Even Start - State Educational Agencies	84.213	(2)	102,705
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	774
Education Technology State Grants, Recovery Act	84.386	(2)	28,740
Rural Education	84.358	N/A	124,951
English Language Acquisition Grants	84.365	N/A	10,730
Improving Teacher Quality State Grants	84.367	N/A	171,440
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	2,167,544
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	204,390
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	197,652
Education Jobs Fund	84.410	N/A	458,041
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-218507-00	85,259
Total U.S. Department of Education			<u>\$ 5,742,845</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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 32,692
Total U.S. Department of Health and Human Services			<u>\$ 32,692</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 60,000
Total U.S. Department of Homeland Security			<u>\$ 60,000</u>
Total Expenditures of Federal Awards			<u>\$ 7,585,856</u>

<u>State Grants</u>		<u>Contract Number</u>	
Public Health Nurses - State Department of Health	N/A	(2)	\$ 41,785
Juvenile Services Program - State Children's Services Commission	N/A	(2)	13,500
Litter Grant Program - State Department of Transportation	N/A	(2)	28,124
High Schools That Work - State Department of Education	N/A	(2)	8,000
Adult Education - State Grant Program - State Department of Education	N/A	Z-10-218507-00	11,545
Driver's Education - State Department of Education	N/A	(2)	15,102
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	384,225
Local Park and Recreation Grant - State Department of Environment and Conservation	N/A	Z-07-031376-00	142,284
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	<u>1,092</u>
Total State Grants			<u>\$ 645,657</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,020,058.

Grainger County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	152	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, 2011

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); Community Development Block Grant (CFDA No. 14.228); 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); 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); and Education Jobs Fund (CFDA No.84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Grainger County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 11.01 **A FUND DEFICIT EXISTED IN THE GENERAL CAPITAL PROJECTS FUND AT JUNE 30, 2011**
(Noncompliance Under *Government Auditing Standards*)

A fund deficit of \$9,327 existed in the General Capital Projects Fund at June 30, 2011. This deficit was caused by management obligating funds for renovations in excess of available funding. Subsequent to June 30, 2011, the County Commission provided additional funding to liquidate this fund deficit.

RECOMMENDATION

County officials should not obligate funds in excess of available funding.

OFFICE OF ROAD SUPERINTENDENT

FINDING 11.02 **DEFICIENCIES WERE NOTED IN THE PURCHASE ORDER SYSTEM**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of the purchase order system revealed the following deficiencies. These deficiencies can be attributed to a lack of management oversight.

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

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.03 **WRITTEN GUIDELINES GOVERNING THE USE OF CREDIT CARDS HAD NOT BEEN ADOPTED**
(Internal Control – Significant Deficiency Under *Government Audit Standards*)

During the year, the School Department had several store brand credit cards available for employees to use for purchases; however, the Board of Education had not adopted written guidelines governing the use of these credit cards. Sound business practices dictate that management should provide written guidance by identifying those who are entitled to use the credit cards and the purposes for which the credit cards can be used. This deficiency is the result of a lack of management oversight. Without a formal credit card policy, employees have no limitations on their credit card purchases. On June 21, 2011, the Board of Education formally adopted a credit card policy.

FINDING 11.04 **PERSONAL CREDIT CARDS WERE USED FOR SCHOOL DEPARTMENT PURCHASES**
(A. and B. – Internal Control – Significant Deficiency Under *Government Audit Standards*; C. and D. – Noncompliance Under *Government Audit Standards*)

The director of schools and the technology director advised us that each of them had obtained personal credit cards to use exclusively for school purposes because: 1) obtaining goods from certain vendors through the normal purchasing process became complicated, 2) goods were not received timely, and 3) ordering goods online was not possible without a credit card. When their personal credit card statements arrived, they attached the vendor receipts to the statements and submitted the documentation to bookkeeping for reimbursement. The following deficiencies were noted concerning the use of personal credit cards for business purposes:

- A. Even if the purchaser obtained a purchase order prior to making a purchase for school supplies with a personal credit card, sound business practices dictate that employees' personal funds should not be used for business purposes. In addition, purchasing products personally for the department could negate warranties and product guarantees.

- B. Both of the personal credit cards noted above earned reward points. The director of schools and the technology director stated that they had used the reward points to purchase products for the School Department, saved the reward points in the form of gift cards, or converted the points to cash for future purchases for the School Department. The reward points were in the names of the purchasers and could have been used for personal purchases. After our discussion of the reward points, the director of schools and the technology director stated that they would immediately use up all the reward points/gift cards on purchases for school supplies or remit any cash to the School Department.

- C. The use of reward points to purchase products for the School Department violates provisions of Section 5-9-401, *Tennessee Code Annotated*. This statute provides that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

- D. The School Department paid for two meals for several board members and their families totaling \$532.36. The portions of these expenditures for families are not appropriate department expenses. After we reviewed this issue with the director of schools, the director reimbursed the school system \$532.36 from personal funds for the cost of the meals.

RECOMMENDATION

All purchases for the School Department should be made from appropriated school funds through the department’s budgetary process. Employees’ personal credit cards should not be used for business purposes. Reward points earned by School Department credit cards should be converted to cash and remitted to the county trustee. Meals for families of board members should not be paid by the School Department.

OFFICES OF ROAD SUPERINTENDENT AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 11.05 **THE OFFICES HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management’s failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in March 2011.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

FINDING 11.06 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the Offices of Circuit and General Sessions Courts Clerk and Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets.

RECOMMENDATION

The circuit and general sessions courts clerk and the clerk and master should ensure that each employee operates from their own cash drawer.

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

FINDING 11.07 **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

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

RECOMMENDATION

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

BEST PRACTICES

The Division of 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. **GRAINGER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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

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

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

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

There were no findings and questioned costs for federal awards.

**GRAINGER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

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