



**ANNUAL FINANCIAL REPORT  
TIPTON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2012**



**ANNUAL FINANCIAL REPORT  
TIPTON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

***JAN PAGE, CPA, CFE  
Audit Manager***

***HORACE B. WISEMAN, CGFM  
Auditor 4***

***B. KEITH RICE, CGFM  
ELISHA CROWELL, CFE  
State Auditors***

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

---



---

## TIPTON COUNTY, TENNESSEE TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Tipton County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	22
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	23
Notes to the Financial Statements		24-60
REQUIRED SUPPLEMENTARY INFORMATION:		61
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	62-65
Highway/Public Works Fund	E-2	66
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Tipton County School Department	E-3	67
Schedule of Funding Progress – Pension Plan – Discretely Presented Tipton County Emergency Communications District	E-4	68
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Tipton County School Department	E-5	69
Notes to the Required Supplementary Information		70

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		71
Nonmajor Governmental Funds:		72
Combining Balance Sheet	F-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	74
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	75
Drug Control Fund	F-4	76
Major Governmental Fund:		77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	78
Fiduciary Funds:		79
Combining Statement of Fiduciary Assets and Liabilities	H-1	80
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	81
Component Unit:		
Discretely Presented Tipton County School Department:		82
Statement of Activities	I-1	83
Balance Sheet – Governmental Funds	I-2	84
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	85
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	86
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	87
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	89
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	90-92
School Federal Projects Fund	I-9	93
Central Cafeteria Fund	I-10	94

	Exhibit	Page(s)
Miscellaneous Schedules:		95
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	J-1	96
Schedule of Long-term Debt Requirements by Year	J-2	97
Schedule of Transfers – Discretely Presented Tipton County School Department	J-3	98
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Tipton County School Department	J-4	99
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	100-105
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Tipton County School Department	J-6	106-107
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	108-134
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Tipton County School Department	J-8	135-147
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	148
 <u>SINGLE AUDIT SECTION</u>		 149
 Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		    150-152
Auditor's 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		   153-155
Schedule of Expenditures of Federal Awards and State Grants		156-157
Schedule of Audit Findings Not Corrected		158
Schedule of Findings and Questioned Costs		159-168
Auditee Reporting Responsibilities		169

***Audit Highlights***  
Annual Financial Report  
Tipton County, Tennessee  
For the Year Ended June 30, 2012

***Scope***

We have audited the basic financial statements of Tipton County as of and for the year ended June 30, 2012.

***Results***

Our report on Tipton County's financial statements is unqualified.

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

***Findings and Best Practice***

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

**OFFICE OF COUNTY EXECUTIVE**

- ◆ The office had deficiencies in purchasing procedures.
- 

**OFFICES OF COUNTY EXECUTIVE AND SHERIFF**

- ◆ The Sheriff's Department had payroll related deficiencies.
  - ◆ The offices had deficiencies in purchasing procedures.
  - ◆ The county credit card policy was not followed by the Sheriff's Department.
- 

**OFFICE OF DIRECTOR OF PUBLIC WORKS**

- ◆ Material audit adjustments were required for proper financial statement presentation.
  - ◆ The office had deficiencies in purchasing procedures.
  - ◆ Employees of the Public Works Department removed scrap metal for personal use.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The office had deficiencies in the purchase order system.
  - ◆ The office had deficiencies in budget operations.
- 

## **BEST PRACTICE**

Tipton County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Tipton County.

---

---

# INTRODUCTORY SECTION

---

---

# Tipton County Officials

## June 30, 2012

---

### **Officials**

Jeff Huffman, County Executive  
Shannon Reed, Director of Public Works  
Dr. William Bibb, Jr., Director of Schools  
Kristie Maxwell, Trustee  
(1) - Assessor of Property  
Mary Gaither, County Clerk  
Mike Forbess, Circuit, General Sessions, and Juvenile Courts Clerk  
Judy Barkelew Billings, Clerk and Master  
Claudia Peeler, Register  
Jeffrey Chumley, Sheriff  
Walter Thomas Bailey, Director of Accounts and Budget

### **Board of County Commissioners**

Jeff Huffman, County Executive, Chairman	Arnold McIntyre
James Adkins	Jeff Scott
Quincy Barlow	Dale Smith
Steve Bringle	James Lamont Sneed
Terry Colin	Mike Sterling
John Delancey	Alan Glenn Turner
Thomas Dunavant	Harold Twisdale
Courtney Fee	Robert Wilson
Johnnie Jones	Rusty Wooten
Jeff Mason	

### **Board of Education**

Marty Haywood, Chairman	Richard Ellis Joyner
Alvis Ferrell	Phillip Grant Shipley, Jr.
Chris Fisher	Jack Strong
Susan Griffin	Thomas Taylor
Patricia Jackson	

### **Audit Committee**

Arnold McIntyre, Chairman  
Quincy Barlow  
Harold Twisdale

(1) - Assessor of Property Bill Stimpson died on July 6, 2011. The position remained vacant until September 1, 2012, when Rose Cousar took office.

---

---

## FINANCIAL SECTION

---

---



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

**INDEPENDENT AUDITOR'S REPORT**

January 9, 2013

Tipton County Executive and  
Board of County Commissioners  
Tipton County, Tennessee

To the County Executive 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 Tipton County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Tipton County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tipton County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tipton County Emergency Communications District, which represent 2.9 percent and 1.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tipton County Emergency Communications District, is based on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013, on our consideration of Tipton 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.

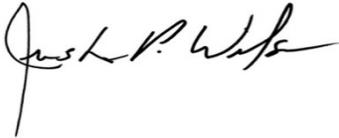
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 62 through 70 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 Tipton 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 Tipton 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 Tipton 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,

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

---

---

# **BASIC FINANCIAL STATEMENTS**

---

---

Exhibit A

Tipton County, Tennessee  
Statement of Net Assets  
June 30, 2012

	Primary Government Governmental Activities	Component Units	
		Tipton County School Department	Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 30,339	\$ 0	\$ 1,543,894
Equity in Pooled Cash and Investments	26,800,958	15,329,444	0
Accounts Receivable	73,084	344	29,207
Due from Other Governments	1,309,001	1,425,511	55,013
Property Taxes Receivable	12,786,653	11,539,175	0
Allowance for Uncollectible Property Taxes	(460,490)	(415,564)	0
Accrued Interest Receivable	28,575	0	1,942
Deferred Charges - Debt Issuance Costs	139,391	0	0
Capital Assets Not Depreciated:			
Land	2,228,266	3,596,156	0
Construction in Progress	125,903	28,250	0
Equipment Held for Future Use	0	0	67,500
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	2,513,694	32,637,037	0
Infrastructure	3,076,684	88,450	0
Other Capital Assets	2,317,255	4,296,648	381,697
Total Assets	<u>\$ 50,969,313</u>	<u>\$ 68,525,451</u>	<u>\$ 2,079,253</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 52,654	\$ 74,040	\$ 24,437
Accrued Payroll	0	0	8,090
Payroll Deductions Payable	170,579	2,475,029	0
Accrued Leave	0	0	12,473
Contracts Payable	119,608	0	0
Retainage Payable	6,295	0	0
Accrued Interest Payable	60,459	0	0
Due to State of Tennessee	3,819	0	0
Other Current Liabilities	0	0	11,245
Deferred Revenue - Current Property Taxes	11,836,352	10,681,587	0
Noncurrent Liabilities:			
Due Within One Year	4,170,282	125,346	0
Due in More Than One Year	33,178,028	3,363,906	0
Total Liabilities	<u>\$ 49,598,076</u>	<u>\$ 16,719,908</u>	<u>\$ 56,245</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 8,895,352	\$ 0	\$ 0
Invested in Capital Assets	0	40,646,541	449,197
Restricted for:			
General Government	42,858	0	0
Administration of Justice	235,679	0	0
Public Safety	161,449	0	0

(Continued)

Exhibit A

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

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Units	
		<u>Tipton</u> County School Department	<u>Emergency</u> Communications District
<u>NET ASSETS (CONT.)</u>			
Restricted for (Cont.):			
Other Operations	\$ 56,888	\$ 0	\$ 0
Highway/Public Works	1,234,954	0	0
Debt Service	11,312,011	0	0
Capital Projects	1,408,847	0	0
Education	0	52,566	0
Operation of Non-Instructional Services	0	2,146,171	0
Capital Projects	0	1,382,500	0
Unrestricted	<u>(21,976,801)</u>	<u>7,577,765</u>	<u>1,573,811</u>
Total Net Assets	<u>\$ 1,371,237</u>	<u>\$ 51,805,543</u>	<u>\$ 2,023,008</u>

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

Exhibit B

Tipton County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2012

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Tipton County		Emergency Communications District
					Governmental Activities	School Department			
					Total				
Primary Government:									
Governmental Activities:									
General Government	\$ 2,527,516	\$ 363,771	\$ 58,470	\$ 0	\$ (2,105,275)	\$ 0	\$ 0	\$ 0	0
Finance	1,312,512	1,211,775	100,394	0	(343)	0	0	0	0
Administration of Justice	1,631,305	1,321,101	12,382	0	(297,822)	0	0	0	0
Public Safety	8,075,220	535,675	107,403	165,033	(7,267,109)	0	0	0	0
Public Health and Welfare	1,988,739	414,367	462,916	0	(1,111,456)	0	0	0	0
Social, Cultural, and Recreational Services	358,356	22,338	85,000	0	(251,018)	0	0	0	0
Agriculture and Natural Resources	329,249	0	0	0	(329,249)	0	0	0	0
Other Operations	910,708	93,480	0	269,579	(547,649)	0	0	0	0
Highways/Public Works	6,196,833	3,114	1,977,410	1,645,481	(2,570,828)	0	0	0	0
Interest on Long-term Debt	358,812	0	0	0	(358,812)	0	0	0	0
Other Debt Service	202,895	0	600,000	0	397,105	0	0	0	0
Total Primary Government	\$ 23,892,145	\$ 3,965,621	\$ 3,403,975	\$ 2,080,093	\$ (14,442,456)	\$ 0	\$ 0	\$ 0	0
Component Units:									
Tipton County School Department	\$ 92,619,985	\$ 2,585,887	\$ 10,830,325	\$ 26,374	\$ 0	\$ (79,177,399)	\$ 0	\$ 0	0
Emergency Communications District	1,167,663	489,764	576,396	0	0	0	0	(101,503)	0
Total Component Units	\$ 93,787,648	\$ 3,075,651	\$ 11,406,721	\$ 26,374	\$ 0	\$ (79,177,399)	\$ 0	\$ (101,503)	0

(Continued)

Exhibit B

Tipton County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				Primary Government Total Governmental Activities	Tipton County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 8,780,074	\$ 11,082,291	\$ 0
Property Taxes Levied for Debt Service				3,500,304	0	0
Local Option Sales Taxes				365,952	3,974,725	0
Wheel Tax				3,176,008	0	0
Litigation Tax				225,887	0	0
Business Tax				206,157	181,594	0
Wholesale Beer Tax				173,003	0	0
Other Local Taxes				117,187	3,764	0
Grants and Contributions Not Restricted to Specific Programs				1,475,164	60,030,101	0
Unrestricted Investment Income				377,775	0	13,306
Miscellaneous				76,930	213,759	11,609
Total General Revenues				\$ 18,474,441	\$ 75,486,234	\$ 24,915
Change in Net Assets				\$ 4,031,985	\$ (3,691,165)	\$ (76,588)
Net Assets (Deficit), July 1, 2011				(2,660,748)	55,496,708	2,068,120
Prior-period Adjustment				0	0	31,476
Net Assets, June 30, 2012				\$ 1,371,237	\$ 51,805,543	\$ 2,023,008

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

## Exhibit C-1

Tipton County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2012

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b>ASSETS</b>					
Cash	\$ 0	\$ 0	\$ 0	\$ 30,339	\$ 30,339
Equity in Pooled Cash and Investments	9,709,092	2,091,503	11,799,295	3,201,068	26,800,958
Accounts Receivable	33,110	0	0	39,974	73,084
Due from Other Governments	266,531	1,029,260	5,317	7,893	1,309,001
Due from Other Funds	56,616	150	0	0	56,766
Property Taxes Receivable	8,420,479	727,695	3,638,479	0	12,786,653
Allowance for Uncollectible Property Taxes	(303,249)	(26,207)	(131,034)	0	(460,490)
Accrued Interest Receivable	0	0	28,575	0	28,575
<b>Total Assets</b>	<b>\$ 18,182,579</b>	<b>\$ 3,822,401</b>	<b>\$ 15,340,632</b>	<b>\$ 3,279,274</b>	<b>\$ 40,624,886</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 7,408	\$ 45,246	\$ 0	\$ 0	\$ 52,654
Payroll Deductions Payable	120,801	43,082	0	6,696	170,579
Contracts Payable	0	0	0	119,608	119,608
Retainage Payable	0	0	0	6,295	6,295
Due to Other Funds	150	0	0	56,616	56,766
Due to State of Tennessee	2,856	731	0	232	3,819
Accrued Interest Payable	0	0	1,410	0	1,410
Deferred Revenue - Current Property Taxes	7,794,671	673,613	3,368,068	0	11,836,352
Deferred Revenue - Delinquent Property Taxes	268,197	23,176	115,872	0	407,245
Other Deferred Revenues	37,825	406,153	1,263	0	445,241
<b>Total Liabilities</b>	<b>\$ 8,231,908</b>	<b>\$ 1,192,001</b>	<b>\$ 3,486,613</b>	<b>\$ 189,447</b>	<b>\$ 13,099,969</b>
<b>Fund Balances</b>					
<b>Restricted:</b>					
Restricted for General Government	\$ 42,858	\$ 0	\$ 0	\$ 0	\$ 42,858
Restricted for Administration of Justice	235,679	0	0	0	235,679
Restricted for Public Safety	0	0	0	161,449	161,449
Restricted for Other Operations	56,888	0	0	0	56,888
Restricted for Highways/Public Works	0	923,254	0	0	923,254
Restricted for Debt Service	0	0	11,253,925	0	11,253,925
Restricted for Capital Projects	0	0	0	1,408,847	1,408,847
<b>Committed:</b>					
Committed for Public Health and Welfare	0	0	0	1,519,531	1,519,531
Committed for Highways/Public Works	0	1,707,146	0	0	1,707,146
Committed for Debt Service	0	0	600,094	0	600,094
<b>Assigned:</b>					
Assigned for General Government	7,856	0	0	0	7,856
Assigned for Administration of Justice	240	0	0	0	240
Assigned for Public Safety	113,076	0	0	0	113,076
Assigned for Public Health and Welfare	903,115	0	0	0	903,115
Assigned for Social, Cultural, and Recreational Services	479	0	0	0	479
Unassigned	8,590,480	0	0	0	8,590,480
<b>Total Fund Balances</b>	<b>\$ 9,950,671</b>	<b>\$ 2,630,400</b>	<b>\$ 11,854,019</b>	<b>\$ 3,089,827</b>	<b>\$ 27,524,917</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,182,579</b>	<b>\$ 3,822,401</b>	<b>\$ 15,340,632</b>	<b>\$ 3,279,274</b>	<b>\$ 40,624,886</b>

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

Exhibit C-2

Tipton County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2012

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)		\$	27,524,917
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,228,266	
Add: construction in progress		125,903	
Add: buildings and improvements net of accumulated depreciation		2,513,694	
Add: infrastructure net of accumulated depreciation		3,076,684	
Add: other capital assets net of accumulated depreciation		<u>2,317,255</u>	10,261,802
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(12,450)	
Less: other loans payable		(26,717,789)	
Less: bonds payable		(5,750,000)	
Add: deferred charges - debt issuance costs		139,391	
Less: compensated absences payable		(610,608)	
Less: landfill closure/postclosure care costs		(410,734)	
Less: other postemployment benefits liability		(3,846,729)	
Less: accrued interest on bonds		(60,459)	
Add: accrued interest on bonds paid late at fund level		<u>1,410</u>	(37,267,968)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>852,486</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>1,371,237</u></u>

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

Exhibit C-3

Tipton County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 10,850,091	\$ 2,319,537	\$ 3,775,170	\$ 0	\$ 16,944,798
Licenses and Permits	147,204	0	0	0	147,204
Fines, Forfeitures, and Penalties	330,516	0	0	89,021	419,537
Charges for Current Services	169,611	2,998	0	207,986	380,595
Other Local Revenues	127,638	79,626	377,775	151,350	736,389
Fees Received from County Officials	2,368,035	0	0	0	2,368,035
State of Tennessee	979,378	2,762,910	0	874,847	4,617,135
Federal Government	399,002	724,890	0	11,489	1,135,381
Other Governments and Citizens Groups	293,287	0	600,000	0	893,287
<b>Total Revenues</b>	<b>\$ 15,664,762</b>	<b>\$ 5,889,961</b>	<b>\$ 4,752,945</b>	<b>\$ 1,334,693</b>	<b>\$ 27,642,361</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,683,538	\$ 0	\$ 0	\$ 0	\$ 1,683,538
Finance	1,297,282	0	0	0	1,297,282
Administration of Justice	1,548,330	0	0	9,351	1,557,681
Public Safety	7,703,787	0	0	117,877	7,821,664
Public Health and Welfare	1,012,101	0	0	10,057	1,022,158
Social, Cultural, and Recreational Services	298,202	0	0	0	298,202
Agriculture and Natural Resources	206,400	0	0	0	206,400
Other Operations	1,096,092	0	0	0	1,096,092
Highways	0	5,955,545	0	937,170	6,892,715
Debt Service:					
Principal on Debt	0	0	4,318,655	0	4,318,655
Interest on Debt	0	0	363,065	0	363,065
Other Debt Service	0	0	193,121	0	193,121
Capital Projects	0	0	0	195,786	195,786
<b>Total Expenditures</b>	<b>\$ 14,845,732</b>	<b>\$ 5,955,545</b>	<b>\$ 4,874,841</b>	<b>\$ 1,270,241</b>	<b>\$ 26,946,359</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 819,030	\$ (65,584)	\$ (121,896)	\$ 64,452	\$ 696,002
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000
Insurance Recovery	39,764	5,915	0	0	45,679
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 39,764</b>	<b>\$ 5,915</b>	<b>\$ 0</b>	<b>\$ 1,500,000</b>	<b>\$ 1,545,679</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2011	\$ 9,091,877	\$ 2,690,069	\$ 11,975,915	\$ 1,525,375	\$ 25,283,236
Fund Balance, June 30, 2012	\$ 9,950,671	\$ 2,630,400	\$ 11,854,019	\$ 3,089,827	\$ 27,524,917

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

Exhibit C-4

Tipton 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, 2012

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)		\$ 2,241,681
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 863,420	
Less: current-year depreciation expense	<u>(1,493,141)</u>	(629,721)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 852,486	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(570,717)</u>	281,769
<p>(3) The issuance of long-term debt (e.g., notes, other loans, capital leases, bonds, etc.) 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 net effect of these differences in the treatment of long-term debt and related items.</p>		
Less: other loan proceeds	\$ (1,500,000)	
Less: change in deferred debt issuance costs	(9,774)	
Add: principal payments on note	12,450	
Add: principal payments on other loans	3,806,205	
Add: principal payments on bonds	<u>500,000</u>	2,808,881
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 4,253	
Change in compensated absences payable	11,355	
Change in landfill closure/postclosure care costs	430	
Change in other postemployment benefits liability	<u>(686,663)</u>	<u>(670,625)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 4,031,985</u>

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

Exhibit D

Tipton County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,840,461
Due from Other Governments	<u>603,815</u>
Total Assets	<u>\$ 3,444,276</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 603,815
Due to Litigants, Heirs, and Others	<u>2,840,461</u>
Total Liabilities	<u>\$ 3,444,276</u>

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

**TIPTON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Tipton 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 Tipton County:

**A. Reporting Entity**

Tipton County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Tipton 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 Tipton County School Department operates the public school system in the county, and the voters of Tipton 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 Tipton County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Tipton County, and the Tipton 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 Tipton County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Tipton County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Tipton County Emergency Communications District  
220 Highway 51 North, Suite 4  
Covington, TN 38019

**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 Tipton 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 Tipton 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.

Tipton County issues all debt for the discretely presented Tipton County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Tipton 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 funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are

recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Tipton 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.

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

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

Additionally, Tipton County reports the following fund types:

**Capital Projects Fund** – The General Capital Projects Fund accounts for general capital projects of the county.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Tipton 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 Tipton County School Department reports the following major governmental fund:

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

Additionally, the Tipton County School Department reports the following fund types:

**Special Revenue Funds** – These funds 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.

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the receipt of debt issued by Tipton County and

contributed to the School Department for building construction and renovations.

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.

**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 loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds, and the discretely presented Tipton 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. Tipton 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.

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.91 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 primary government's nonmajor governmental funds 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 in the nonmajor governmental funds.

**3. 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 \$15,000 or more and an estimated useful life of more than one year. 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	25
Other Capital Assets	5, 10, or 12
Infrastructure:	
Roads	10 or 20
Bridges	5, 15, or 30

**4. Compensated Absences**

It is the county's and the discretely presented School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Tipton County and the School Department do not have a 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 and the School Department. A liability for vacation pay is reported in governmental

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

## **5. 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

## **6. 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 the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net 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, 2012, Tipton County had \$31,113,789 in outstanding debt for capital purposes for the discretely presented Tipton County School Department. The debt is a liability of Tipton County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Tipton County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has

authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

## 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 Tipton 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 Tipton County School Department

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Beer Board, 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. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2012, Tipton County and the Tipton County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Major Fund:		
General	Sheriff vehicles	\$ 104,579
Highway/Public Works	Bridge construction	258,387
Nonmajor Fund:		
General Capital Projects	Flood control levee	833,585
School Department:		
Major Fund:		
General Purpose School	Agriculture pavilion	170,610

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the General Sessions Court major appropriation category (the legal level of control) of the General Fund by \$2,992. Also, expenditures exceeded appropriations approved by the County Commission in the Community Services and Regular Capital Outlay major appropriation categories (the legal level of control) of the General Purpose School Fund by \$4,841 and \$5,915, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Tipton County and the Tipton 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, 2012.

## **B. Capital Assets**

Capital assets activity for the year ended June 30, 2012, was as follows:

### Primary Government

#### **Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 2,228,266	\$ 0	\$ 0	\$ 2,228,266
Construction in Progress	1,065,053	125,903	(1,065,053)	125,903
Total Capital Assets Not Depreciated	<u>\$ 3,293,319</u>	<u>\$ 125,903</u>	<u>\$ (1,065,053)</u>	<u>\$ 2,354,169</u>

(Continued)

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 5,803,637	\$ 0	\$ 0	\$ 5,803,637
Infrastructure	21,576,278	70,117	0	21,646,395
Other Capital Assets	7,310,363	1,732,453	(23,928)	9,018,888
Total Capital Assets				
Depreciated	<u>\$ 34,690,278</u>	<u>\$ 1,802,570</u>	<u>\$ (23,928)</u>	<u>\$ 36,468,920</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,091,448	\$ 198,495	\$ 0	\$ 3,289,943
Infrastructure	17,853,686	716,025	0	18,569,711
Other Capital Assets	6,146,940	578,621	(23,928)	6,701,633
Total Accumulated				
Depreciation	<u>\$ 27,092,074</u>	<u>\$ 1,493,141</u>	<u>\$ (23,928)</u>	<u>\$ 28,561,287</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 7,598,204</u>	<u>\$ 309,429</u>	<u>\$ 0</u>	<u>\$ 7,907,633</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 10,891,523</u>	<u>\$ 435,332</u>	<u>\$ (1,065,053)</u>	<u>\$ 10,261,802</u>

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

**Governmental Activities:**

General Government	\$ 126,946
Finance	4,155
Administration of Justice	52,586
Public Safety	392,339
Public Health and Welfare	14,064
Social, Cultural, and Recreational Services	100,086
Other Operations	4,443
Highways/Public Works	<u>798,522</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 1,493,141</u>

**Discretely Presented Tipton County School Department**

**Governmental Activities:**

	Balance 7-1-11	Increases	Balance 6-30-12
	<hr/>		<hr/>
Capital Assets Not Depreciated:			
Land	\$ 3,596,156	\$ 0	\$ 3,596,156
Construction in Progress	28,250	0	28,250
<b>Total Capital Assets   Not Depreciated</b>	<hr/> <b>\$ 3,624,406</b>	<hr/> <b>\$ 0</b>	<hr/> <b>\$ 3,624,406</b>
 Capital Assets Depreciated:			
Buildings and Improvements	\$ 113,826,794	\$ 0	\$ 113,826,794
Infrastructure	0	92,296	92,296
Other Capital Assets	9,920,332	1,022,016	10,942,348
<b>Total Capital Assets   Depreciated</b>	<hr/> <b>\$ 123,747,126</b>	<hr/> <b>\$ 1,114,312</b>	<hr/> <b>\$ 124,861,438</b>
 Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 78,338,120	\$ 2,851,637	\$ 81,189,757
Infrastructure	0	3,846	3,846
Other Capital Assets	5,958,265	687,435	6,645,700
<b>Total Accumulated   Depreciation</b>	<hr/> <b>\$ 84,296,385</b>	<hr/> <b>\$ 3,542,918</b>	<hr/> <b>\$ 87,839,303</b>
 <b>Total Capital Assets   Depreciated, Net</b>	<hr/> <b>\$ 39,450,741</b>	<hr/> <b>\$ (2,428,606)</b>	<hr/> <b>\$ 37,022,135</b>
 <b>Governmental Activities   Capital Assets, Net</b>	<hr/> <b>\$ 43,075,147</b>	<hr/> <b>\$ (2,428,606)</b>	<hr/> <b>\$ 40,646,541</b>

There were no decreases in capital assets to report during the year ended June 30, 2012. Depreciation expense was charged to functions of the discretely presented Tipton County School Department as follows:

**Governmental Activities:**

Instruction	\$ 2,465,296
Support Services	828,541
Operation of Non-Instructional Services	<u>249,081</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,542,918</u>

**C. Construction Commitments**

At June 30, 2012, the Highway Department had uncompleted construction contracts of approximately \$258,387 for the construction of two bridges. Funding for these future expenditures is expected to be provided by available fund balance and state grants.

At June 30, 2012, the General Capital Projects Fund had uncompleted construction contracts of approximately \$833,585 for the construction and repair of a flood control levee. Funding for these future expenditures is expected to be provided by federal grants and the issuance of debt.

At June 30, 2012, the discretely presented School Department's General Purpose School Fund had uncompleted construction projects of \$170,610 for the construction of an agriculture pavilion. Funding for these future expenditures is expected to be provided by available fund balance and state grants.

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

The composition of interfund balances as of June 30, 2012, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 56,616
Highway/Public Works	General	150

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, 2012, consisted of the following amount:

**Discretely Presented Tipton County School Department**

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental	\$ 36,038

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

**E. Long-term 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. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to seven years for notes, and up to 20 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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2012, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
General Obligation Bond	2.5 to 4.625 %	4-1-22	\$ 9,000,000	\$ 5,750,000
Other Loans	Variable	5-25-27	39,825,689	26,717,789
Capital Outlay Note	0	6-30-13	87,150	12,450

During the 1998-99 year, Tipton County entered into two loan agreements with the Montgomery County Public Building Authority. Under these two loan agreements, the authority loaned Tipton County a total of \$10,897,089. These loans are repayable at a variable interest rate based on the weekly Bank of America Thursday National Non-AMT Index (BOA). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with these loans. At June 30, 2012, the variable interest rate was .47 percent based on the BOA rate, and other fees totaled .33 percent of the outstanding loan principal.

During the 2004-05 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$5,100,000 to Tipton County for school construction. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .49 percent based on the LIBOR rate, and other fees totaled .43 percent of the outstanding loan principal.

During the 2006-07 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$16,000,000 to Tipton County for school construction. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .49 percent based on the LIBOR rate, and other fees totaled .43 percent of the outstanding loan principal.

During the 2008-09 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$6,228,600 to Tipton County for refinancing debt. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .49 percent based on the LIBOR rate, and other fees totaled .23 percent of the outstanding loan principal.

During the 2010-11 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$3,100,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2012, Tipton County had borrowed \$1,600,000. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .18 percent based on the LIBOR rate, and other fees totaled one percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 500,000	\$ 239,475	\$ 739,475
2014	500,000	221,475	721,475
2015	500,000	202,975	702,975
2016	525,000	183,725	708,725
2017	550,000	162,725	712,725
2018-2022	3,175,000	440,425	3,615,425
Total	\$ 5,750,000	\$ 1,450,800	\$ 7,200,800

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 12,450	\$ 0	\$ 12,450
Total	\$ 12,450	\$ 0	\$ 12,450

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 3,306,300	\$ 125,913	\$ 116,097	\$ 3,548,310
2014	3,441,300	111,161	103,493	3,655,954
2015	2,047,100	95,822	90,022	2,232,944
2016	2,336,000	87,288	79,728	2,503,016
2017	2,317,000	77,511	68,865	2,463,376
2018-2022	7,855,089	234,505	212,101	8,301,695
2023-2027	5,415,000	81,934	74,476	5,571,410
Total	\$ 26,717,789	\$ 814,134	\$ 744,782	\$ 28,276,705

There is \$11,854,019 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$94, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$532, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

**Governmental Activities:**

	Bonds	Notes	Other Loans
Balance, July 1, 2011	\$ 6,250,000	\$ 24,900	\$ 29,023,994
Additions	0	0	1,500,000
Reductions	(500,000)	(12,450)	(3,806,205)
Balance, June 30, 2012	<u>\$ 5,750,000</u>	<u>\$ 12,450</u>	<u>\$ 26,717,789</u>
Balance Due Within One Year	<u>\$ 500,000</u>	<u>\$ 12,450</u>	<u>\$ 3,306,300</u>

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2011	\$ 621,963	\$ 411,164
Additions	400,366	9,627
Reductions	(411,721)	(10,057)
Balance, June 30, 2012	<u>\$ 610,608</u>	<u>\$ 410,734</u>
Balance Due Within One Year	<u>\$ 345,632</u>	<u>\$ 5,900</u>

	Other Postemployment Benefits
Balance, July 1, 2011	\$ 3,160,066
Additions	706,229
Reductions	(19,566)
Balance, June 30, 2012	<u>\$ 3,846,729</u>
Balance Due Within One Year	<u>\$ 0</u>

## Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 37,348,310
Less: Balance Due Within One Year	<u>(4,170,282)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 33,178,028</u>

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

**Discretely Presented Tipton County School Department**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Tipton County School Department for the year ended June 30, 2012, was as follows:

**Governmental Activities:**

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	\$ 509,118	\$ 2,023,452
Additions	240,188	1,453,024
Reductions	(133,886)	(602,644)
Balance, June 30, 2012	<u>\$ 615,420</u>	<u>\$ 2,873,832</u>
Balance Due Within One Year	<u>\$ 125,346</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 3,489,252
Less: Balance Due Within One Year	<u>(125,346)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,363,906</u>

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

**F. On-Behalf Payments**

**Discretely Presented Tipton County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Tipton 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, 2012, were \$142,459 and \$34,029, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

**Liability, Property, and Casualty**

Tipton County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

**Workers' Compensation Insurance**

Tipton County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays annual premiums to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

**Employee Health Insurance**

Tipton County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *TCA*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

## **Discretely Presented Tipton County School Department**

### **Liability, Property, and Casualty**

The Tipton County School Department participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The School Department pays annual premiums to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

### **Workers' Compensation Insurance**

The School Department does not provide workers' compensation insurance coverage for its employees.

### **Employee Health Insurance**

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, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

## **B. Subsequent Event**

Clerk and Master Judy Barkelew Billings retired on December 31, 2012, and was succeeded by Virginia Gray.

## **C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney 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.

## **D. Changes in Administration**

On June 30, 2011, Tim Fite left the Office of Director of Schools and was succeeded by Dr. William Bibb, Jr.

Assessor of Property Bill Stimpson died on July 6, 2011. The office remained vacant until September 1, 2012, when Rose Cousar became assessor of property.

Director of Accounts and Budgets Bruce Petty died on January 21, 2012. The position remained vacant until February 6, 2012, when Walter Thomas Bailey became the director of accounts and budgets.

**E. Landfill Closure/Postclosure Care Costs**

Tipton County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition 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. Tipton County closed its sanitary landfill in 1998. The \$410,734 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Hardeman, Lauderdale, McNairy and Tipton 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. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Twenty-fifth Judicial District Drug Task Force  
121 North Main  
Ripley, TN 38063

## **G. Retirement Commitments**

### **Plan Description**

Employees of Tipton 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 Tipton 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**

Tipton 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, 2012, was 9.65 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, 2012, the county's annual pension cost of \$1,706,481 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement 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 13 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,706,481	100%	\$0
6-30-11	1,738,124	100	0
6-30-10	1,797,982	100	0

### **Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.74 percent funded. The actuarial accrued liability for benefits was \$46.55 million, and the actuarial value of assets was \$42.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.84 million. The covered payroll (annual payroll of active employees covered by the plan) was \$18.18 million, and the ratio of the UAAL to the covered payroll was 21.15 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.

### **SCHOOL TEACHERS**

#### **Plan Description**

The Tipon County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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](http://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, 2012, 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, 2012, 2011, and 2010, were \$3,869,804, \$3,992,167, and \$2,659,253, respectively, equal to the required contributions for each year.

## **H. Other Postemployment Benefits (OPEB)**

### **Plan Description**

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

Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members 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 each 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 not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution for retired county employees is currently \$500 a month, and these benefits are provided to retirees for a maximum of two years. The required contribution rate for retired teachers is \$78 for single coverage and \$130 for family coverage. This contribution continues until retirees reach age 65 and are Medicare eligible. During the year ended June 30, 2012, Tipton County and the School Department contributed \$19,566 and \$602,644, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
	<hr/>	<hr/>
ARC	\$ 1,458,000	\$ 714,000
Interest on the NPO	80,938	126,403
Adjustment to the ARC	(85,914)	(134,174)
Annual OPEB cost	<hr/> \$ 1,453,024	<hr/> \$ 706,229
Less: Amount of contribution	(602,644)	(19,566)
Increase/decrease in NPO	\$ 850,380	\$ 686,663
Net OPEB obligation, 7-1-11	<hr/> 2,023,452	<hr/> 3,160,066
Net OPEB obligation, 6-30-12	<hr/> <hr/> \$ 2,873,832	<hr/> <hr/> \$ 3,846,729

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 1,128,972	67%	\$ 1,624,906
6-30-11	"	1,165,861	66	2,023,452
6-30-12	"	1,453,024	41	2,873,832
6-30-10	Local Government Group	917,388	4	2,308,929
6-30-11	"	890,486	4	3,160,066
6-30-12	"	706,229	3	3,846,729

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 11,739,000	\$ 4,815,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 11,739,000	\$ 4,815,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 57,029,482	\$ 9,543,811
UAAL as a % of covered payroll	21%	50%

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, 2011, actuarial valuation for the Local Education Group and the Local Government Group plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

## **I. Purchasing Laws**

### Office of County Executive

Purchasing procedures for the County Executive's Office are governed by provisions of Chapter 518, Private Acts of 1941, as amended. This act provides for the Purchasing Committee to make all purchases estimated to exceed \$10,000. Purchases estimated to be \$10,000 or less may be made by the county executive or other county officials. This act also requires that competitive bids be solicited by the Purchasing Committee through advertisement in a local newspaper on all purchases estimated to exceed \$10,000.

### Office of Director of Public Works

Purchasing procedures for the Public Works Department are governed by provisions of Chapter 114, Private Acts of 1973, as amended, and the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated (TCA)*. These statutes provide for the Public Works Committee to make all purchases, and all purchases exceeding \$10,000 are to be made on a competitive basis solicited through public advertisement.

### Office of Director of Schools

Purchasing procedures for the discretely presented Tipton County 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.

VI. **OTHER NOTES – DISCRETELY PRESENTED TIPTON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Organization and Reporting Entity**

The Tipton County Emergency Communications District is a component unit of Tipton County, Tennessee, the primary government unit. The district is considered a component unit of Tipton County because Tipton County appoints a majority of the district's board of directors, and the district must obtain County Commission approval before the issuance of most debt and/or the County Commission has the ability to adjust the district's service charges. The financial statements present only the financial position and changes in financial position of the district and are not intended to present fairly the financial position of Tipton County, Tennessee, and the changes in its financial position in conformity with U.S. generally accepted accounting principles.

The district was formed by the Tipton County Legislature under provisions of Tennessee law on June 30, 1988. As such, it is a public corporation authorized to maintain and operate an emergency communications system providing 911 service within the boundaries of Tipton County, Tennessee. Under law it is a body politic, without powers of taxation, governed by an appointed nine-member board of directors. It is funded by monthly user fees or tariff rates charged on each resident and business telephone within the county, contributions from participating governments, and by funding from the Tennessee Emergency Communications Board.

B. **Summary of Significant Accounting Policies**

The district complies with generally accepted accounting principles (GAAP) in the United States of America. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The district applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The district has elected not to apply FASB ASC pronouncements issued after November 30, 1989.

1. **Basis of Presentation**

The financial statements of the district are organized into a fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenses.

## Proprietary Fund

Enterprise Fund – An enterprise fund is used to account for business-like activities that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund accounts for the operations of the emergency communications system. Operating revenues are derived principally from service charges and funding from the Tennessee Emergency Communications Board.

### **2. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the financial statements.

The proprietary fund is accounted for using the economic resources measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Assets.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are recorded as nonoperating expenses.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. Proprietary funds utilize the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

### **3. Deposits and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. Although the district has not formally adopted a policy regarding collateralization of deposits, the district follows collateralization requirements of state statutes.

State statutes authorize the district to invest in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, certificates of deposit at state and federally chartered banks and savings and loan associations, and money market funds approved by the state Comptroller's Office.

Investments with a remaining maturity of more than one year at the time of purchase are reported at fair value as determined by quoted market prices. Short-term investments are reported at amortized cost, which approximates fair value.

4. **Accounts Receivable**

Accounts receivable result principally from unpaid user fees or tariff rates. Accounts receivable are reported net of any necessary allowance for uncollectible accounts, and revenues are reported net of uncollectibles. Allowances, or any need thereof, are based on past history of uncollectible accounts and management's analysis of current accounts. There was no allowance for uncollectible accounts at June 30, 2012, nor any uncollectible amounts netted with charges for user fees or tariffs for the year ended June 30, 2012.

5. **Capital Assets**

Capital assets include property and equipment. The district has adopted a formal capitalization policy whereby assets with an individual cost of at least \$5,000 and an estimated useful life in excess of one year are capitalized. The district's assets are capitalized at historical cost or estimated historical cost. Gifts or contributions of capital assets are recorded at fair value when received. 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.

A provision for depreciation is made on a basis considered adequate to amortize costs over the assets' estimated useful lives using the straight-line method. Useful lives are estimated at 5-10 years.

6. **Restricted Resources**

The district elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

7. **Net Assets**

Equity is classified as net assets and displayed in the following three components:

- a. Invested in Capital Assets – Consists of capital assets, net of accumulated depreciation.
- b. Restricted – Consists of net assets for which constraints are placed thereon by outside sources or external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.

- c. Unrestricted – All other net assets that do not meet the description of the above categories.

**8. Cash Flows**

For purposes of reporting cash flows, cash consists of cash on hand and on deposit with banks. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Certificates of deposit with original maturities of three months or more when purchased are classified as investments.

**9. Retirement Plan**

Costs of the retirement plan are computed by the entry age actuarial cost method, including a cost-of-living provision and amortization of prior service costs. Pension costs are funded as accrued.

**10. Compensated Absences**

Vacation pay for employees is accrued as an expense at the time the employees have a vested right to receive it. Sick leave is not accrued as the employees never have a vested right to receive it.

**11. Budgets**

The district prepares a budget for management monitoring and control and to comply with state law. The budget, which is prepared at the line-item level, is approved by the Board of Directors and is on a basis generally consistent with GAAP. Appropriations lapse at the end of the year.

**C. Capital Assets**

Capital assets activity during the year was as follows:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Equipment Held for Future Use	\$ 75,000	\$ 0	\$ (7,500)	\$ 67,500
Total Capital Assets Not Depreciated	\$ 75,000	\$ 0	\$ (7,500)	\$ 67,500

(Continued)

Capital Assets (Cont.)	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
<b>Other Capital Assets:</b>				
Communication				
Equipment	\$ 1,108,210	\$ 0	\$ (68,744)	\$ 1,039,466
Furniture	19,095	0	(3,665)	15,430
Vehicle	22,750	0	0	22,750
Leasehold Improvements	33,460	0	0	33,460
<b>Total Other Capital Assets at Historical Cost</b>	<b>\$ 1,183,515</b>	<b>\$ 0</b>	<b>\$ (72,409)</b>	<b>\$ 1,111,106</b>
<b>Less Accumulated Depreciation:</b>				
Communication				
Equipment	\$ 608,095	\$ 147,176	\$ (70,900)	\$ 684,371
Furniture	14,821	702	(1,509)	14,014
Vehicle	22,750	0	0	22,750
Leasehold Improvements	6,733	1,541	0	8,274
<b>Total Accumulated Depreciation</b>	<b>\$ 652,399</b>	<b>\$ 149,419</b>	<b>\$ (72,409)</b>	<b>\$ 729,409</b>
<b>Other Capital Assets, Net</b>	<b>\$ 531,116</b>	<b>\$ (149,419)</b>	<b>\$ 0</b>	<b>\$ 381,697</b>
<b>Capital Assets, Net</b>	<b>\$ 606,116</b>	<b>\$ (149,419)</b>	<b>\$ (7,500)</b>	<b>\$ 449,197</b>

Depreciation expense for the year ended June 30, 2012, was \$149,419. The district occupies a space in a county-owned building at no expense.

**D. Risk Financing Activities**

It is the policy of the district to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, employment practices, public officials' liability, worker's compensation and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**E. Retirement Plan**

**Plan Description**

Employees of the district 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 age 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 the district 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 Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

The district has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 8.88 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2012, the district's annual pension cost of \$50,836 to TCRS was equal to the district'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 three percent annual rate of inflation (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement 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 district'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 nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

#### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 50,836	100 %	\$ 0
6-30-11	53,346	100	0
6-30-10	49,301	100	0

#### **Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.81 percent funded. The actuarial accrued liability for benefits was \$.58 million, and the actuarial value of assets was \$.56 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.55 million, and the ratio of the UAAL to the covered payroll was 3.34 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.

#### **F. Prior-period Adjustment**

The balance of net assets as of July 1, 2011, was increased by \$31,476 over the amount previously reported in the June 30, 2011, financial statements due to the determination that the receivable from the Tennessee Emergency Communications Board as of June 30, 2011, was understated by \$31,476. The effect of the change in net assets for the year ended June 30, 2011, was insignificant.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit E-1

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,850,091	\$ 0	\$ 0	\$ 10,850,091	\$ 10,449,537	\$ 10,605,757	\$ 244,334
Licenses and Permits	147,204	0	0	147,204	133,000	117,000	30,204
Fines, Forfeitures, and Penalties	330,516	0	0	330,516	457,931	301,711	28,805
Charges for Current Services	169,611	0	0	169,611	158,050	153,450	16,161
Other Local Revenues	127,638	0	0	127,638	132,316	112,641	14,997
Fees Received from County Officials	2,368,035	0	0	2,368,035	2,226,000	2,152,000	216,035
State of Tennessee	979,378	0	0	979,378	1,010,743	1,008,093	(28,715)
Federal Government	399,002	0	0	399,002	173,500	380,100	18,902
Other Governments and Citizens Groups	293,287	0	0	293,287	167,979	260,779	32,508
Total Revenues	\$ 15,664,762	\$ 0	\$ 0	\$ 15,664,762	\$ 14,909,056	\$ 15,091,531	\$ 573,231
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 133,105	\$ 0	\$ 0	\$ 133,105	\$ 167,233	\$ 167,233	\$ 34,128
Beer Board	3,186	0	0	3,186	3,918	3,918	732
County Mayor/Executive	271,610	0	0	271,610	309,626	309,626	38,016
Election Commission	284,394	0	6,833	291,227	347,824	347,824	56,597
Register of Deeds	283,359	(1,273)	0	282,086	300,658	300,658	18,572
Planning	268,392	0	0	268,392	270,764	270,764	2,372
Building	270,612	0	1,023	271,635	298,652	298,652	27,017
Codes Compliance	5,733	0	0	5,733	6,489	6,489	756
Geographical Information Systems	110,725	0	0	110,725	111,833	111,833	1,108
County Buildings	52,422	0	0	52,422	76,300	76,300	23,878
<u>Finance</u>							
Accounting and Budgeting	200,892	0	0	200,892	235,173	235,173	34,281

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 322,554	0	0	\$ 322,554	\$ 460,660	\$ 460,660	\$ 138,106
Reappraisal Program	34,230	0	0	34,230	46,899	46,899	12,669
County Trustee's Office	294,177	(549)	0	293,628	314,014	314,014	20,386
County Clerk's Office	445,429	0	0	445,429	454,762	471,547	26,118
<u>Administration of Justice</u>							
Circuit Court	633,567	0	0	633,567	649,519	649,519	15,952
Criminal Court	44,571	0	0	44,571	48,103	48,103	3,532
General Sessions Court	275,141	0	135	275,276	272,284	272,284	(2,992)
Drug Court	13,946	0	0	13,946	15,000	15,000	1,054
Chancery Court	313,715	0	0	313,715	334,936	334,936	21,221
Juvenile Court	102,759	0	0	102,759	142,961	142,961	40,202
Probate Court	98,341	0	0	98,341	111,514	111,514	13,173
Other Administration of Justice	39,876	0	105	39,981	59,035	59,035	19,054
Victims Assistance Programs	26,414	0	0	26,414	34,600	34,600	8,186
<u>Public Safety</u>							
Sheriff's Department	4,332,920	(75)	112,013	4,444,858	4,405,428	4,504,423	59,565
Administration of the Sexual Offender Registry	4,606	0	0	4,606	8,000	8,000	3,394
Jail	2,480,845	(3,048)	108	2,477,905	2,508,542	2,514,542	36,637
Workhouse	175,174	0	955	176,129	217,348	217,348	41,219
Fire Prevention and Control	304,979	0	0	304,979	310,566	311,768	6,789
Civil Defense	218,553	0	0	218,553	248,927	248,927	30,374
Other Emergency Management	186,710	0	0	186,710	187,835	187,835	1,125
<u>Public Health and Welfare</u>							
Local Health Center	114,721	(31,959)	0	82,762	97,065	97,065	14,303

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Rabies and Animal Control	\$ 336,126	\$ 0	\$ 0	\$ 336,126	\$ 327,103	\$ 346,803	\$ 10,677
Ambulance/Emergency Medical Services	124,008	0	0	124,008	124,998	124,998	990
Dental Health Program	287,081	0	0	287,081	333,167	333,167	46,086
General Welfare Assistance	32,431	0	0	32,431	33,431	33,431	1,000
Sanitation Management	117,734	0	0	117,734	129,145	129,145	11,411
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	62,000	0	0	62,000	62,000	62,000	0
Libraries	215,585	(60)	479	216,004	262,341	262,341	46,337
Parks and Fair Boards	17,117	0	0	17,117	33,300	33,300	16,183
Other Social, Cultural, and Recreational Agriculture and Natural Resources	3,500	0	0	3,500	3,500	3,500	0
<u>Agriculture Extension Service</u>							
Agriculture Extension Service	107,367	0	0	107,367	117,881	117,881	10,514
Soil Conservation	99,033	0	0	99,033	100,610	100,610	1,577
<u>Other Operations</u>							
Tourism	65,000	0	0	65,000	65,000	65,000	0
Industrial Development	328,803	0	0	328,803	392,979	392,979	64,176
Other Economic and Community Development	103,540	0	0	103,540	0	103,541	1
Veterans' Services	14,543	0	0	14,543	16,528	16,528	1,985
Miscellaneous	584,206	0	0	584,206	650,095	665,095	80,889
Total Expenditures	\$ 14,845,732	\$ (36,964)	\$ 121,651	\$ 14,930,419	\$ 15,708,546	\$ 15,969,769	\$ 1,039,350
Excess (Deficiency) of Revenues Over Expenditures	\$ 819,030	\$ 36,964	\$ (121,651)	\$ 734,343	\$ (799,490)	\$ (878,238)	\$ 1,612,581

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 39,764	\$ 0	\$ 0	\$ 39,764	\$ 0	\$ 28,000	\$ 11,764
Transfers In	0	0	0	0	82,000	0	0
Total Other Financing Sources (Uses)	\$ 39,764	\$ 0	\$ 0	\$ 39,764	\$ 82,000	\$ 28,000	\$ 11,764
Net Change in Fund Balance	\$ 858,794	\$ 36,964	\$ (121,651)	\$ 774,107	\$ (717,490)	\$ (850,238)	\$ 1,624,345
Fund Balance, July 1, 2011	9,091,877	(36,964)	0	9,054,913	8,861,757	8,861,757	193,156
Fund Balance, June 30, 2012	\$ 9,950,671	\$ 0	\$ (121,651)	\$ 9,829,020	\$ 8,144,267	\$ 8,011,519	\$ 1,817,501

Exhibit E-2

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,319,537	\$ 0	\$ 0	\$ 2,319,537	\$ 2,284,864	\$ 2,284,864	\$ 34,673
Licenses and Permits	0	0	0	0	10	10	(10)
Charges for Current Services	2,998	0	0	2,998	3,540	3,540	(542)
Other Local Revenues	79,626	0	0	79,626	400	400	79,226
State of Tennessee	2,762,910	0	0	2,762,910	2,750,693	2,850,693	(87,783)
Federal Government	724,890	0	0	724,890	500,000	670,000	54,890
Other Governments and Citizens Groups	0	0	0	0	50,100	50,100	(50,100)
Total Revenues	\$ 5,889,961	\$ 0	\$ 0	\$ 5,889,961	\$ 5,589,607	\$ 5,859,607	\$ 30,354
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 453,991	\$ (821)	\$ 0	\$ 453,170	\$ 489,411	\$ 487,241	\$ 34,071
Highway and Bridge Maintenance	1,894,956	(38,246)	2,498	1,859,208	1,908,194	2,042,194	182,986
Operation and Maintenance of Equipment	670,993	(393)	0	670,600	677,987	699,987	29,387
Other Charges	895,458	0	2,500	897,958	513,000	1,013,170	115,212
Employee Benefits	806,306	(795)	0	805,511	832,929	877,929	72,418
Capital Outlay	1,233,841	(447,601)	253,915	1,040,155	1,489,000	1,532,000	491,845
Total Expenditures	\$ 5,955,545	\$ (487,856)	\$ 258,913	\$ 5,726,602	\$ 5,910,521	\$ 6,652,521	\$ 925,919
Excess (Deficiency) of Revenues Over Expenditures	\$ (65,584)	\$ 487,856	\$ (258,913)	\$ 163,359	\$ (320,914)	\$ (792,914)	\$ 956,273
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,915	\$ 0	\$ 0	\$ 5,915	\$ 100	\$ 100	\$ 5,815
Total Other Financing Sources (Uses)	\$ 5,915	\$ 0	\$ 0	\$ 5,915	\$ 100	\$ 100	\$ 5,815
Net Change in Fund Balance	\$ (59,669)	\$ 487,856	\$ (258,913)	\$ 169,274	\$ (320,814)	\$ (792,814)	\$ 962,088
Fund Balance, July 1, 2011	2,690,069	(487,856)	0	2,202,213	2,353,397	2,353,397	(151,184)
Fund Balance, June 30, 2012	\$ 2,630,400	\$ 0	\$ (258,913)	\$ 2,371,487	\$ 2,032,583	\$ 1,560,583	\$ 810,904

Exhibit E-3

Tipton County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Tipton County School Department  
June 30, 2012

(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)
7-1-11	\$ 42,702	\$ 46,549	\$ 3,845	91.74%	\$ 18,177	21.15%
7-1-09	32,648	36,401	3,752	89.69	17,153	21.87
7-1-07	28,313	32,389	4,076	87.42	14,950	27.26

Exhibit E-4

Tipton County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Tipton County Emergency Communications District  
June 30, 2012

(Dollar amounts in thousands)

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)
7-1-11	\$ 560	\$ 579	\$ 18	96.81%	\$ 553	3.34%
7-1-09	367	390	22	94.29	537	4.14
7-1-07	262	287	25	91.29	427	5.85

Exhibit E-5

Tipton County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Tipton County School Department  
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 6,586	\$ 6,586	0%	\$ 7,584	87%
"	7-1-10	0	6,577	6,577	0	7,965	82
"	7-1-11	0	4,815	4,815	0	9,543	50
<u>DISCRETELY PRESENTED TIPTON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	9,252	9,252	0	48,677	19
"	7-1-10	0	9,544	9,544	0	52,433	18
"	7-1-11	0	11,739	11,739	0	57,029	21

**TIPTON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

**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 Tipton 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, Beer Board, County Mayor/ Executive, Election Commission, etc.). Management may make revisions within major categories, but only the Tipton County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2012, Tipton County reported the following significant encumbrances in the General and Highway/Public Works funds:

Funds	Description	Amount
General	Sheriff vehicles	\$ 104,579
Highway/Public Works	Bridge construction	258,387

---

---

**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.

---

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Tipton County’s garbage collection operations.

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

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

## Capital Projects 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

Tipton County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			General Capital Projects		
Cash	\$ 0	\$ 0	\$ 30,339	\$ 30,339	\$ 0	\$ 0	\$ 30,339	
Equity in Pooled Cash and Investments	1,504,869	161,449	0	1,666,318	1,534,750	0	3,201,068	
Accounts Receivable	13,697	0	26,277	39,974	0	0	39,974	
Due from Other Governments	7,893	0	0	7,893	0	0	7,893	
Total Assets	\$ 1,526,459	\$ 161,449	\$ 56,616	\$ 1,744,524	\$ 1,534,750	\$ 0	\$ 3,279,274	

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Governments

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$ 6,696	\$ 0	\$ 0	\$ 6,696	\$ 0	\$ 0	\$ 6,696
Payroll Deductions Payable	0	0	0	0	119,608	0	119,608
Contracts Payable	0	0	0	0	6,295	0	6,295
Retainage Payable	0	0	56,616	56,616	0	0	56,616
Due to Other Funds	232	0	0	232	0	0	232
Due to State of Tennessee	6,928	0	56,616	63,544	125,903	0	189,447
Total Liabilities	\$ 6,928	\$ 0	\$ 56,616	\$ 63,544	\$ 125,903	\$ 0	\$ 189,447
<u>Fund Balances</u>	\$ 0	\$ 161,449	\$ 0	\$ 161,449	\$ 0	\$ 1,408,847	\$ 1,408,847
Restricted:	0	0	0	0	0	0	0
Restricted for Public Safety	0	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	1,408,847	0	1,408,847
Committed:	1,519,531	0	0	1,519,531	0	0	1,519,531
Committed for Public Health and Welfare	1,519,531	0	0	1,519,531	0	0	1,519,531
Total Fund Balances	\$ 1,519,531	\$ 161,449	\$ 0	\$ 1,680,980	\$ 1,408,847	\$ 0	\$ 3,089,827
Total Liabilities and Fund Balances	\$ 1,526,459	\$ 161,449	\$ 56,616	\$ 1,744,524	\$ 1,534,750	\$ 0	\$ 3,279,274

Committed for Public Health and Welfare  
Total Fund Balances

Total Liabilities and Fund Balances

Tipton County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			General Capital Projects		
<u>Revenues</u>								
Fines, Forfeitures, and Penalties	\$ 0	\$ 89,021	\$ 0	\$ 0	\$ 89,021	\$ 0	\$ 0	\$ 89,021
Charges for Current Services	198,635	0	9,351	0	207,986	0	0	207,986
Other Local Revenues	151,350	0	0	0	151,350	0	0	151,350
State of Tennessee	874,847	0	0	0	874,847	0	0	874,847
Federal Government	0	11,489	0	0	11,489	0	0	11,489
<b>Total Revenues</b>	<b>\$ 1,224,832</b>	<b>\$ 100,510</b>	<b>\$ 9,351</b>	<b>\$ 1,334,693</b>	<b>\$ 1,334,693</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,334,693</b>
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 9,351	\$ 0	\$ 9,351	\$ 0	\$ 0	\$ 9,351
Public Safety	0	117,877	0	0	117,877	0	0	117,877
Public Health and Welfare	10,057	0	0	0	10,057	0	0	10,057
Highways	937,170	0	0	0	937,170	0	0	937,170
Capital Projects	0	0	0	0	0	195,786	0	195,786
<b>Total Expenditures</b>	<b>\$ 947,227</b>	<b>\$ 117,877</b>	<b>\$ 9,351</b>	<b>\$ 1,074,455</b>	<b>\$ 1,074,455</b>	<b>\$ 195,786</b>	<b>\$ 195,786</b>	<b>\$ 1,270,241</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 277,605	\$ (17,367)	\$ 0	\$ 260,238	\$ (195,786)	\$ 64,452		
<u>Other Financing Sources (Uses)</u>								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000	
Net Change in Fund Balances	\$ 277,605	\$ (17,367)	\$ 0	\$ 260,238	\$ 1,304,214	\$ 1,564,452		
Fund Balance, July 1, 2011	1,241,926	178,816	0	1,420,742	104,633	1,525,375		
<b>Fund Balance, June 30, 2012</b>	<b>\$ 1,519,531</b>	<b>\$ 161,449</b>	<b>\$ 0</b>	<b>\$ 1,680,980</b>	<b>\$ 1,408,847</b>	<b>\$ 3,089,827</b>		

Exhibit F-3

Tipton 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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 198,635 \$	0 \$	0 \$	198,635 \$	306,400 \$	306,400 \$	(107,765)
Other Local Revenues	151,350	0	0	151,350	133,400	133,400	17,950
State of Tennessee	874,847	0	0	874,847	796,000	796,000	78,847
Total Revenues	\$ 1,224,832 \$	0 \$	0 \$	1,224,832 \$	1,235,800 \$	1,235,800 \$	(10,968)
<u>Expenditures</u>							
Public Health and Welfare	\$ 10,057 \$	(5,900) \$	0 \$	4,157 \$	100,000 \$	100,000 \$	95,843
Postclosure Care Costs							
Highways	937,170	(8,072)	4,899	933,997	1,098,045	1,098,045	164,048
Litter and Trash Collection	947,227 \$	(13,972) \$	4,899 \$	938,154 \$	1,198,045 \$	1,198,045 \$	259,891
Total Expenditures	\$ 277,605 \$	13,972 \$	(4,899) \$	286,678 \$	37,755 \$	37,755 \$	248,923
Excess (Deficiency) of Revenues Over Expenditures	\$ 0 \$	0 \$	0 \$	0 \$	100 \$	100 \$	(100)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	0 \$	0 \$	0 \$	0 \$	100 \$	100 \$	(100)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	100 \$	100 \$	(100)
Net Change in Fund Balance	\$ 277,605 \$	13,972 \$	(4,899) \$	286,678 \$	37,855 \$	37,855 \$	248,823
Fund Balance, July 1, 2011	1,241,926	(13,972)	0	1,227,954	1,195,307	1,195,307	32,647
Fund Balance, June 30, 2012	\$ 1,519,531 \$	0 \$	(4,899) \$	1,514,632 \$	1,233,162 \$	1,233,162 \$	281,470

Exhibit F-4

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 89,021	\$ 108,535	\$ 96,935	\$ (7,914)
Other Local Revenues	0	1,100	700	(700)
State of Tennessee	0	500	500	(500)
Federal Government	11,489	0	12,000	(511)
Total Revenues	<u>\$ 100,510</u>	<u>\$ 110,135</u>	<u>\$ 110,135</u>	<u>\$ (9,625)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 117,877	\$ 84,800	\$ 118,098	\$ 221
Total Expenditures	<u>\$ 117,877</u>	<u>\$ 84,800</u>	<u>\$ 118,098</u>	<u>\$ 221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,367)</u>	<u>\$ 25,335</u>	<u>\$ (7,963)</u>	<u>\$ (9,404)</u>
Net Change in Fund Balance	\$ (17,367)	\$ 25,335	\$ (7,963)	\$ (9,404)
Fund Balance, July 1, 2011	<u>178,816</u>	<u>178,796</u>	<u>178,796</u>	<u>20</u>
Fund Balance, June 30, 2012	<u><u>\$ 161,449</u></u>	<u><u>\$ 204,131</u></u>	<u><u>\$ 170,833</u></u>	<u><u>\$ (9,384)</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

---

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

---

Exhibit G

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,775,170	\$ 3,716,426	\$ 3,716,426	\$ 58,744
Other Local Revenues	377,775	430,000	430,000	(52,225)
Other Governments and Citizens Groups	600,000	600,000	600,000	0
Total Revenues	<u>\$ 4,752,945</u>	<u>\$ 4,746,426</u>	<u>\$ 4,746,426</u>	<u>\$ 6,519</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 892,355	\$ 892,355	\$ 892,355	\$ 0
Highways and Streets	0	333,334	333,334	333,334
Education	3,426,300	3,426,300	3,426,300	0
<u>Interest on Debt</u>				
General Government	3,042	186,695	176,987	173,945
Highways and Streets	0	60,000	60,000	60,000
Education	360,023	1,729,931	1,623,063	1,263,040
<u>Other Debt Service</u>				
General Government	85,840	115,338	125,533	39,693
Education	107,281	30,000	136,273	28,992
Total Expenditures	<u>\$ 4,874,841</u>	<u>\$ 6,773,953</u>	<u>\$ 6,773,845</u>	<u>\$ 1,899,004</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (121,896)</u>	<u>\$ (2,027,527)</u>	<u>\$ (2,027,419)</u>	<u>\$ 1,905,523</u>
Net Change in Fund Balance	\$ (121,896)	\$ (2,027,527)	\$ (2,027,419)	\$ 1,905,523
Fund Balance, July 1, 2011	<u>11,975,915</u>	<u>11,964,680</u>	<u>11,964,680</u>	<u>11,235</u>
Fund Balance, June 30, 2012	<u>\$ 11,854,019</u>	<u>\$ 9,937,153</u>	<u>\$ 9,937,261</u>	<u>\$ 1,916,758</u>

# Fiduciary Funds

---

Agency Funds are used to account for assets held by the county in a trustee capacity or 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, general sessions, and juvenile 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

Tipton County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,840,461	\$ 2,840,461
Due from Other Governments	603,815	0	603,815
Total Assets	<u>\$ 603,815</u>	<u>\$ 2,840,461</u>	<u>\$ 3,444,276</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 603,815	\$ 0	\$ 603,815
Due to Litigants, Heirs, and Others	0	2,840,461	2,840,461
Total Liabilities	<u>\$ 603,815</u>	<u>\$ 2,840,461</u>	<u>\$ 3,444,276</u>

Exhibit H-2

Tipton County, Tennessee  
Combining Statement of Changes in Assets and Liabilities- All Agency Funds  
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,601,368	\$ 3,601,368	\$ 0
Due from Other Governments	592,080	603,815	592,080	603,815
Total Assets	<u>\$ 592,080</u>	<u>\$ 4,205,183</u>	<u>\$ 4,193,448</u>	<u>\$ 603,815</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 592,080	\$ 4,205,183	\$ 4,193,448	\$ 603,815
Total Liabilities	<u>\$ 592,080</u>	<u>\$ 4,205,183</u>	<u>\$ 4,193,448</u>	<u>\$ 603,815</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,153,389	\$ 11,562,428	\$ 10,875,356	\$ 2,840,461
Total Assets	<u>\$ 2,153,389</u>	<u>\$ 11,562,428</u>	<u>\$ 10,875,356</u>	<u>\$ 2,840,461</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,153,389	\$ 11,562,428	\$ 10,875,356	\$ 2,840,461
Total Liabilities	<u>\$ 2,153,389</u>	<u>\$ 11,562,428</u>	<u>\$ 10,875,356</u>	<u>\$ 2,840,461</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,153,389	\$ 11,562,428	\$ 10,875,356	\$ 2,840,461
Equity in Pooled Cash and Investments	0	3,601,368	3,601,368	0
Due from Other Governments	592,080	603,815	592,080	603,815
Total Assets	<u>\$ 2,745,469</u>	<u>\$ 15,767,611</u>	<u>\$ 15,068,804</u>	<u>\$ 3,444,276</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 592,080	\$ 4,205,183	\$ 4,193,448	\$ 603,815
Due to Litigants, Heirs, and Others	2,153,389	11,562,428	10,875,356	2,840,461
Total Liabilities	<u>\$ 2,745,469</u>	<u>\$ 15,767,611</u>	<u>\$ 15,068,804</u>	<u>\$ 3,444,276</u>

# Tipton County School Department

---

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

---

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit I-1

Tipton County, Tennessee  
Statement of Activities  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:								
Instruction	\$ 60,267,655	\$ 877,089	\$ 4,932,981	\$ 0	\$ 0	\$ 0	\$ (54,457,585)	
Support Services	24,057,353	0	1,680,283		26,374		(22,350,696)	
Operation of Non-Instructional Services	7,694,977	1,708,798	4,217,061		0		(1,769,118)	
Other Debt Service	600,000	0	0		0		(600,000)	
<b>Total Governmental Activities</b>	<b>\$ 92,619,985</b>	<b>\$ 2,585,887</b>	<b>\$ 10,830,325</b>		<b>\$ 26,374</b>		<b>\$ (79,177,399)</b>	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes							\$ 11,082,291	
Local Option Sales Taxes							3,974,725	
Business Tax							181,594	
Other Local Taxes							3,764	
Grants and Contributions Not Restricted to Specific Programs							60,030,101	
Miscellaneous							213,759	
<b>Total General Revenues</b>							<b>\$ 75,486,234</b>	
Change in Net Assets							\$ (3,691,165)	
Net Assets, July 1, 2011							55,496,708	
Net Assets, June 30, 2012							\$ 51,805,543	

Exhibit I-2

Tipton County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Tipton County School Department  
June 30, 2012

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 12,118,993	\$ 3,210,451	\$ 15,329,444
Accounts Receivable	0	344	344
Due from Other Governments	1,096,288	329,223	1,425,511
Property Taxes Receivable	11,539,175	0	11,539,175
Allowance for Uncollectible Property Taxes	(415,564)	0	(415,564)
Total Assets	<u>\$ 24,338,892</u>	<u>\$ 3,540,018</u>	<u>\$ 27,878,910</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 74,040	\$ 0	\$ 74,040
Payroll Deductions Payable	2,475,029	0	2,475,029
Deferred Revenue - Current Property Taxes	10,681,587	0	10,681,587
Deferred Revenue - Delinquent Property Taxes	367,513	0	367,513
Other Deferred Revenues	337,117	0	337,117
Total Liabilities	<u>\$ 13,935,286</u>	<u>\$ 0</u>	<u>\$ 13,935,286</u>
<b><u>Fund Balances</u></b>			
<b>Restricted:</b>			
Restricted for Education	\$ 41,219	\$ 11,347	\$ 52,566
Restricted for Operation of Non-Instructional Services	0	2,146,171	2,146,171
Restricted for Capital Projects	0	1,382,500	1,382,500
<b>Committed:</b>			
Committed for Education	526,534	0	526,534
<b>Assigned:</b>			
Assigned for Instruction	5,499	0	5,499
Assigned for Support Services	45,905	0	45,905
Assigned for Operation of Non-Instructional Services	900	0	900
Assigned for Capital Outlay	222,675	0	222,675
Unassigned	9,560,874	0	9,560,874
Total Fund Balances	<u>\$ 10,403,606</u>	<u>\$ 3,540,018</u>	<u>\$ 13,943,624</u>
Total Liabilities and Fund Balances	<u>\$ 24,338,892</u>	<u>\$ 3,540,018</u>	<u>\$ 27,878,910</u>

Exhibit I-3

Tipton County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Tipton County School Department  
June 30, 2012

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)		\$ 13,943,624
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 3,596,156	
Add: construction in progress	28,250	
Add: buildings and improvements net of accumulated depreciation	32,637,037	
Add: infrastructure net of accumulated depreciation	88,450	
Add: other capital assets net of accumulated depreciation	<u>4,296,648</u>	40,646,541
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (615,420)	
Less: other postemployment benefits liability	<u>(2,873,832)</u>	(3,489,252)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>704,630</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 51,805,543</u>

## Exhibit I-4

Tipton County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 15,580,421	\$ 0	\$ 15,580,421
Licenses and Permits	5,399	0	5,399
Fines, Forfeitures, and Penalties	3,687	0	3,687
Charges for Current Services	1,001,396	1,512,116	2,513,512
Other Local Revenues	278,010	12,188	290,198
State of Tennessee	59,082,209	0	59,082,209
Federal Government	138,794	11,328,740	11,467,534
Other Governments and Citizens Groups	3,689	0	3,689
Total Revenues	<u>\$ 76,093,605</u>	<u>\$ 12,853,044</u>	<u>\$ 88,946,649</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 50,223,472	\$ 6,157,656	\$ 56,381,128
Support Services	23,030,769	1,205,371	24,236,140
Operation of Non-Instructional Services	1,972,806	5,471,860	7,444,666
Capital Outlay	569,729	0	569,729
Debt Service:			
Other Debt Service	600,000	0	600,000
Capital Projects	0	3,034	3,034
Total Expenditures	<u>\$ 76,396,776</u>	<u>\$ 12,837,921</u>	<u>\$ 89,234,697</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (303,171)</u>	<u>\$ 15,123</u>	<u>\$ (288,048)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 36,038	\$ 0	\$ 36,038
Transfers Out	0	(36,038)	(36,038)
Total Other Financing Sources (Uses)	<u>\$ 36,038</u>	<u>\$ (36,038)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (267,133)	\$ (20,915)	\$ (288,048)
Fund Balance, July 1, 2011	10,670,739	3,560,933	14,231,672
Fund Balance, June 30, 2012	<u>\$ 10,403,606</u>	<u>\$ 3,540,018</u>	<u>\$ 13,943,624</u>

Exhibit I-5

Tipton County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(288,048)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,114,312	
Less: current-year depreciation expense		<u>(3,542,918)</u>	(2,428,606)
(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, 2012	\$	704,630	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(722,459)</u>	(17,829)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(106,302)	
Change in other postemployment benefits liability		<u>(850,380)</u>	<u>(956,682)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (3,691,165)</u>

Exhibit I-6

Tipton County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Tipton County School Department  
June 30, 2012

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
	\$ 2,346	\$ 1,825,605	\$ 1,827,951	\$ 1,382,500	\$ 3,210,451	
0	344	344	0	344		
9,001	320,222	329,223	0	329,223		
\$ 11,347	\$ 2,146,171	\$ 2,157,518	\$ 1,382,500	\$ 3,540,018		

ASSETS

Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Governments

Total Assets

FUND BALANCES

Restricted:  
Restricted for Education  
Restricted for Operation of Non-Instructional Services  
Restricted for Capital Projects

Total Fund Balances

Exhibit I-7

Tipton County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Governmental</u>
	<u>Projects</u>			<u>Capital</u>	<u>Funds</u>
				<u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,512,116	\$ 1,512,116	\$ 0	\$ 1,512,116
Other Local Revenues	0	12,188	12,188	0	12,188
Federal Government	7,261,370	4,067,370	11,328,740	0	11,328,740
Total Revenues	<u>\$ 7,261,370</u>	<u>\$ 5,591,674</u>	<u>\$ 12,853,044</u>	<u>\$ 0</u>	<u>\$ 12,853,044</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 6,157,656	\$ 0	\$ 6,157,656	\$ 0	\$ 6,157,656
Support Services	1,205,371	0	1,205,371	0	1,205,371
Operation of Non-Instructional Services	0	5,471,860	5,471,860	0	5,471,860
Capital Projects	0	0	0	3,034	3,034
Total Expenditures	<u>\$ 7,363,027</u>	<u>\$ 5,471,860</u>	<u>\$ 12,834,887</u>	<u>\$ 3,034</u>	<u>\$ 12,837,921</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>\$ (101,657)</u>	<u>\$ 119,814</u>	<u>\$ 18,157</u>	<u>\$ (3,034)</u>	<u>\$ 15,123</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (36,038)	\$ 0	\$ (36,038)	\$ 0	\$ (36,038)
Total Other Financing Sources (Uses)	<u>\$ (36,038)</u>	<u>\$ 0</u>	<u>\$ (36,038)</u>	<u>\$ 0</u>	<u>\$ (36,038)</u>
Net Change in Fund Balances	\$ (137,695)	\$ 119,814	\$ (17,881)	\$ (3,034)	\$ (20,915)
Fund Balance, July 1, 2011	149,042	2,026,357	2,175,399	1,385,534	3,560,933
Fund Balance, June 30, 2012	<u>\$ 11,347</u>	<u>\$ 2,146,171</u>	<u>\$ 2,157,518</u>	<u>\$ 1,382,500</u>	<u>\$ 3,540,018</u>

Exhibit I-8

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Tipton County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 15,580,421	\$ 0	\$ 0	\$ 15,580,421	\$ 15,405,000	\$ 15,405,000	\$ 175,421
Licenses and Permits	5,399	0	0	5,399	5,000	5,000	399
Fines, Forfeitures, and Penalties	3,687	0	0	3,687	2,000	2,000	1,687
Charges for Current Services	1,001,396	0	0	1,001,396	870,000	955,000	46,396
Other Local Revenues	278,010	0	0	278,010	275,000	275,000	3,010
State of Tennessee	59,082,209	0	0	59,082,209	59,293,000	59,384,488	(302,279)
Federal Government	138,794	0	0	138,794	110,999	105,974	32,820
Other Governments and Citizens Groups	3,689	0	0	3,689	0	0	3,689
Total Revenues	\$ 76,093,605	\$ 0	\$ 0	\$ 76,093,605	\$ 75,960,999	\$ 76,132,462	\$ (38,857)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 39,028,293	\$ (157,669)	\$ 3,566	\$ 38,874,190	\$ 39,265,000	\$ 38,940,000	\$ 65,810
Alternative Instruction Program	806,770	0	0	806,770	760,000	815,000	8,230
Special Education Program	8,012,971	(3,300)	0	8,009,671	8,010,000	8,010,000	329
Vocational Education Program	2,336,545	(2,431)	1,933	2,336,047	2,465,000	2,338,000	1,953
Adult Education Program	38,893	0	0	38,893	38,000	40,000	1,107
<u>Support Services</u>							
Health Services	719,714	(5,581)	0	714,133	710,000	720,000	5,867
Other Student Support	1,691,762	(1,033)	0	1,690,729	1,605,000	1,691,000	271
Regular Instruction Program	1,765,291	0	0	1,765,291	1,856,000	1,769,000	3,709
Special Education Program	271,471	0	0	271,471	272,000	272,000	529
Vocational Education Program	124,756	0	0	124,756	123,000	125,000	244
Adult Programs	78,895	0	0	78,895	98,000	98,000	19,105

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 176,488	\$ 0	\$ 0	\$ 176,488	\$ 0	\$ 176,488	\$ 0
Board of Education	778,761	0	0	778,761	802,000	802,000	23,239
Director of Schools	265,440	0	0	265,440	266,000	266,000	560
Office of the Principal	5,533,567	0	0	5,533,567	5,657,000	5,585,000	51,433
Fiscal Services	459,170	(1,844)	47	457,373	470,000	470,000	12,627
Operation of Plant	3,879,625	0	0	3,879,625	4,110,000	3,985,000	105,375
Maintenance of Plant	1,471,992	(28,208)	45,858	1,489,642	1,450,000	1,525,000	35,358
Transportation	5,813,837	(49)	0	5,813,788	5,563,000	5,861,000	47,212
<u>Operation of Non-Instructional Services</u>							
Food Service	146,454	0	0	146,454	165,000	165,000	18,546
Community Services	803,941	0	900	804,841	715,000	800,000	(4,841)
Early Childhood Education	1,022,411	0	0	1,022,411	1,000,000	1,023,000	589
<u>Capital Outlay</u>							
Regular Capital Outlay	569,729	(286,489)	222,675	505,915	0	500,000	(5,915)
<u>Other Debt Service</u>							
Education	600,000	0	0	600,000	600,000	600,000	0
Total Expenditures	\$ 76,396,776	\$ (486,604)	\$ 274,979	\$ 76,185,151	\$ 76,000,000	\$ 76,576,488	\$ 391,337
Excess (Deficiency) of Revenues Over Expenditures	\$ (303,171)	\$ 486,604	\$ (274,979)	\$ (91,546)	\$ (39,001)	\$ (444,026)	\$ 352,480
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 36,038	\$ 0	\$ 0	\$ 36,038	\$ 39,001	\$ 44,026	\$ (7,988)
Total Other Financing Sources (Uses)	\$ 36,038	\$ 0	\$ 0	\$ 36,038	\$ 39,001	\$ 44,026	\$ (7,988)

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (267,133)	\$ 486,604	\$ (274,979)	\$ (55,508)	0	\$ (400,000)	\$ 344,492
Fund Balance, July 1, 2011	10,670,739	(486,604)	0	10,184,135	9,404,175	9,404,175	779,960
Fund Balance, June 30, 2012	\$ 10,403,606	\$ 0	\$ (274,979)	\$ 10,128,627	\$ 9,404,175	\$ 9,004,175	\$ 1,124,452

Exhibit I-9

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Tipton County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 7,261,370	\$ 9,718,782	\$ 9,714,958	\$ (2,453,588)
Total Revenues	\$ 7,261,370	\$ 9,718,782	\$ 9,714,958	\$ (2,453,588)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,478,836	\$ 4,538,910	\$ 4,583,650	\$ 1,104,814
Special Education Program	2,581,751	2,549,938	2,587,849	6,098
Vocational Education Program	97,069	104,061	97,069	0
<u>Support Services</u>				
Health Services	64,884	64,840	64,884	0
Other Student Support	111,752	105,902	111,752	0
Regular Instruction Program	755,434	2,163,455	2,118,710	1,363,276
Special Education Program	95,918	129,871	101,084	5,166
Office of the Principal	30,840	36,636	30,840	0
Transportation	146,543	152,755	146,543	0
Total Expenditures	\$ 7,363,027	\$ 9,846,368	\$ 9,842,381	\$ 2,479,354
Excess (Deficiency) of Revenues Over Expenditures	\$ (101,657)	\$ (127,586)	\$ (127,423)	\$ 25,766
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (36,038)	\$ (43,867)	\$ (44,026)	\$ 7,988
Total Other Financing Sources (Uses)	\$ (36,038)	\$ (43,867)	\$ (44,026)	\$ 7,988
Net Change in Fund Balance	\$ (137,695)	\$ (171,453)	\$ (171,449)	\$ 33,754
Fund Balance, July 1, 2011	149,042	171,453	171,449	(22,407)
Fund Balance, June 30, 2012	\$ 11,347	\$ 0	\$ 0	\$ 11,347

Exhibit I-10

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Tipton County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,512,116	\$ 2,140,000	\$ 2,140,000	\$ (627,884)
Other Local Revenues	12,188	20,000	20,000	(7,812)
Federal Government	4,067,370	3,340,000	3,640,000	427,370
Total Revenues	<u>\$ 5,591,674</u>	<u>\$ 5,500,000</u>	<u>\$ 5,800,000</u>	<u>\$ (208,326)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 5,471,860	\$ 5,500,000	\$ 5,800,000	\$ 328,140
Total Expenditures	<u>\$ 5,471,860</u>	<u>\$ 5,500,000</u>	<u>\$ 5,800,000</u>	<u>\$ 328,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 119,814</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 119,814</u>
Net Change in Fund Balance	\$ 119,814	\$ 0	\$ 0	\$ 119,814
Fund Balance, July 1, 2011	<u>2,026,357</u>	<u>1,775,333</u>	<u>1,775,333</u>	<u>251,024</u>
Fund Balance, June 30, 2012	<u>\$ 2,146,171</u>	<u>\$ 1,775,333</u>	<u>\$ 1,775,333</u>	<u>\$ 370,838</u>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit J-1

Tipton County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Energy Efficiency	\$ 87,150	0 %	7-10-06	6-30-13	\$ 24,900	0 \$	12,450 \$	12,450
Total Notes Payable					\$ 24,900	0 \$	12,450 \$	12,450
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
School Construction	5,000,000	Variable	9-8-1998	5-25-14	\$ 1,800,000	0 \$	500,000 \$	1,300,000
School Construction	5,897,089	Variable	5-17-1999	5-25-19	5,197,089	0	250,000	4,947,089
Various Purposes	4,733,905	Variable	8-30-02	5-25-12	633,905	0	633,905	0
School Construction	5,100,000	Variable	7-21-04	5-25-22	3,392,000	0	275,000	3,117,000
School Construction	16,000,000	Variable	4-30-07	5-25-27	13,856,000	0	610,000	13,246,000
School Refunding	6,228,600	Variable	7-9-08	5-25-15	4,045,000	0	1,291,300	2,753,700
Various Purposes	(1)	Variable	3-31-11	5-25-17	100,000	1,500,000	246,000	1,354,000
Total Other Loans Payable					\$ 29,023,994	\$ 1,500,000	\$ 3,806,205	\$ 26,717,789
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Elementary School	9,000,000	2.5 to 4.625	9-1-02	4-1-22	\$ 6,250,000	0 \$	500,000 \$	5,750,000
Total Bonds Payable					\$ 6,250,000	0 \$	500,000 \$	5,750,000

(1) Total amount available is \$3,100,000, of which \$1,500,000 remains available for draws as of June 30, 2012.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 12,450	\$ 0	\$ 12,450
Total	\$ 12,450	\$ 0	\$ 12,450

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 3,306,300	\$ 125,913	\$ 116,097	\$ 3,548,310
2014	3,441,300	111,161	103,493	3,655,954
2015	2,047,100	95,822	90,022	2,232,944
2016	2,336,000	87,288	79,728	2,503,016
2017	2,317,000	77,511	68,865	2,463,376
2018	2,122,000	64,644	57,390	2,244,034
2019	2,065,089	54,446	49,110	2,168,645
2020	1,215,000	44,507	40,591	1,300,098
2021	1,265,000	38,553	35,278	1,338,831
2022	1,188,000	32,355	29,732	1,250,087
2023	990,000	26,534	23,966	1,040,500
2024	1,034,000	21,683	19,635	1,075,318
2025	1,081,000	16,616	15,112	1,112,728
2026	1,130,000	11,319	10,383	1,151,702
2027	1,180,000	5,782	5,380	1,191,162
Total	\$ 26,717,789	\$ 814,134	\$ 744,782	\$ 28,276,705

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 500,000	\$ 239,475	\$ 739,475
2014	500,000	221,475	721,475
2015	500,000	202,975	702,975
2016	525,000	183,725	708,725
2017	550,000	162,725	712,725
2018	575,000	140,175	715,175
2019	600,000	116,025	716,025
2020	650,000	90,225	740,225
2021	650,000	61,625	711,625
2022	700,000	32,375	732,375
Total	\$ 5,750,000	\$ 1,450,800	\$ 7,200,800

Exhibit J-3

Tipton County, Tennessee  
Schedule of Transfers  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 36,038
Total Transfers Discretely Presented Tipton County School Department			\$ 36,038

Tipton County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 105,071 (1)	50,000	Travelers Casualty and Surety Company of America
Director of Public Works	Section 8-24-102, TCA, and Public Works Committee and County Board of Education	90,227 (2)	100,000	"
Director of Schools	Section 8-24-102, TCA	121,905 (3)	100,000	"
Trustee	Section 8-24-102, TCA	77,105 (4)	2,396,200	"
Assessor of Property:				
Bill Stimpson (7-1-11 through 7-6-11)	Section 8-24-102, TCA	1,405 (5)	10,000	Hartford Fire Insurance Company
Director of Accounts and Budgets:				
Bruce Petty (7-1-11 through 1-21-12)	County Commission	59,935 (6)	10,000	Travelers Casualty and Surety Company of America
Walter Thomas Bailey (2-6-12 through 6-30-12)	County Commission	20,561	10,000	"
County Clerk	Section 8-24-102, TCA	77,105 (4)	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	77,105 (4)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	77,105 (4) (7)	75,000	Hartford Fire Insurance Company
Register	Section 8-24-102, TCA	77,105 (4)	25,000	Travelers Casualty and Surety Company of America
Sheriff	Section 8-24-102, TCA	86,014 (8)	50,000	"
Employees Bonds:				
General Fund Employees and Deputies			150,000	Local Government Property and Casualty Fund
Public Works Administration			150,000	"
Sanitation			150,000	"
Education Central Office Bookkeeping Staff			150,000	"
Education Administrative Staff in each School			150,000	"

- (1) Includes a one-time bonus of \$3,307.
- (2) Includes a one-time bonus of \$2,677.
- (3) Includes a chief executive officer training supplement of \$1,000 and \$4,000 for serving as secretary to the Board of Education.
- (4) Includes a one-time bonus of \$2,427.
- (5) The assessor of property died on July 6, 2011. The office was vacant until September 1, 2012.
- (6) Includes Fire Department accountant compensation of \$3,149, \$1,250 for longevity, a one-time bonus of \$2,015, and accrued leave of \$21,088.
- (7) Does not include \$9,250 for special commissioner fees.
- (8) Includes a one-time bonus of \$2,669 and a law enforcement training supplement of \$1,200.

Exhibit J-5

Tipton County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 7,535,206	\$ 0	\$ 0	\$ 0	\$ 651,205	\$ 3,255,963	\$ 11,442,374	
Trustee's Collections - Prior Year	236,030	0	0	0	21,463	119,634	377,127	
Trustee's Collections - Bankruptcy	1,246	0	0	0	120	771	2,137	
Circuit/Clerk & Master Collections - Prior Years	197,524	0	0	0	17,880	98,775	314,179	
Interest and Penalty	48,408	0	0	0	4,347	23,563	76,318	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	1,486	1,486	
Payments in-Lieu-of Taxes - Other	287,009	0	0	0	24,804	124,017	435,830	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	359,904	0	0	0	0	0	359,904	
Hotel/Motel Tax	115,189	0	0	0	0	0	115,189	
Wheel Tax	1,588,004	0	0	0	1,588,004	0	3,176,008	
Litigation Tax - General	171,742	0	0	0	0	0	171,742	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	54,145	54,145	
Business Tax	134,843	0	0	0	11,714	61,363	207,920	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	35,453	35,453	
Wholesale Beer Tax	173,003	0	0	0	0	0	173,003	
Interstate Telecommunications Tax	1,983	0	0	0	0	0	1,983	
Total Local Taxes	\$ 10,850,091	\$ 0	\$ 0	\$ 0	\$ 2,319,537	\$ 3,775,170	\$ 16,944,798	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$ 64,577	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,577	
Cable TV Franchise	41,124	0	0	0	0	0	41,124	
<u>Permits</u>								
Building Permits	39,628	0	0	0	0	0	39,628	
Other Permits	1,875	0	0	0	0	0	1,875	
Total Licenses and Permits	\$ 147,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 147,204	

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 8,730	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,730	
Officers Costs	18,259	0	0	0	0	0	0	18,259	
Drug Control Fines	3,453	0	5,646	0	0	0	0	9,099	
Drug Court Fees	3,238	0	0	0	0	0	0	3,238	
Jail Fees	6,744	0	0	0	0	0	0	6,744	
DUI Treatment Fines	1,692	0	0	0	0	0	0	1,692	
Data Entry Fee - Circuit Court	849	0	0	0	0	0	0	849	
Victims Assistance Assessments	6,073	0	0	0	0	0	0	6,073	
<u>Criminal Court</u>									
Fines	33,785	0	0	0	0	0	0	33,785	
<u>General Sessions Court</u>									
Fines	37,591	0	0	0	0	0	0	37,591	
Officers Costs	62,626	0	0	0	0	0	0	62,626	
Game and Fish Fines	353	0	0	0	0	0	0	353	
Drug Control Fines	12,713	0	12,706	0	0	0	0	25,419	
Drug Court Fees	8,980	0	0	0	0	0	0	8,980	
Jail Fees	64,205	0	0	0	0	0	0	64,205	
DUI Treatment Fines	9,334	0	0	0	0	0	0	9,334	
Data Entry Fee - General Sessions Court	5,079	0	0	0	0	0	0	5,079	
Courtroom Security Fee	1,657	0	0	0	0	0	0	1,657	
Victims Assistance Assessments	23,991	0	0	0	0	0	0	23,991	
<u>Juvenile Court</u>									
Fines	171	0	0	0	0	0	0	171	
Officers Costs	2,083	0	0	0	0	0	0	2,083	
Data Entry Fee - Juvenile Court	205	0	0	0	0	0	0	205	
<u>Chancery Court</u>									
Officers Costs	1,307	0	0	0	0	0	0	1,307	
Data Entry Fee - Chancery Court	5,474	0	0	0	0	0	0	5,474	
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	11,924	0	70,669	0	0	0	0	82,593	
Total Fines, Forfeitures, and Penalties	\$ 330,516	\$ 0	\$ 89,021	\$ 0	\$ 0	\$ 0	\$ 0	\$ 419,537	

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 41,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,034
Solid Waste Disposal Fees	0	2,570	0	0	0	0	2,570
Other General Service Charges	67,520	0	0	0	0	0	67,520
<u>Fees</u>							
Library Fees	22,338	0	0	0	0	0	22,338
Greenbelt Late Application Fee	200	0	0	0	0	0	200
Telephone Commissions	46,680	0	0	0	0	0	46,680
Vending Machine Collections	326	0	0	0	2,998	0	3,324
Constitutional Officers' Fees and Commissions	0	0	0	9,351	0	0	9,351
Data Processing Fee - Register	18,288	0	0	0	0	0	18,288
Data Processing Fee - Sheriff	1,906	0	0	0	0	0	1,906
Sexual Offender Registration Fees - Sheriff	8,685	0	0	0	0	0	8,685
Data Processing Fee - County Clerk	3,668	0	0	0	0	0	3,668
<u>Other Charges for Services</u>							
Other Charges for Services	0	155,031	0	0	0	0	155,031
<b>Total Charges for Current Services</b>	<b>\$ 169,611</b>	<b>\$ 198,635</b>	<b>\$ 0</b>	<b>\$ 9,351</b>	<b>\$ 2,998</b>	<b>\$ 0</b>	<b>\$ 380,595</b>
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377,775	\$ 377,775
Lease/Rentals	27,807	0	0	0	0	0	27,807
Sale of Materials and Supplies	488	0	0	0	116	0	604
Commissary Sales	15,858	0	0	0	0	0	15,858
Sale of Gasoline	11,886	0	0	0	0	0	11,886
Sale of Maps	716	0	0	0	0	0	716
Sale of Recycled Materials	0	151,155	0	0	0	0	151,155
Retirees' Insurance Payments	307	0	0	0	5,037	0	5,344
Miscellaneous Refunds	15,654	195	0	0	1,485	0	17,334
<u>Nonrecurring Items</u>							
Revenue from Joint Ventures	27,500	0	0	0	0	0	27,500

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items (Cont.)</u>								
Sale of Property	\$ 13,342	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,342	
Damages Recovered from Individuals	285	0	0	0	0	0	285	
Contributions and Gifts	670	0	0	0	0	0	670	
Performance Bond Forfeitures	0	0	0	0	72,988	0	72,988	
<u>Other Local Revenues</u>	13,125	0	0	0	0	0	13,125	
Other Local Revenues	127,638	151,350	0	0	79,626	377,775	736,389	
Total Other Local Revenues	\$ 127,638	\$ 151,350	\$ 0	\$ 0	\$ 79,626	\$ 377,775	\$ 736,389	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 488,560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 488,560	
Circuit Court Clerk	226,160	0	0	0	0	0	226,160	
General Sessions Court Clerk	320,145	0	0	0	0	0	320,145	
Clerk and Master	290,799	0	0	0	0	0	290,799	
Juvenile Court Clerk	64,137	0	0	0	0	0	64,137	
Register	235,910	0	0	0	0	0	235,910	
Sheriff	23,493	0	0	0	0	0	23,493	
Trustee	718,831	0	0	0	0	0	718,831	
Total Fees Received from County Officials	\$ 2,368,035	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,368,035	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500	
Solid Waste Grants	0	22,755	0	0	0	0	22,755	
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	27,600	0	0	0	0	0	27,600	
Other Public Safety Grants	57,891	0	0	0	0	0	57,891	
<u>Health and Welfare Grants</u>								
Health Department Programs	277,268	0	0	0	0	0	277,268	

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,001	\$ 0	\$ 141,001
State Aid Program	0	0	0	0	553,855	0	553,855
Litter Program	52,195	0	0	0	0	0	52,195
Other Public Works Grants	0	0	0	0	100,000	0	100,000
<u>Other State Revenues</u>							
Income Tax	43,534	0	0	0	0	0	43,534
Beer Tax	20,776	0	0	0	0	0	20,776
Alcoholic Beverage Tax	85,323	0	0	0	0	0	85,323
State Revenue Sharing - T.V.A.	0	852,092	0	0	0	0	852,092
Board of Jurors	7,882	0	0	0	0	0	7,882
Contracted Prisoner Boarding	376,600	0	0	0	0	0	376,600
Gasoline and Motor Fuel Tax	0	0	0	0	1,923,982	0	1,923,982
Petroleum Special Tax	0	0	0	0	44,072	0	44,072
Reappraisal Program Reimbursement	750	0	0	0	0	0	750
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164
Other State Revenues	9,895	0	0	0	0	0	9,895
<b>Total State of Tennessee</b>	<b>\$ 979,378</b>	<b>\$ 874,847</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,762,910</b>	<b>\$ 0</b>	<b>\$ 4,617,135</b>
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 28,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,000
Disaster Relief	0	0	0	0	724,890	0	724,890
Homeland Security Grants	117,163	0	0	0	0	0	117,163
ARRA Grant # 1	99,644	0	0	0	0	0	99,644
Other Federal through State	43,306	0	0	0	0	0	43,306
<u>Direct Federal Revenue</u>							
FHA Grant	102,508	0	0	0	0	0	102,508
Asset Forfeiture Funds	0	0	11,489	0	0	0	11,489
Other Direct Federal Revenue	8,381	0	0	0	0	0	8,381
<b>Total Federal Government</b>	<b>\$ 399,002</b>	<b>\$ 0</b>	<b>\$ 11,489</b>	<b>\$ 0</b>	<b>\$ 724,890</b>	<b>\$ 0</b>	<b>\$ 1,135,381</b>

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 106,912	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600,000	\$ 706,912
Contracted Services	177,769	0	0	0	0	0	177,769
<u>Citizens Groups</u>							
Donations	8,606	0	0	0	0	0	8,606
Total Other Governments and Citizens Groups	\$ 293,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600,000	\$ 893,287
Total	\$ 15,664,762	\$ 1,224,832	\$ 100,510	\$ 9,351	\$ 5,889,961	\$ 4,752,945	\$ 27,642,361

Exhibit J-6

Tipton County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 10,326,048	\$ 0	\$ 0	\$ 10,326,048
Trustee's Collections - Prior Year	340,333	0	0	340,333
Trustee's Collections - Bankruptcy	1,928	0	0	1,928
Circuit/Clerk & Master Collections - Prior Years	283,528	0	0	283,528
Interest and Penalty	68,868	0	0	68,868
Payments in-Lieu-of Taxes - Other	393,309	0	0	393,309
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,976,889	0	0	3,976,889
Business Tax	185,754	0	0	185,754
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	3,764	0	0	3,764
<b>Total Local Taxes</b>	<b>\$ 15,580,421</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 15,580,421</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 4,437	\$ 0	\$ 0	\$ 4,437
<u>Permits</u>				
Other Permits	962	0	0	962
<b>Total Licenses and Permits</b>	<b>\$ 5,399</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,399</b>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 3,687	\$ 0	\$ 0	\$ 3,687
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 3,687</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,687</b>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 130	\$ 0	\$ 0	\$ 130
<u>Education Charges</u>				
Tuition - Regular Day Students	18,050	0	0	18,050
Tuition - Summer School	2,750	0	0	2,750
Tuition - Other	840,988	0	0	840,988
Lunch Payments - Children	0	0	1,130,690	1,130,690
Lunch Payments - Adults	0	0	146,617	146,617
Income from Breakfast	0	0	92,639	92,639
A la carte Sales	0	0	139,756	139,756
Receipts from Individual Schools	137,470	0	0	137,470
TBI Criminal Background Fees	2,008	0	0	2,008
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	2,414	2,414
<b>Total Charges for Current Services</b>	<b>\$ 1,001,396</b>	<b>\$ 0</b>	<b>\$ 1,512,116</b>	<b>\$ 2,513,512</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 12,188	\$ 12,188
Lease/Rentals	15,767	0	0	15,767
Refund of Telecommunication and Internet Fees (E-Rate)	41,307	0	0	41,307
Miscellaneous Refunds	208,572	0	0	208,572

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Sale of Equipment	\$ 750	\$ 0	\$ 0	\$ 750
Damages Recovered from Individuals	11,614	0	0	11,614
<b>Total Other Local Revenues</b>	<b>\$ 278,010</b>	<b>\$ 0</b>	<b>\$ 12,188</b>	<b>\$ 290,198</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 176,488	\$ 0	\$ 0	\$ 176,488
<u>State Education Funds</u>				
Basic Education Program	56,481,000	0	0	56,481,000
Early Childhood Education	1,022,050	0	0	1,022,050
School Food Service	61,465	0	0	61,465
Energy Efficient School Initiative	26,374	0	0	26,374
Driver Education	5,190	0	0	5,190
Other State Education Funds	323,757	0	0	323,757
Career Ladder Program	340,815	0	0	340,815
Career Ladder - Extended Contract	127,200	0	0	127,200
Career Ladder - Extended Contract - ARRA	51,228	0	0	51,228
<u>Other State Revenues</u>				
Mixed Drink Tax	15,762	0	0	15,762
Other State Grants	440,054	0	0	440,054
Other State Revenues	10,826	0	0	10,826
<b>Total State of Tennessee</b>	<b>\$ 59,082,209</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 59,082,209</b>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,654,392	\$ 2,654,392
USDA - Commodities	0	0	302,281	302,281
Breakfast	0	0	925,129	925,129
USDA - Other	0	0	185,568	185,568
Adult Education State Grant Program	121,870	0	0	121,870
Vocational Education - Basic Grants to States	0	155,061	0	155,061
Title I Grants to Local Education Agencies	0	2,116,474	0	2,116,474
Special Education - Grants to States	15,424	2,734,807	0	2,750,231
Special Education Preschool Grants	0	107,567	0	107,567
Safe and Drug-free Schools - State Grants	0	336,062	0	336,062
Eisenhower Professional Development State Grants	0	423,791	0	423,791
Race-to-the-Top - ARRA	0	513,560	0	513,560
Other Federal through State	1,500	874,048	0	875,548
<b>Total Federal Government</b>	<b>\$ 138,794</b>	<b>\$ 7,261,370</b>	<b>\$ 4,067,370</b>	<b>\$ 11,467,534</b>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 3,689	\$ 0	\$ 0	\$ 3,689
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 3,689</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,689</b>
<b>Total</b>	<b>\$ 76,093,605</b>	<b>\$ 7,261,370</b>	<b>\$ 5,591,674</b>	<b>\$ 88,946,649</b>

Exhibit J-7

Tipton County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	71,400	
Social Security		5,481	
Unemployment Compensation		60	
Audit Services		18,324	
Consultants		558	
Dues and Memberships		8,774	
Legal Services		15,552	
Legal Notices, Recording, and Court Costs		2,712	
Travel		6,735	
Liability Insurance		3,509	
Total County Commission			\$ 133,105

Beer Board

Board and Committee Members Fees	\$	2,800	
Social Security		214	
Office Supplies		172	
Total Beer Board			3,186

County Mayor/Executive

County Official/Administrative Officer	\$	101,764	
Accountants/Bookkeepers		35,165	
Secretary(ies)		35,165	
Part-time Personnel		3,007	
Longevity Pay		800	
Social Security		12,476	
State Retirement		16,607	
Employee and Dependent Insurance		40,582	
Unemployment Compensation		223	
Communication		2,692	
Maintenance and Repair Services - Buildings		500	
Maintenance and Repair Services - Office Equipment		124	
Printing, Stationery, and Forms		236	
Travel		6,992	
Other Contracted Services		1,425	
Office Supplies		3,918	
Utilities		4,319	
Other Supplies and Materials		909	
Building and Contents Insurance		529	
Liability Insurance		975	
Vehicle and Equipment Insurance		290	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Workers' Compensation Insurance	\$	1,076	
Other Charges		160	
Office Equipment		1,676	
Total County Mayor/Executive			\$ 271,610

Election Commission

County Official/Administrative Officer	\$	66,421
Secretary(ies)		34,474
Clerical Personnel		13,252
Part-time Personnel		7,936
Longevity Pay		1,800
Overtime Pay		2,054
Other Salaries and Wages		1,132
Election Commission		12,500
Election Workers		24,275
Social Security		9,886
State Retirement		6,924
Employee and Dependent Insurance		26,294
Unemployment Compensation		657
Audit Services		7,555
Communication		2,503
Dues and Memberships		3,121
Janitorial Services		4,280
Legal Notices, Recording, and Court Costs		3,333
Maintenance and Repair Services - Buildings		3,628
Maintenance and Repair Services - Equipment		11,946
Postal Charges		8,621
Printing, Stationery, and Forms		3,711
Rentals		550
Travel		5,034
Custodial Supplies		960
Duplicating Supplies		1,865
Office Supplies		5,124
Utilities		7,174
Building and Contents Insurance		554
Liability Insurance		1,754
Workers' Compensation Insurance		584
Other Charges		925
Data Processing Equipment		2,321
Furniture and Fixtures		325

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Equipment	\$	921	
Total Election Commission			\$ 284,394

Register of Deeds

County Official/Administrative Officer	\$	74,678	
Clerical Personnel		101,940	
Longevity Pay		1,850	
Social Security		12,739	
State Retirement		17,044	
Employee and Dependent Insurance		37,033	
Unemployment Compensation		324	
Communication		1,712	
Dues and Memberships		110	
Travel		2,406	
Office Supplies		1,428	
Utilities		6,302	
Building and Contents Insurance		772	
Liability Insurance		780	
Workers' Compensation Insurance		688	
Data Processing Equipment		23,019	
Other Equipment		534	
Total Register of Deeds			283,359

Planning

Supervisor/Director	\$	56,024	
Secretary(ies)		1,200	
Clerical Personnel		32,414	
Longevity Pay		2,300	
Other Salaries and Wages		74,259	
Board and Committee Members Fees		9,700	
Social Security		12,893	
State Retirement		15,816	
Employee and Dependent Insurance		25,564	
Unemployment Compensation		432	
Communication		2,270	
Maintenance and Repair Services - Vehicles		2,616	
Travel		2,079	
Tuition		1,612	
Other Contracted Services		11,970	
Gasoline		6,304	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Office Supplies	\$	1,794	
Utilities		3,346	
Building and Contents Insurance		709	
Liability Insurance		436	
Vehicle and Equipment Insurance		1,120	
Workers' Compensation Insurance		2,584	
Data Processing Equipment		950	
Total Planning			\$ 268,392

Building

Custodial Personnel	\$	54,206	
Maintenance Personnel		68,916	
Longevity Pay		2,450	
Social Security		9,774	
State Retirement		12,161	
Employee and Dependent Insurance		23,238	
Unemployment Compensation		442	
Communication		4,128	
Contracts with Private Agencies		8,866	
Janitorial Services		13,232	
Maintenance and Repair Services - Buildings		6,060	
Maintenance and Repair Services - Vehicles		8,433	
Custodial Supplies		9,402	
Gasoline		16,759	
Small Tools		3,730	
Uniforms		5,896	
Utilities		13,033	
Building and Contents Insurance		436	
Liability Insurance		349	
Vehicle and Equipment Insurance		1,162	
Workers' Compensation Insurance		6,236	
Maintenance Equipment		1,703	
Total Building			270,612

Codes Compliance

Other Salaries and Wages	\$	4,838	
Social Security		370	
State Retirement		467	
Unemployment Compensation		58	
Total Codes Compliance			5,733

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Supervisor/Director	\$	46,790	
Longevity Pay		350	
Social Security		3,329	
State Retirement		4,515	
Employee and Dependent Insurance		14,175	
Unemployment Compensation		108	
Communication		917	
Dues and Memberships		370	
Maintenance and Repair Services - Office Equipment		8,940	
Maintenance and Repair Services - Vehicles		183	
Travel		2,374	
Gasoline		1,199	
Office Supplies		3,997	
Liability Insurance		87	
Vehicle and Equipment Insurance		422	
Workers' Compensation Insurance		184	
Data Processing Equipment		2,891	
Other Equipment		19,894	
Total Geographical Information Systems			\$ 110,725

County Buildings

Communication	\$	1,949	
Janitorial Services		14,640	
Maintenance and Repair Services - Buildings		18,655	
Other Contracted Services		7,187	
Custodial Supplies		5,296	
Utilities		534	
Building Improvements		3,288	
Furniture and Fixtures		873	
Total County Buildings			52,422

Finance

Accounting and Budgeting

Supervisor/Director	\$	52,994
Secretary(ies)		21,088
Clerical Personnel		35,165
Longevity Pay		1,850
Social Security		8,312
State Retirement		6,523
Employee and Dependent Insurance		9,015

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Unemployment Compensation	\$	319	
Communication		2,026	
Maintenance and Repair Services - Office Equipment		9,268	
Postal Charges		33,000	
Travel		3,357	
Office Supplies		4,908	
Utilities		4,083	
Building and Contents Insurance		499	
Liability Insurance		585	
Workers' Compensation Insurance		476	
Data Processing Equipment		7,424	
Total Accounting and Budgeting			\$ 200,892

Property Assessor's Office

County Official/Administrative Officer	\$	1,405	
Secretary(ies)		137,725	
Clerical Personnel		35,165	
Longevity Pay		4,200	
Other Salaries and Wages		1,225	
Social Security		12,680	
State Retirement		16,828	
Employee and Dependent Insurance		45,983	
Unemployment Compensation		524	
Communication		3,318	
Contracts with Private Agencies		26,440	
Data Processing Services		17,683	
Dues and Memberships		1,800	
Maintenance and Repair Services - Office Equipment		2,457	
Transportation - Other than Students		82	
Travel		174	
Duplicating Supplies		234	
Office Supplies		2,131	
Utilities		8,132	
Building and Contents Insurance		996	
Liability Insurance		1,169	
Workers' Compensation Insurance		1,012	
Data Processing Equipment		399	
Office Equipment		792	
Total Property Assessor's Office			322,554

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Longevity Pay	\$	950	
Other Salaries and Wages		22,425	
Social Security		1,771	
Unemployment Compensation		216	
Data Processing Services		5,196	
Maintenance and Repair Services - Vehicles		225	
Gasoline		1,982	
Liability Insurance		389	
Vehicle and Equipment Insurance		706	
Workers' Compensation Insurance		264	
Other Charges		106	
Total Reappraisal Program			\$ 34,230

County Trustee's Office

County Official/Administrative Officer	\$	74,678	
Clerical Personnel		122,613	
Longevity Pay		2,350	
Social Security		14,488	
State Retirement		18,995	
Employee and Dependent Insurance		34,091	
Unemployment Compensation		432	
Advertising		449	
Communication		1,438	
Dues and Memberships		250	
Maintenance and Repair Services - Office Equipment		6,392	
Travel		3,700	
Office Supplies		3,953	
Utilities		6,593	
Building and Contents Insurance		807	
Liability Insurance		975	
Premiums on Corporate Surety Bonds		289	
Workers' Compensation Insurance		808	
Data Processing Equipment		876	
Total County Trustee's Office			294,177

County Clerk's Office

County Official/Administrative Officer	\$	74,678
Clerical Personnel		199,415
Longevity Pay		3,400
Social Security		20,155

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

State Retirement	\$	26,451	
Employee and Dependent Insurance		49,570	
Unemployment Compensation		705	
Communication		3,024	
Dues and Memberships		570	
Maintenance and Repair Services - Office Equipment		13,484	
Postal Charges		16,175	
Printing, Stationery, and Forms		1,673	
Travel		4,122	
Duplicating Supplies		876	
Office Supplies		6,869	
Utilities		3,690	
Building and Contents Insurance		782	
Liability Insurance		1,560	
Workers' Compensation Insurance		1,260	
Building Improvements		12,685	
Data Processing Equipment		4,285	
Total County Clerk's Office			\$ 445,429

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	74,678
Clerical Personnel		312,231
Longevity Pay		7,900
Other Salaries and Wages		525
Jury and Witness Expense		37,908
Social Security		28,660
State Retirement		35,484
Employee and Dependent Insurance		61,706
Unemployment Compensation		1,168
Communication		3,904
Dues and Memberships		95
Maintenance and Repair Services - Office Equipment		11,764
Postal Charges		19,141
Travel		3,386
Office Supplies		10,940
Utilities		1,556
Building and Contents Insurance		1,700
Liability Insurance		2,340
Workers' Compensation Insurance		1,580

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Data Processing Equipment	\$	14,908	
Furniture and Fixtures		995	
Office Equipment		998	
Total Circuit Court			\$ 633,567

Criminal Court

Supervisor/Director	\$	32,136	
Longevity Pay		250	
Social Security		2,309	
State Retirement		3,101	
Employee and Dependent Insurance		5,741	
Unemployment Compensation		108	
Communication		363	
Office Supplies		35	
Workers' Compensation Insurance		128	
Office Equipment		400	
Total Criminal Court			44,571

General Sessions Court

Judge(s)	\$	156,792	
Assistant(s)		44,290	
Longevity Pay		950	
Social Security		11,739	
State Retirement		18,951	
Employee and Dependent Insurance		28,590	
Unemployment Compensation		108	
Communication		4,558	
Dues and Memberships		1,367	
Travel		1,154	
Office Supplies		540	
Utilities		1,755	
Building and Contents Insurance		1,752	
Liability Insurance		585	
Workers' Compensation Insurance		756	
Data Processing Equipment		935	
Office Equipment		319	
Total General Sessions Court			275,141

Drug Court

Tuition	\$	13,946	
Total Drug Court			13,946

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	74,678	
Clerical Personnel		134,030	
Longevity Pay		2,850	
Social Security		15,125	
State Retirement		20,140	
Employee and Dependent Insurance		39,260	
Unemployment Compensation		540	
Communication		2,534	
Dues and Memberships		95	
Maintenance and Repair Services - Office Equipment		6,245	
Travel		2,823	
Office Supplies		9,964	
Utilities		1,768	
Building and Contents Insurance		1,848	
Liability Insurance		975	
Workers' Compensation Insurance		840	
Total Chancery Court			\$ 313,715

Juvenile Court

Youth Service Officer(s)	\$	41,200
Clerical Personnel		10,587
Part-time Personnel		5,962
Longevity Pay		1,100
Social Security		3,812
State Retirement		3,976
Employee and Dependent Insurance		5,741
Unemployment Compensation		216
Communication		2,822
Dues and Memberships		154
Maintenance and Repair Services - Vehicles		62
Printing, Stationery, and Forms		441
Travel		1,704
Other Contracted Services		13,814
Gasoline		480
Office Supplies		3,438
Utilities		329
Building and Contents Insurance		348
Liability Insurance		389
Workers' Compensation Insurance		212
Data Processing Equipment		4,680

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Law Enforcement Equipment	\$	1,255	
Office Equipment		37	
Total Juvenile Court			\$ 102,759

Probate Court

Probation Officer(s)	\$	42,880	
Clerical Personnel		26,763	
Longevity Pay		2,050	
Overtime Pay		35	
Social Security		5,142	
State Retirement		2,586	
Employee and Dependent Insurance		11,079	
Unemployment Compensation		216	
Communication		383	
Contracts with Other Public Agencies		3,600	
Maintenance and Repair Services - Office Equipment		224	
Office Supplies		1,401	
Utilities		329	
Building and Contents Insurance		348	
Liability Insurance		389	
Workers' Compensation Insurance		300	
Data Processing Equipment		616	
Total Probate Court			98,341

Other Administration of Justice

Communication	\$	1,474	
Janitorial Services		18,600	
Maintenance and Repair Services - Buildings		11,628	
Maintenance and Repair Services - Equipment		1,572	
Custodial Supplies		2,114	
Utilities		3,672	
Building and Contents Insurance		778	
Furniture and Fixtures		38	
Total Other Administration of Justice			39,876

Victims Assistance Programs

Remittance of Revenue Collected	\$	26,414	
Total Victims Assistance Programs			26,414

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	82,145
Assistant(s)		113,300
Deputy(ies)		1,061,934
Investigator(s)		295,332
Captain(s)		65,365
Lieutenant(s)		80,221
Sergeant(s)		164,700
Accountants/Bookkeepers		30,900
Medical Personnel		113,761
Salary Supplements		55,200
Clerical Personnel		117,920
Part-time Personnel		50,137
Longevity Pay		18,900
Overtime Pay		192,432
Other Salaries and Wages		66,946
In-Service Training		26,716
Social Security		171,315
State Retirement		216,174
Employee and Dependent Insurance		501,755
Unemployment Compensation		6,020
Communication		30,015
Dues and Memberships		8,608
Evaluation and Testing		2,639
Maintenance and Repair Services - Equipment		3,458
Maintenance and Repair Services - Office Equipment		2,070
Maintenance and Repair Services - Vehicles		79,259
Transportation - Other than Students		3,627
Travel		2,882
Gasoline		235,968
Office Supplies		16,516
Uniforms		36,911
Utilities		2,744
Other Supplies and Materials		19,812
Building and Contents Insurance		3,469
Liability Insurance		83,584
Vehicle and Equipment Insurance		34,392
Workers' Compensation Insurance		92,508
Data Processing Equipment		4,549
Law Enforcement Equipment		19,392
Motor Vehicles		213,204

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Office Equipment	\$	2,238	
Other Equipment		3,902	
Total Sheriff's Department			\$ 4,332,920

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	2,900	
Office Supplies		1,706	
Total Administration of the Sexual Offender Registry			4,606

Jail

Captain(s)	\$	5,748	
Lieutenant(s)		60,215	
Sergeant(s)		110,090	
Medical Personnel		42,856	
Guards		778,904	
Cafeteria Personnel		82,400	
Part-time Personnel		16,927	
Longevity Pay		6,350	
Overtime Pay		29,708	
Other Salaries and Wages		63,974	
In-Service Training		11,264	
Social Security		86,752	
State Retirement		107,183	
Employee and Dependent Insurance		247,829	
Unemployment Compensation		4,095	
Communication		3,784	
Evaluation and Testing		1,751	
Maintenance and Repair Services - Equipment		20,869	
Maintenance and Repair Services - Office Equipment		909	
Transportation - Other than Students		5,162	
Travel		43	
Custodial Supplies		19,307	
Drugs and Medical Supplies		290,015	
Food Supplies		163,024	
Office Supplies		6,504	
Prisoners Clothing		8,437	
Uniforms		16,691	
Utilities		165,464	
Building and Contents Insurance		3,940	
Liability Insurance		39,952	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Vehicle and Equipment Insurance	\$	2,152	
Workers' Compensation Insurance		50,432	
Data Processing Equipment		4,872	
Food Service Equipment		13,728	
Office Equipment		7,704	
Other Equipment		1,810	
Total Jail			\$ 2,480,845

Workhouse

Guards	\$	53,142	
Longevity Pay		1,150	
Social Security		3,417	
Unemployment Compensation		416	
Communication		839	
Janitorial Services		36,540	
Maintenance and Repair Services - Buildings		31,548	
Maintenance and Repair Services - Equipment		13,346	
Custodial Supplies		5,695	
Uniforms		1,800	
Liability Insurance		780	
Workers' Compensation Insurance		2,936	
Building Construction		23,267	
Office Equipment		298	
Total Workhouse			175,174

Fire Prevention and Control

Accountants/Bookkeepers	\$	3,149	
Salary Supplements		4,675	
Other Salaries and Wages		3,296	
Social Security		484	
State Retirement		622	
Employee and Dependent Insurance		1,185	
Unemployment Compensation		5	
Communication		476	
Contributions		243,635	
Dues and Memberships		100	
Maintenance and Repair Services - Buildings		2,200	
Maintenance and Repair Services - Vehicles		442	
Matching Share		898	
Travel		675	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Gasoline	\$	3,297	
Office Supplies		916	
Utilities		10,927	
Building and Contents Insurance		495	
Liability Insurance		195	
Vehicle and Equipment Insurance		942	
Workers' Compensation Insurance		11,352	
Other Equipment		295	
Other Construction		14,718	
Total Fire Prevention and Control			\$ 304,979

Civil Defense

Supervisor/Director	\$	31,200	
Clerical Personnel		12,537	
Longevity Pay		500	
Other Salaries and Wages		39,552	
In-Service Training		167	
Social Security		6,162	
State Retirement		6,828	
Employee and Dependent Insurance		10,186	
Unemployment Compensation		231	
Communication		4,350	
Contracts with Other Public Agencies		3,800	
Dues and Memberships		30	
Maintenance and Repair Services - Equipment		45	
Maintenance and Repair Services - Office Equipment		300	
Maintenance and Repair Services - Vehicles		338	
Postal Charges		90	
Travel		702	
Gasoline		3,312	
Office Supplies		770	
Other Supplies and Materials		85	
Liability Insurance		389	
Workers' Compensation Insurance		180	
Other Equipment		96,799	
Total Civil Defense			218,553

Other Emergency Management

Communication	\$	160,000
Utilities		25,430

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Building and Contents Insurance	\$ 1,280	
Total Other Emergency Management		\$ 186,710

Public Health and Welfare

Local Health Center

Communication	\$ 2,886	
Contracts with Government Agencies	26,080	
Janitorial Services	22,570	
Maintenance and Repair Services - Buildings	8,219	
Postal Charges	443	
Custodial Supplies	18	
Drugs and Medical Supplies	626	
Office Supplies	1,763	
Utilities	18,799	
Building and Contents Insurance	1,447	
Building Improvements	31,870	
Total Local Health Center		114,721

Rabies and Animal Control

Clerical Personnel	\$ 34,365
Longevity Pay	4,200
Overtime Pay	7,170
Other Salaries and Wages	151,979
Social Security	14,098
State Retirement	18,674
Employee and Dependent Insurance	47,977
Unemployment Compensation	648
Communication	845
Maintenance and Repair Services - Buildings	8,368
Maintenance and Repair Services - Equipment	604
Maintenance and Repair Services - Vehicles	3,830
Travel	1,092
Veterinary Services	10,544
Animal Food and Supplies	1,128
Custodial Supplies	356
Office Supplies	2,374
Uniforms	1,156
Utilities	12,028
Other Supplies and Materials	4,557
Building and Contents Insurance	254

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Liability Insurance	\$	1,560	
Refunds		3,012	
Vehicle and Equipment Insurance		405	
Workers' Compensation Insurance		3,700	
Other Charges		47	
Office Equipment		1,155	
Total Rabies and Animal Control			\$ 336,126

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	123,998	
Maintenance and Repair Services - Buildings		10	
Total Ambulance/Emergency Medical Services			124,008

Dental Health Program

Medical Personnel	\$	113,250	
Clerical Personnel		103,319	
Longevity Pay		2,050	
Social Security		15,808	
State Retirement		19,157	
Employee and Dependent Insurance		17,705	
Unemployment Compensation		633	
Travel		5,294	
Drugs and Medical Supplies		5,723	
Liability Insurance		2,986	
Workers' Compensation Insurance		1,156	
Total Dental Health Program			287,081

General Welfare Assistance

Bus Drivers	\$	14,000	
Contracts with Government Agencies		10,740	
Dues and Memberships		7,691	
Total General Welfare Assistance			32,431

Sanitation Management

Supervisor/Director	\$	20,970	
Guards		30,900	
Part-time Personnel		1,192	
Longevity Pay		1,250	
Social Security		3,663	
State Retirement		5,021	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Employee and Dependent Insurance	\$	25,140	
Unemployment Compensation		228	
Advertising		5,565	
Communication		524	
Contributions		4,872	
Dues and Memberships		782	
Maintenance and Repair Services - Vehicles		65	
Postal Charges		56	
Transportation - Other than Students		173	
Travel		440	
Gasoline		7,499	
Office Supplies		572	
Uniforms		500	
Utilities		910	
Other Supplies and Materials		3,135	
Liability Insurance		585	
Vehicle and Equipment Insurance		581	
Workers' Compensation Insurance		2,828	
Office Equipment		193	
Other Equipment		90	
Total Sanitation Management			\$ 117,734

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	48,000	
Dues and Memberships		7,000	
Other Contracted Services		7,000	
Total Senior Citizens Assistance			62,000

Libraries

Assistant(s)	\$	13,024
Supervisor/Director		25,636
Accountants/Bookkeepers		6,030
Librarians		69,283
Custodial Personnel		3,640
Overtime Pay		869
Social Security		8,985
State Retirement		2,707
Employee and Dependent Insurance		5,861
Unemployment Compensation		806

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Communication	\$	1,487	
Contributions		19,000	
Maintenance and Repair Services - Buildings		1,127	
Maintenance and Repair Services - Equipment		292	
Postal Charges		1,597	
Rentals		11,000	
Travel		1,262	
Other Contracted Services		1,951	
Duplicating Supplies		1,425	
Library Books/Media		20,352	
Office Supplies		3,921	
Utilities		8,401	
Building and Contents Insurance		1,443	
Liability Insurance		2,144	
Workers' Compensation Insurance		572	
Other Equipment		2,770	
Total Libraries			\$ 215,585

Parks and Fair Boards

Contributions	\$	5,300	
Maintenance Agreements		11,817	
Total Parks and Fair Boards			17,117

Other Social, Cultural, and Recreational

Contributions	\$	3,500	
Total Other Social, Cultural, and Recreational			3,500

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	54,410	
Social Security		378	
Unemployment Compensation		57	
Other Fringe Benefits		10,918	
Communication		2,315	
Dues and Memberships		1,250	
Janitorial Services		4,930	
Maintenance and Repair Services - Buildings		1,612	
Maintenance and Repair Services - Equipment		4	
Custodial Supplies		124	
Office Supplies		7,043	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Utilities	\$	4,362	
Building and Contents Insurance		343	
Liability Insurance		195	
Building Improvements		17,671	
Office Equipment		1,755	
Total Agriculture Extension Service			\$ 107,367

Soil Conservation

Secretary(ies)	\$	32,416	
Longevity Pay		1,550	
Other Salaries and Wages		35,619	
Other Per Diem and Fees		1,179	
Social Security		5,135	
State Retirement		6,565	
Employee and Dependent Insurance		11,722	
Unemployment Compensation		216	
Dues and Memberships		1,185	
Travel		2,000	
Office Supplies		760	
Building and Contents Insurance		25	
Liability Insurance		389	
Workers' Compensation Insurance		272	
Total Soil Conservation			99,033

Other Operations

Tourism

Contributions	\$	65,000	
Total Tourism			65,000

Industrial Development

Longevity Pay	\$	150	
Bonus Payments		10,000	
Other Salaries and Wages		121,169	
Social Security		8,472	
State Retirement		12,658	
Employee and Dependent Insurance		14,175	
Unemployment Compensation		108	
Contributions		11,750	
Matching Share		10,410	
Other Contracted Services		139,268	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Liability Insurance	\$	195	
Workers' Compensation Insurance		448	
Total Industrial Development			\$ 328,803

Other Economic and Community Development

Other Contracted Services	\$	103,540	
Total Other Economic and Community Development			103,540

Veterans' Services

Clerical Personnel	\$	12,000	
Social Security		898	
Unemployment Compensation		108	
Advertising		222	
Communication		541	
Travel		150	
Office Supplies		373	
Liability Insurance		195	
Data Processing Equipment		56	
Total Veterans' Services			14,543

Miscellaneous

Bonus Payments	\$	187,776	
Social Security		14,315	
Communication		1,221	
Contributions		69,500	
Dues and Memberships		38,000	
Maintenance and Repair Services - Buildings		802	
Pest Control		1,027	
Gasoline		14,072	
Testing		942	
Refunds		29,020	
Trustee's Commission		195,452	
Office Equipment		32,079	
Total Miscellaneous			584,206

Total General Fund \$ 14,845,732

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Postclosure Care Costs

Evaluation and Testing	\$	10,057	
Total Postclosure Care Costs			\$ 10,057

Highways

Litter and Trash Collection

Foremen	\$	32,064
Equipment Operators		134,174
Laborers		85,185
Part-time Personnel		400
Longevity Pay		2,900
Overtime Pay		7,572
Bonus Payments		7,025
Social Security		19,336
State Retirement		21,801
Employee and Dependent Insurance		74,915
Unemployment Compensation		718
Other Fringe Benefits		2,492
Advertising		396
Communication		1,996
Dues and Memberships		1,000
Licenses		400
Maintenance and Repair Services - Equipment		48,765
Maintenance and Repair Services - Office Equipment		330
Postal Charges		200
Printing, Stationery, and Forms		1,745
Tow-in Services		300
Travel		785
Disposal Fees		278,483
Other Contracted Services		50,425
Crushed Stone		2,723
Diesel Fuel		67,966
Electricity		3,415
Equipment and Machinery Parts		14,968
Fertilizer, Lime, and Seed		157
Fuel Oil		193
Lubricants		1,753
Office Supplies		727
Road Signs		410
Small Tools		1,000
Tires and Tubes		14,804

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Uniforms	\$	3,089	
Water and Sewer		199	
Fencing		8,000	
Trustee's Commission		9,052	
Other Charges		992	
Site Development		4,315	
Solid Waste Equipment		30,000	
Total Litter and Trash Collection			\$ 937,170

Total Solid Waste/Sanitation Fund \$ 947,227

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	2,092	
Confidential Drug Enforcement Payments		40,500	
Other Contracted Services		62,055	
Utilities		2,662	
Other Supplies and Materials		9,540	
Trustee's Commission		185	
Data Processing Equipment		143	
Motor Vehicles		700	
Total Drug Enforcement			\$ 117,877

Total Drug Control Fund 117,877

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court Clerk

Bank Charges	\$	101	
Total Circuit Court Clerk			\$ 101

Chancery Court

Constitutional Officers' Operating Expenses	\$	9,250	
Total Chancery Court			9,250

Total Constitutional Officers - Fees Fund 9,351

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	87,550	
Supervisor/Director		65,141	
Accountants/Bookkeepers		34,109	
Secretary(ies)		22,122	
Clerical Personnel		31,502	
Custodial Personnel		23,566	
Temporary Personnel		2,750	
Overtime Pay		3,727	
Other Salaries and Wages		67,520	
Board and Committee Members Fees		12,300	
Social Security		31	
Advertising		2,327	
Communication		16,080	
Confidential Drug Enforcement Payments		1,907	
Dues and Memberships		38,123	
Maintenance and Repair Services - Buildings		3,446	
Maintenance and Repair Services - Equipment		2,415	
Maintenance and Repair Services - Office Equipment		9,637	
Postal Charges		1,476	
Printing, Stationery, and Forms		1,500	
Rentals		500	
Travel		2,650	
Other Contracted Services		2,500	
Custodial Supplies		2,399	
Electricity		9,994	
Natural Gas		1,427	
Office Supplies		6,120	
Water and Sewer		292	
Other Charges		880	
Total Administration			\$ 453,991

Highway and Bridge Maintenance

Foremen	\$	210,174
Equipment Operators		104,894
Equipment Operators - Light		247,461
Truck Drivers		178,306
Laborers		185,622
Overtime Pay		18,109
Contracts with Other Public Agencies		100,000
Rentals		3,533

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	53,868	
Asphalt - Cold Mix		14,001	
Asphalt - Hot Mix		312,244	
Concrete		8	
Crushed Stone		264,628	
Fertilizer, Lime, and Seed		17,346	
General Construction Materials		2,783	
Other Road Supplies		45,429	
Pipe - Metal		64,968	
Road Signs		36,904	
Salt		4,417	
Small Tools		1,911	
Wood Products		47	
Gravel and Chert		27,974	
Other Supplies and Materials		329	
Total Highway and Bridge Maintenance			\$ 1,894,956

Operation and Maintenance of Equipment

Foremen	\$	37,814	
Mechanic(s)		137,077	
Overtime Pay		1,621	
Licenses		18	
Maintenance and Repair Services - Buildings		470	
Maintenance and Repair Services - Equipment		85,241	
Rentals		4,000	
Diesel Fuel		173,409	
Equipment and Machinery Parts		114,967	
Garage Supplies		5,500	
Gasoline		54,637	
Lubricants		10,974	
Small Tools		3,561	
Tires and Tubes		39,923	
Other Charges		1,781	
Total Operation and Maintenance of Equipment			670,993

Other Charges

Other Contracted Services	\$	464,935
Other Supplies and Materials		194,201
Building and Contents Insurance		2,372
Liability Insurance		9,177

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	50,030	
Vehicle and Equipment Insurance		23,169	
Workers' Compensation Insurance		149,096	
Fines, Assessments, and Penalties		2,478	
Total Other Charges			\$ 895,458

Employee Benefits

Longevity Pay	\$	24,200	
Bonus Payments		45,188	
Social Security		109,070	
State Retirement		134,833	
Employee and Dependent Insurance		465,281	
Unemployment Compensation		3,407	
Other Fringe Benefits		7,930	
Uniforms		16,397	
Total Employee Benefits			806,306

Capital Outlay

Bridge Construction	\$	216,341	
Building Improvements		2,500	
Communication Equipment		1,498	
Furniture and Fixtures		1,260	
Highway Equipment		386,865	
Maintenance Equipment		4,147	
Motor Vehicles		32,292	
Office Equipment		4,137	
State Aid Projects		584,801	
Total Capital Outlay			1,233,841

Total Highway/Public Works Fund \$ 5,955,545

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	12,450	
Principal on Other Loans		879,905	
Total General Government			\$ 892,355

Education

Principal on Bonds	\$	500,000	
--------------------	----	---------	--

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education (Cont.)

Principal on Other Loans	\$ 2,926,300	
Total Education		\$ 3,426,300

Interest on Debt

General Government

Interest on Other Loans	\$ 3,042	
Total General Government		3,042

Education

Interest on Bonds	\$ 256,725	
Interest on Other Loans	103,298	
Total Education		360,023

Other Debt Service

General Government

Trustee's Commission	\$ 75,645	
Other Debt Service	10,195	
Total General Government		85,840

Education

Other Debt Issuance Charges	\$ 900	
Other Debt Service	106,381	
Total Education		<u>107,281</u>

Total General Debt Service Fund		\$ 4,874,841
---------------------------------	--	--------------

General Capital Projects Fund

Capital Projects

Social, Cultural, and Recreation Projects

Architects	\$ 4,543	
Asphalt	35,565	
Water and Sewer	1,570	
Other Construction	28,205	
Total Social, Cultural, and Recreation Projects		\$ 69,883

Agriculture and Natural Resources Projects

Other Construction	\$ 125,903	
Total Agriculture and Natural Resources Projects		<u>125,903</u>

Total General Capital Projects Fund		<u>195,786</u>
-------------------------------------	--	----------------

Total Governmental Funds - Primary Government		<u>\$ 26,946,359</u>
---	--	----------------------

Exhibit J-8

Tipton County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 26,398,038	
Career Ladder Program	162,735	
Career Ladder Extended Contracts	69,500	
Educational Assistants	892,341	
Other Salaries and Wages	16,188	
Non-certified Substitute Teachers	313,880	
Social Security	1,680,547	
State Retirement	2,491,709	
Medical Insurance	3,810,535	
Unemployment Compensation	33,664	
Employer Medicare	389,220	
Travel	8,552	
Other Contracted Services	487,956	
Instructional Supplies and Materials	380,327	
Textbooks	982,414	
Other Supplies and Materials	152,010	
Fee Waivers	135,932	
Other Charges	30,103	
Regular Instruction Equipment	592,642	
Total Regular Instruction Program		\$ 39,028,293

Alternative Instruction Program

Teachers	\$ 499,820	
Career Ladder Program	8,000	
Clerical Personnel	26,021	
Other Salaries and Wages	91,000	
Social Security	37,969	
State Retirement	59,056	
Medical Insurance	52,744	
Unemployment Compensation	660	
Employer Medicare	8,939	
Travel	5,137	
Other Contracted Services	10,096	
Other Supplies and Materials	5,161	
Other Equipment	2,167	
Total Alternative Instruction Program		806,770

Special Education Program

Teachers	\$ 4,097,374	
----------	--------------	--

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	32,960	
Homebound Teachers		202,936	
Clerical Personnel		62,400	
Educational Assistants		852,728	
Speech Pathologist		644,494	
Other Salaries and Wages		27,217	
Non-certified Substitute Teachers		46,830	
Social Security		356,095	
State Retirement		531,932	
Medical Insurance		788,202	
Unemployment Compensation		8,942	
Employer Medicare		83,335	
Travel		9,474	
Other Contracted Services		130,471	
Instructional Supplies and Materials		92,127	
Other Charges		8,761	
Special Education Equipment		36,693	
Total Special Education Program			\$ 8,012,971

Vocational Education Program

Teachers	\$	1,586,492	
Career Ladder Program		9,990	
Other Salaries and Wages		24,258	
Non-certified Substitute Teachers		40,770	
Social Security		98,526	
State Retirement		145,284	
Medical Insurance		212,086	
Unemployment Compensation		2,154	
Employer Medicare		23,042	
Travel		36,041	
Other Contracted Services		13,919	
Instructional Supplies and Materials		70,075	
Textbooks		9,727	
Other Supplies and Materials		1,419	
Other Charges		1,556	
Vocational Instruction Equipment		61,206	
Total Vocational Education Program			2,336,545

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	23,302	
Social Security		1,392	
State Retirement		872	
Unemployment Compensation		115	
Employer Medicare		396	
Instructional Supplies and Materials		2,186	
Other Supplies and Materials		10,630	
Total Adult Education Program			\$ 38,893

Support Services

Health Services

Other Salaries and Wages	\$	90,639	
Social Security		5,390	
State Retirement		7,160	
Medical Insurance		11,391	
Unemployment Compensation		163	
Employer Medicare		1,261	
Travel		4,280	
Other Contracted Services		546,774	
Other Supplies and Materials		50,648	
Other Charges		2,008	
Total Health Services			719,714

Other Student Support

Career Ladder Program	\$	15,500	
Guidance Personnel		977,701	
Psychological Personnel		109,660	
School Resource Officer		7,200	
Other Salaries and Wages		102,395	
Social Security		71,412	
State Retirement		106,718	
Medical Insurance		101,692	
Unemployment Compensation		1,339	
Employer Medicare		17,111	
Contracts with Government Agencies		86,400	
Evaluation and Testing		86,201	
Travel		4,449	
Other Supplies and Materials		3,099	
In Service/Staff Development		885	
Total Other Student Support			1,691,762

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	405,591	
Career Ladder Program		19,000	
Career Ladder Extended Contracts		12,000	
Librarians		649,114	
Materials Supervisor		34,734	
Instructional Computer Personnel		73,512	
Clerical Personnel		36,000	
Other Salaries and Wages		44,880	
Social Security		72,469	
State Retirement		110,433	
Medical Insurance		113,678	
Unemployment Compensation		1,201	
Employer Medicare		17,874	
Communication		772	
Travel		33,083	
Library Books/Media		102,143	
Other Supplies and Materials		9,811	
In Service/Staff Development		8,949	
Other Equipment		20,047	
Total Regular Instruction Program			\$ 1,765,291

Special Education Program

Supervisor/Director	\$	161,419	
Career Ladder Program		2,000	
Social Security		9,879	
State Retirement		14,790	
Medical Insurance		18,581	
Unemployment Compensation		108	
Employer Medicare		2,310	
Travel		32,333	
In Service/Staff Development		29,538	
Other Charges		513	
Total Special Education Program			271,471

Vocational Education Program

Supervisor/Director	\$	73,187
Career Ladder Program		3,000
Career Ladder Extended Contracts		4,000
Social Security		4,816

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	7,257	
Medical Insurance		12,435	
Unemployment Compensation		54	
Employer Medicare		1,126	
Travel		1,966	
In Service/Staff Development		16,915	
Total Vocational Education Program			\$ 124,756

Adult Programs

Supervisor/Director	\$	40,800	
Other Salaries and Wages		19,061	
Social Security		3,447	
State Retirement		3,692	
Medical Insurance		2,404	
Unemployment Compensation		121	
Employer Medicare		806	
Travel		1,486	
Other Supplies and Materials		7,078	
Total Adult Programs			78,895

Other Programs

On-Behalf Payments to OPEB	\$	176,488	
Total Other Programs			176,488

Board of Education

Board and Committee Members Fees	\$	16,875	
Life Insurance		30,000	
Audit Services		34,600	
Dues and Memberships		16,709	
Legal Services		66,599	
Travel		17,763	
Liability Insurance		243,587	
Trustee's Commission		352,324	
Other Charges		304	
Total Board of Education			778,761

Director of Schools

County Official/Administrative Officer	\$	116,905	
Career Ladder Program		1,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Secretary(ies)	\$	36,000	
Other Salaries and Wages		4,000	
Social Security		9,285	
State Retirement		14,506	
Medical Insurance		5,064	
Unemployment Compensation		108	
Employer Medicare		2,291	
Communication		60,969	
Dues and Memberships		75	
Postal Charges		5,000	
Travel		2,542	
Office Supplies		7,317	
Other Supplies and Materials		378	
Total Director of Schools			\$ 265,440

Office of the Principal

Principals	\$	1,067,267	
Career Ladder Program		41,100	
Career Ladder Extended Contracts		26,000	
Assistant Principals		2,020,108	
Secretary(ies)		1,101,009	
Social Security		252,955	
State Retirement		385,310	
Medical Insurance		517,122	
Unemployment Compensation		4,929	
Employer Medicare		59,159	
Travel		33,843	
Other Contracted Services		16,263	
Office Supplies		3,552	
Other Supplies and Materials		2,150	
In Service/Staff Development		2,800	
Total Office of the Principal			5,533,567

Fiscal Services

Supervisor/Director	\$	49,632
Accountants/Bookkeepers		120,762
Secretary(ies)		162,431
Social Security		17,942
State Retirement		28,735

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Medical Insurance	\$	29,245	
Unemployment Compensation		496	
Employer Medicare		4,698	
Travel		7,450	
Other Contracted Services		14,907	
Office Supplies		16,273	
Other Supplies and Materials		2,356	
Administration Equipment		4,243	
Total Fiscal Services			\$ 459,170

Operation of Plant

Laundry Service	\$	574	
Other Contracted Services		1,497,344	
Electricity		1,834,830	
Natural Gas		176,633	
Water and Sewer		184,545	
Other Supplies and Materials		567	
Building and Contents Insurance		185,132	
Total Operation of Plant			3,879,625

Maintenance of Plant

Supervisor/Director	\$	136,173	
Secretary(ies)		31,200	
Other Salaries and Wages		756,797	
Social Security		54,613	
State Retirement		87,110	
Medical Insurance		164,346	
Unemployment Compensation		1,365	
Employer Medicare		12,773	
Communication		7,894	
Maintenance and Repair Services - Equipment		17,723	
Other Contracted Services		39,754	
Other Supplies and Materials		149,740	
Other Charges		1,953	
Maintenance Equipment		10,551	
Total Maintenance of Plant			1,471,992

Transportation

Supervisor/Director	\$	102,936	
---------------------	----	---------	--

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Mechanic(s)	\$	397,479	
Bus Drivers		1,659,535	
Clerical Personnel		23,210	
Social Security		121,333	
State Retirement		195,981	
Medical Insurance		800,775	
Unemployment Compensation		8,373	
Employer Medicare		28,677	
Communication		7,145	
Laundry Service		7,136	
Maintenance and Repair Services - Vehicles		56,788	
Travel		4,364	
Other Contracted Services		78,504	
Gasoline		881,536	
Instructional Supplies and Materials		2	
Lubricants		34,912	
Tires and Tubes		129,528	
Vehicle Parts		337,133	
Other Supplies and Materials		20,896	
Vehicle and Equipment Insurance		115,810	
In Service/Staff Development		1,123	
Other Charges		80	
Transportation Equipment		800,581	
Total Transportation			\$ 5,813,837

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	40,224	
Accountants/Bookkeepers		36,000	
Other Salaries and Wages		4,800	
Social Security		4,739	
State Retirement		7,578	
Medical Insurance		14,340	
Unemployment Compensation		89	
Employer Medicare		1,108	
Transportation - Other than Students		34,776	
Other Supplies and Materials		196	
In Service/Staff Development		2,604	
Total Food Service			146,454

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Supervisor/Director	\$	64,999	
Other Salaries and Wages		548,799	
Social Security		38,576	
State Retirement		8,025	
Medical Insurance		27,632	
Unemployment Compensation		2,757	
Employer Medicare		9,022	
Travel		5,425	
Other Contracted Services		3,836	
Food Supplies		30,648	
Other Supplies and Materials		48,400	
Other Equipment		15,822	
Total Community Services			\$ 803,941

Early Childhood Education

Teachers	\$	455,281	
Educational Assistants		186,205	
Other Salaries and Wages		35,473	
Non-certified Substitute Teachers		4,590	
Social Security		39,919	
State Retirement		62,133	
Medical Insurance		136,264	
Unemployment Compensation		1,165	
Employer Medicare		9,336	
Travel		1,993	
Instructional Supplies and Materials		14,088	
Other Supplies and Materials		3,000	
Other Charges		57,813	
Other Equipment		15,151	
Total Early Childhood Education			1,022,411

Capital Outlay

Regular Capital Outlay

Other Salaries and Wages	\$	14,794
Social Security		846
Unemployment Compensation		117
Employer Medicare		91
Architects		73
Engineering Services		465

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Building Improvements	\$ 553,343	
Total Regular Capital Outlay		\$ 569,729

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 600,000	
Total Education		<u>600,000</u>

Total General Purpose School Fund \$ 76,396,776

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,269,597	
Educational Assistants	212,188	
Other Salaries and Wages	92,387	
Non-certified Substitute Teachers	15,540	
Social Security	153,462	
State Retirement	220,370	
Medical Insurance	216,939	
Unemployment Compensation	3,115	
Employer Medicare	35,844	
Other Contracted Services	80,579	
Instructional Supplies and Materials	37,643	
Other Supplies and Materials	11,786	
Regular Instruction Equipment	<u>129,386</u>	
Total Regular Instruction Program		\$ 3,478,836

Special Education Program

Clerical Personnel	\$ 26,100
Educational Assistants	1,365,483
Other Salaries and Wages	49,637
Social Security	82,707
State Retirement	127,560
Medical Insurance	360,469
Unemployment Compensation	3,256
Employer Medicare	19,343
Operating Lease Payments	101,232
Other Contracted Services	349,805

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	43,578	
Special Education Equipment		<u>52,581</u>	
Total Special Education Program	\$		2,581,751

Vocational Education Program

Other Salaries and Wages	\$	42,411	
Social Security		2,554	
State Retirement		4,093	
Medical Insurance		5,064	
Unemployment Compensation		87	
Employer Medicare		597	
Instructional Supplies and Materials		24,509	
Vocational Instruction Equipment		<u>17,754</u>	
Total Vocational Education Program			97,069

Support Services

Health Services

Other Contracted Services	\$	<u>64,884</u>	
Total Health Services			64,884

Other Student Support

Social Workers	\$	41,744	
Social Security		2,555	
State Retirement		3,778	
Medical Insurance		5,064	
Unemployment Compensation		22	
Employer Medicare		597	
Travel		29,656	
In Service/Staff Development		<u>28,336</u>	
Total Other Student Support			111,752

Regular Instruction Program

Supervisor/Director	\$	99,367	
Secretary(ies)		23,400	
Educational Assistants		17,785	
Other Salaries and Wages		287,891	
Social Security		26,058	
State Retirement		39,008	
Medical Insurance		25,405	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	969	
Employer Medicare		6,094	
Communication		1,380	
Travel		25,204	
Other Contracted Services		30,028	
Other Supplies and Materials		7,667	
In Service/Staff Development		122,547	
Other Charges		15,886	
Other Equipment		26,745	
Total Regular Instruction Program			\$ 755,434

Special Education Program

Operating Lease Payments	\$	53,350	
Other Supplies and Materials		77	
In Service/Staff Development		7,173	
Other Charges		30,000	
Other Equipment		5,318	
Total Special Education Program			95,918

Office of the Principal

Assistant Principals	\$	22,754	
Social Security		1,320	
State Retirement		2,059	
Medical Insurance		4,389	
Unemployment Compensation		9	
Employer Medicare		309	
Total Office of the Principal			30,840

Transportation

Transportation Equipment	\$	146,543	
Total Transportation			146,543

Total School Federal Projects Fund \$ 7,363,027

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	1,826,443	
Other Salaries and Wages		45,015	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	108,366	
State Retirement		155,737	
Medical Insurance		464,855	
Unemployment Compensation		4,182	
Employer Medicare		25,344	
Travel		11,316	
Other Contracted Services		111,702	
Food Supplies		2,015,037	
Uniforms		6,834	
USDA - Commodities		302,281	
Other Supplies and Materials		242,363	
Trustee's Commission		128	
In Service/Staff Development		4,812	
Food Service Equipment		147,445	
Total Food Service			\$ 5,471,860
Total Central Cafeteria Fund			\$ 5,471,860

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	2,537	
Building Improvements		497	
Total Education Capital Projects			\$ 3,034
Total Education Capital Projects Fund			3,034

Total Governmental Funds - Tipton County School Department \$ 89,234,697

Exhibit J-9

Tipton County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2012

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,601,368
Total Cash Receipts	<u>\$ 3,601,368</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 3,565,355
Trustee's Commission	36,013
Total Cash Disbursements	<u>\$ 3,601,368</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

---

---

## **SINGLE AUDIT SECTION**

---

---



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

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

January 9, 2013

Tipton County Executive and  
Board of County Commissioners  
Tipton County, Tennessee

To the County Executive 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 Tipton County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Tipton County's basic financial statements and have issued our report thereon dated January 9, 2013. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Tipton County Emergency Communications District as described in our report on Tipton County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Tipton County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Tipton 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 Tipton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tipton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.05.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.01(A,B), 12.02 (A,B,C), 12.03(B), 12.06(A), and 12.08.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tipton 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 12.01(C), 12.02(D,E), 12.03(A), 12.04, 12.06(B,C), 12.07, and 12.09.

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

Tipton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Tipton County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county executive, director of schools, director of public works, County Commission, Board of Education, others within Tipton 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



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

Independent Auditor's Report

January 9, 2013

Tipton County Executive and  
Board of County Commissioners  
Tipton County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

We have audited Tipton County's compliance 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, 2012. Tipton 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 Tipton County's management. Our responsibility is to express an opinion on Tipton 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 Tipton 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 Tipton County's compliance with those requirements.

In our opinion, Tipton 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, 2012.

#### Internal Control Over Compliance

The management of Tipton 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 Tipton County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 Tipton County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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

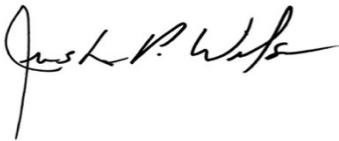
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County as of and for the year ended June 30, 2012, and have issued our report thereon dated January 9, 2013. 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.

Tipton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Tipton County's responses and, accordingly, we express no opinion on the responses.

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Tipton County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 925,129
National School Lunch Program	10.555	N/A	2,839,960 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	302,281 (3)
Total U.S. Department of Agriculture			<u>\$ 4,067,370</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-10	\$ 102,508
Total U.S. Department of Housing and Urban Development			<u>\$ 102,508</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 267
Total U.S. Department of the Interior			<u>\$ 267</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 4,500
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	(2)	399
Federal Asset Forfeiture Program	16.xxx		11,489
Total U.S. Department of Justice			<u>\$ 16,388</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	1112300001-YTHPT	\$ 16,143
Total U.S. Department of Labor			<u>\$ 16,143</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 33,841
National Highway Traffic Safety Administration (NHTSA)			
Discretionary Safety Grants	20.614	(2)	23,651
Total U.S. Department of Transportation			<u>\$ 57,492</u>
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	GG-1133209	\$ 99,644
Total U.S. Department of Energy			<u>\$ 99,644</u>
U.S. Department of Education:			
Passed through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	N/A	\$ 121,870
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,116,474
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,757,691
Special Education - Preschool Grants	84.173	N/A	109,100
Special Education Grants to States, Recovery Act	84.391	N/A	142,047

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed through State Department of Education (Cont.):			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 155,061
Twenty-first Century Community Learning Centers	84.287	N/A	336,062
Improving Teacher Quality State Grants	84.367	N/A	406,906
Teacher Incentive Fund	84.374	N/A	123,147
Education Technology State Grants, Recovery Act	84.386	N/A	139,675
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	513,560
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	51,228
Education Jobs Fund	84.410	N/A	614,766
Total U.S. Department of Education			\$ 7,587,587
U.S. Department of Health and Human Services:			
Passed-through Methodist LeBonheur Healthcare Community Outreach:			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	(2)	\$ 10,698
Total U.S. Department of Health and Human Services			\$ 10,698
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1909-DR-TN	\$ 724,890
Emergency Management Performance Grants	97.042	34101-000007835	28,000
Homeland Security Grant Program	97.067	09UASI-TI	117,163
Total U.S. Department of Homeland Security			\$ 870,053
Total Expenditures of Federal Awards			\$ 12,828,150
<u>Contract Number</u>			
State Grants:			
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	N/A	\$ 22,755
Preventive Health and Human Services - State Department of Health	N/A	Z-12-44018-00	277,268
Litter Program - State Department of Transportation	N/A	Z-12-LIT084	52,195
May 2010 Flood Stream Debris Removal and Repair - State Department of Environment and Conservation	N/A	DG-12-37638-00	100,000
Presidential Preference Primary - Tennessee Secretary of State	N/A	N/A	43,306
Energy Efficient School Initiative - State Department of Education	N/A	(2)	26,374
Family Resource Centers - State Department of Education	N/A	(2)	59,223
Coordinated School Health - State Department of Education	N/A	(2)	130,000
ACT/EXP - State Department of Education	N/A	(2)	29,270
ConnecTenn - State Department of Education	N/A	(2)	41,664
Safe Schools - State Department of Education	N/A	(2)	63,600
Children in State Custody - State Department of Children's Services	N/A	GG1235137	343,970
Agriculture Livestock Pavilion - State Department of Agriculture	N/A	(2)	12,831
Early Childhood Education - State Department of Education	N/A	(2)	1,022,050
Benchmarking Papers Project - State Department of Education	N/A	(2)	1,500
Total State Grants			\$ 2,226,006

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 CFDA 10.555 is \$3,142,241.

Tipton County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2012

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. There were no findings in the Annual Financial Report for Tipton County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

---

---

**TIPTON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

---

---

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

1. Our report on the financial statements of Tipton County is unqualified.
2. The audit of the financial statements of Tipton County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Tipton 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), Title I Grants to Local Educational Agencies (CFDA No. 84.010), Improving Teacher Quality State Grants (CFDA No. 84.367), State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$384,845 threshold was used to distinguish between Type A and Type B federal programs.
9. Tipton County did not qualify as a low-risk auditee.

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

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

### **OFFICE OF COUNTY EXECUTIVE**

#### **FINDING 12.01      **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES****

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

Our examination revealed the following deficiencies in purchasing procedures. These deficiencies can be attributed to a lack of management oversight.

- A. Purchase orders were not issued in some instances. Also, none of the purchase orders that had been issued were signed. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue and properly approve purchase orders in all required instances increases the risks of unauthorized purchases.
- 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.
- C. The county's comprehensive travel policy was not always followed. In some instances, the standard mileage rate was not used to reimburse employees.

#### **RECOMMENDATION**

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. All purchase orders should be properly approved and signed. The county's travel policy should be followed for reimbursement of business expenses to employees.

---

## OFFICES OF COUNTY EXECUTIVE AND SHERIFF

### FINDING 12.02      **THE SHERIFF'S DEPARTMENT HAD PAYROLL RELATED DEFICIENCIES**

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

Our examination revealed the following deficiencies in the maintenance of payroll records for the Sheriff's Department. These deficiencies can be attributed to a lack of management oversight.

- A. Time sheets were not always signed by employees. Sound business practice dictates that employees should sign their time sheets as verification that the time reported is correct. If employees do not review and sign their time sheets, it increases the risk that time will be reported and paid incorrectly.
- B. We noted that a supervisor had made unexplained changes to some time sheets, and there was no indication that employees had approved or were aware of these changes. All changes to time sheets by supervisors should be documented and approved by the employee.
- C. Our examination disclosed that a rubber signature stamp was used to affix the signature of the sheriff to employees' time sheets. *Tennessee Code Annotated* does not provide authority for the use of a signature stamp. Also, internal controls over the use of a signature stamp are inherently weak.
- D. During our review of employees' accrued leave balances, we noted that several Sheriff's Department employees had accrued vacation leave balances that exceeded the 240 hours maximum balance established by the department's personnel policy. Allowing employees to accrue vacation leave balances exceeding 240 hours violates the department's leave policy and could result in excess employee compensation. Employee time records also reflected accrued sick leave hours; however, the department's personnel policy does not include any provisions for employees to earn or accumulate sick leave.
- E. During the audit period, four employees of the Sheriff's Department who were absent from work continued to receive their regular compensation although their accumulated vacation and sick leave was exhausted, and their time records reflected negative values for accrued leave. The Sheriff's Department personnel policy includes a provision that employees should not be paid for days they are absent unless they have sufficient accrued leave. We were unable to determine the actual leave balances for these employees in part because the personnel policy does not provide for the earning of sick leave as previously noted. Sheriff's Department personnel indicated that other employees had donated leave to these employees. However, there was no donation of leave hours noted on any employees' time records filed in the County Executive's Office. In October 2011, the County Commission adopted a resolution ordering the adoption of a sick leave donation policy; however, a

formal written policy could not be located. Subsequent to the audit period, three of the four employees had returned to work, and their payroll records no longer reflected negative values for accrued leave.

### RECOMMENDATION

County employees should sign their time sheets as verification that the time reported is correct. Any adjustments to the time sheets by supervisors should be documented and signed by both the employee and the supervisor to indicate approval and review. The Sheriff's Department should immediately discontinue the use of any signature stamp. Management should monitor employees' leave balances to ensure compliance with the department's personnel policy. The personnel policy should address the earning and accumulation of sick leave hours by employees and the donation of these leave hours, if applicable. Employees should not be allowed to carry negative balances of leave and should not be paid for days absent from work once leave balances have been exhausted.

---

### FINDING 12.03      **THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES**

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

Our examination revealed the following deficiencies in purchasing procedures. These deficiencies can be attributed to a lack of management oversight.

- A. The county's travel policy provides for per diem rates for reimbursement of meals. However, actual meal costs were routinely charged to the Sheriff's Department credit card in excess of the rates allowed by the county's policy. Some of these meals appeared to be for the entertainment of individuals who were not county employees, which is prohibited by the policy.
- B. The Sheriff's Department incurred extra fees and taxes while using a credit card for purchasing. In some instances, sales tax was paid on tax exempt purchases made with the credit card. Also, the department used the card to pay the county clerk for vehicle registrations. The county clerk assessed a credit card processing fee that is not retained by the county. This resulted in an extra six percent fee incurred for vehicle registrations charged to the department's credit card account.

### RECOMMENDATION

The county's travel policy should be followed for reimbursement of business expenses to employees. Management oversight should be provided for purchases made with the credit card to avoid any unnecessary charges.

**FINDING 12.04      THE COUNTY CREDIT CARD POLICY WAS NOT FOLLOWED BY THE SHERIFF'S DEPARTMENT**  
(Noncompliance Under *Government Audit Standards*)

The Sheriff's Department has established a credit card account, which is used for purchases and travel by employees of the Sheriff's Department. The county's comprehensive travel policy includes guidelines for a credit card to be used by county employees for travel, which is to remain in the possession of the County Executive's Office for request by employees as necessary. The sheriff and two of his employees have possession of the credit cards for the Sheriff's Department's account. This violation of the county's comprehensive travel policy increases the risks of unauthorized charges. This deficiency is the result of a lack of management oversight.

**RECOMMENDATION**

The Sheriff's Department should follow the county's policy governing the use of credit cards.

---

**OFFICE OF DIRECTOR OF PUBLIC WORKS**

**FINDING 12.05      MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Tipton County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

**RECOMMENDATION**

Tipton County should have appropriate processes in place to ensure that its general ledgers are materially correct.

---

**FINDING 12.06      THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

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

Our examination revealed the following deficiencies in purchasing procedures. These deficiencies can be attributed to a lack of management oversight.

- A. In several 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.
- B. Competitive bids were not solicited through public advertisement for the purchase of road striping paint (\$15,213); however, a price quote was obtained for this purchase. Section 54-7-113, *Tennessee Code Annotated (TCA)*, requires that competitive bids be solicited through public advertisement on all purchases estimated to exceed \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.
- C. Competitive bids were solicited through public advertisement for a motor grader that was purchased for \$180,450. However, the bid specifications used a checklist with brand specific requirements. Using bid specifications that apply only to a particular brand violates the intent of Section 54-7-113, *TCA*.

**RECOMMENDATION**

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Competitive bids should be solicited through public advertisement for all purchases exceeding \$10,000 as required by state statute. The office should develop bid specifications that are not brand specific. Bids should then be evaluated on the basis of several criteria, including price, quality, availability, warranty, maintenance costs, experience, etc.

**MANAGEMENT'S RESPONSE – DIRECTOR OF PUBLIC WORKS**

The Tipton County Public Works Department publicly advertises for sealed bids in accordance with the County Uniform Road Law, Tipton County Private Act, and all other procurement statutes of the state. For heavy machinery, experience offers insight on what characteristics and specifications should be required for a piece of equipment to perform the operation both effectively and efficiently. When specifications are developed, they are not developed to limit competition but rather ensure that the Tipton County Public Works Director can adequately assess the capabilities, limitations, and numerous other factors when spending taxpayer dollars and making purchasing recommendations to the legislative body of the county. The specifications are developed with yes/no line item requirements that allow all bidders an opportunity to submit but at the same time details the minimal requirements for what we have determined to be effective in the past. Simply because a

bidder cannot meet one of the line item requirements is not a valid reason for a company not to submit a bid on a particular piece of equipment but rather check no on the specifications and detail their respective component specifications. Tipton County Public Works considers all bids whether they meet every line item on the specifications or not. The recommendation for award ultimately depends on cost and evaluation as to the best purchase for something that will likely be used to support Tipton County residents for a long time to come. Tipton County Public Works operates a fleet of equipment from many different manufacturers on a daily basis. Tipton County Public Works promotes competition but wants to verify that it purchases products that can deliver the type production required with cost, safety, dependability, and maintenance being the major considerations.

### AUDITOR'S REBUTTAL

The bid specifications provided by the Tipton County Public Works Department for the purchase of a 2011 motor grader were seven pages long and included over 200 items. The bid advertisement did not include an option for a bidder to submit exceptions to any of the specifications. The only bid received by the department was from Stribling Equipment, LLC, who bid a John Deere motor grader that exactly met these specifications. The bid was for the same 2011 John Deere motor grader that Tipton County was currently renting from Stribling Equipment, and the bid price was adjusted by the rental amounts already paid. Another vendor, Thompson Machinery, replied to the advertisement stating that they were unable to submit a bid for the motor grader as the very detailed specifications eliminated all Caterpillar motor grader offerings from consideration in multiple areas. By using a checklist with brand specific requirements, the county effectively eliminated the submission of bids from other equipment vendors.

---

**FINDING 12.07      EMPLOYEES OF THE PUBLIC WORKS DEPARTMENT  
REMOVED SCRAP METAL FOR PERSONAL USE**  
(Noncompliance Under *Government Auditing Standards*)

Auditors received allegations that employees of the Tipton County Landfill were removing scrap metal from the landfill and selling the scrap metal for personal gain. We interviewed 14 employees at the landfill with nine employees admitting to removing scrap metal from the landfill for personal use, and two employees admitting to selling the scrap for personal gain. However, we were unable to determine the amount and value of the scrap metal removed by employees. The director of the Tipton County Public Works Department stated that none of the employees were authorized to remove scrap metal from the landfill. He also stated that he had met with employees on several occasions to discuss the policy that employees could not remove scrap metal from the landfill. The sale of scrap metal is a revenue source for the county; therefore, the removal of this scrap metal by employees resulted in a loss of county revenue. This finding has been discussed with the district attorney general.

## RECOMMENDATION

Officials should seek to recover any funds determined to have been generated from the unauthorized removal of scrap metal. The Public Works Department should maintain lists detailing items sold as scrap and reconcile the sale proceeds with amounts deposited with the county trustee.

## MANAGEMENT'S RESPONSE – DIRECTOR OF PUBLIC WORKS

The Tipton County Public Works Department has made valiant efforts to improve the landfill facilities and improve revenues through its recycling program while meeting the goals set by the Tennessee Department of Environment and Conservation for diversion. This has generated significant funds that offset other operational revenues such as permit costs that are passed directly to the citizens of Tipton County utilizing the facility. To ensure that this is not a recurring event, the following corrective actions have been taken:

1. A surveillance camera system has been installed throughout the facility.
2. Additional fencing has been installed to limit accessibility.
3. A collection and disposal policy has been adopted by the full legislative body of Tipton County.

It remains Tipton County Public Works focus to ensure that the facility is operated efficiently and effectively to meet the needs of the residents of Tipton County.

---

## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 12.08      **THE OFFICE HAD DEFICIENCIES IN THE PURCHASE ORDER SYSTEM** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in the purchase order system. 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 approval of the purchase.

## RECOMMENDATION

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

---

**FINDING 12.09      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS****  
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the Community Services and Regular Capital Outlay major appropriation categories (the legal level of control) of the General Purpose School Fund by \$4,841 and \$5,915, respectively. In addition, salaries exceeded line-item appropriations in the General Purpose School Fund in two instances by \$5,770 and \$6,830.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

**RECOMMENDATION**

Expenditures should be held within appropriations approved by the County Commission.

---

**BEST PRACTICE**

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

Tipton County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Tipton County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

**TIPTON COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2012**

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