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# ANNUAL FINANCIAL REPORT GRAINGER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT  
GRAINGER COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

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ASHLEY ROOKARD  
VERNA DAVIS  
GREG BRUSH, CISA  
State Auditors***

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

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## GRAINGER COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Grainger County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Grainger County as of and for the year ended June 30, 2014.

## ***Results***

Our report on the financial statements of Grainger County is unmodified.

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

## ***Findings***

The following is a summary of the audit findings:

### **OFFICE OF ROAD SUPERINTENDENT**

- ◆ A used brush chipper was purchased without obtaining competitive bids.

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

- ◆ The School Federal Projects Fund had a cash overdraft of \$140,134 at June 30, 2014.
- ◆ The office did not implement adequate controls to protect its information resources.

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### **OFFICE OF SHERIFF**

- ◆ The office did not deposit some funds within three days of collection.
-

## **OFFICE OF ASSESSOR OF PROPERTY**

- ◆ Mobile home schedules were not mailed to the land owner where the mobile home was located.
  - ◆ The assessor did not maintain an adequate program of sales verification.
- 

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

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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# Grainger County Officials

## June 30, 2014

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### **Officials**

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

### **Board of County Commissioners**

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

Wendy Noe  
Rodney Overbay  
Darell Straton  
Luke Stratton  
Elizabeth White  
Darrell Williams  
Scott Wynn

### **Board of Education**

Dwight Bull, Chairman  
Marcus Long  
Harold Frazier  
Steve Hodge  
Coy McDaniel

Karen McNish  
Gary Staley  
Norma Tate  
Larry Turley  
Derek Williams

### **Audit Committee**

Andy Cameron  
Darrell Williams  
David Collins  
Wendy Noe, Chair

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## FINANCIAL SECTION

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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

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grainger County Emergency Communications District, which represent 2.1 percent, 2.5 percent, and 2.7 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grainger County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 Grainger County, Tennessee, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Grainger County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 77-79 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grainger County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

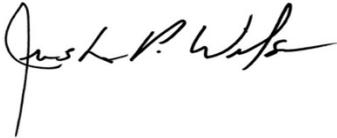
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Grainger County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2015, on our consideration of Grainger County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grainger County's internal control over financial reporting and compliance.

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  
Nashville, Tennessee

January 29, 2015

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Grainger County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Government Activities	Component Units	
		Grainger County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 74,774	\$ 14,098	\$ 654,791
Equity in Pooled Cash and Investments	4,370,242	11,463,949	0
Accounts Receivable	486,140	16,775	18,456
Allowance for Uncollectible Accounts Receivable	(257,524)	0	0
Due from Other Governments	493,805	1,036,542	33,632
Due from Component Units	700,000	0	0
Property Taxes Receivable	6,608,647	2,725,600	0
Allowance for Uncollectible Property Taxes	(240,540)	(99,206)	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,739,753	841,582	0
Construction in Progress	0	287,307	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	8,205,362	32,016,773	4,256
Other Capital Assets	1,131,990	2,001,799	373,927
Infrastructure	1,528,438	0	0
Total Assets	<u>\$ 24,841,087</u>	<u>\$ 50,305,219</u>	<u>\$ 1,085,062</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 1,333,622	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 1,333,622</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 7,127	\$ 180,850	\$ 0
Accrued Payroll	2,350	54,153	0
Payroll Deductions Payable	13,666	740,014	0
Cash Overdraft	0	140,134	0
Contracts Payable	28,356	9,321	0
Accrued Leave - Current	0	0	10,844
Due to Primary Government	0	700,000	0
Due to State of Tennessee	1,104	0	0
Accrued Interest Payable	82,087	0	0
Other Current Liabilities	0	12,396	2,219
Noncurrent Liabilities:			
Due Within One Year	1,647,247	18,000	0
Due in More than One Year (net of unamortized premium on debt)	27,102,230	4,403,261	0
Total Liabilities	<u>\$ 28,884,167</u>	<u>\$ 6,258,129</u>	<u>\$ 13,063</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 6,116,051	\$ 2,522,439	\$ 0
Total Deferred Inflows of Resources	<u>\$ 6,116,051</u>	<u>\$ 2,522,439</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Grainger County School Department	Emergency Communica- tions District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 8,706,674	\$ 35,147,461	\$ 378,183
Restricted for:			
General Government	71,628	0	0
Finance	89,082	0	0
Administration of Justice	54,529	0	0
Public Safety	87,813	0	0
Public Health and Welfare	52,915	0	0
Social, Cultural, and Recreational Services	75,650	0	0
Highways/Public Works	631,145	0	0
Education	0	642,502	0
Debt Service	825,578	0	0
Capital Projects	0	2,475,420	0
Unrestricted	(19,420,523)	3,259,268	693,816
Total Net Position	<u>\$ (8,825,509)</u>	<u>\$ 41,524,651</u>	<u>\$ 1,071,999</u>

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

Exhibit B

Grainger County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Grainger County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 2,241,262	\$ 201,474	\$ 41,214	\$ 16,190	\$ (1,982,384)	\$ 0	\$ 0
Finance	639,055	459,578	0	0	(179,477)	0	0
Administration of Justice	572,940	273,930	4,500	0	(294,510)	0	0
Public Safety	2,883,671	640,910	71,887	366,264	(1,804,610)	0	0
Public Health and Welfare	2,411,595	700,623	82,933	483,945	(1,144,094)	0	0
Social, Cultural, and Recreational Services	335,392	20,236	9,084	0	(306,072)	0	0
Agriculture and Natural Resources	152,225	0	0	0	(152,225)	0	0
Highways	2,375,802	7,472	1,482,650	219,893	(665,787)	0	0
Education	2,476,372	0	0	0	(2,476,372)	0	0
Debt Service:							
Interest	791,908	0	0	0	(791,908)	0	0
Total Primary Government	\$ 14,880,222	\$ 2,304,223	\$ 1,692,268	\$ 1,086,292	\$ (9,797,439)	\$ 0	\$ 0
Component Units:							
Grainger County School Department	\$ 29,669,223	\$ 554,176	\$ 4,562,427	\$ 2,476,372	\$ 0	\$ (22,076,248)	\$ 0
Emergency Communications District	652,732	163,023	237,957	217,855	0	0	(33,897)
Total Component Units	\$ 30,321,955	\$ 717,199	\$ 4,800,384	\$ 2,694,227	\$ 0	\$ (22,076,248)	\$ (33,897)

(Continued)

Exhibit B

Grainger County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Governmental Activities	Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Grainger	
				Governmental		School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,681,582	\$ 2,633,118	\$ 0	0
Property Taxes Levied for Solid Waste/Sanitation				695,067	0	0	0
Property Taxes Levied for Sports and Recreation				99,427	0	0	0
Property Taxes Levied for Highway				562,399	0	0	0
Property Taxes Levied for Debt Service				829,643	0	0	0
Sales Taxes				338,233	1,017,006	0	0
Litigation Tax				55,453	0	0	0
Business Tax				55,368	21,781	0	0
Mineral Severance Tax				28,255	0	0	0
Wholesale Beer Tax				78,902	0	0	0
Interstate Telecommunication Tax				1,663	2,289	0	0
Grants and Contributions Not Restricted to Specific Programs				1,968,088	20,781,908	252,750	0
Unrestricted Investment Income				117,779	2,169	2,318	0
Miscellaneous				18,907	39,307	2,737	0
Total General Revenues				\$ 8,530,766	\$ 24,497,578	\$ 257,805	0
Change in Net Position				\$ (1,266,673)	\$ 2,421,330	\$ 223,908	0
Net Position, July 1, 2013				(7,558,836)	39,103,321	848,091	0
Net Position, June 30, 2014				\$ (8,825,509)	\$ 41,524,651	\$ 1,071,999	0

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

Exhibit C-1

Craiginger County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<b>ASSETS</b>							
Cash	\$ 400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,374	\$ 74,774
Equity in Pooled Cash and Investments	627,012	98,425	613,771	2,795,479	235,555	4,370,242	4,370,242
Accounts Receivable	449,395	1,396	7,146	5,008	23,195	486,140	486,140
Allowance for Uncollectibles	(257,524)	0	0	0	0	(257,524)	(257,524)
Due from Other Governments	152,020	667	275,941	65,177	0	493,805	493,805
Due from Other Funds	36,843	0	0	0	1,166	38,009	38,009
Due from Component Units	0	0	0	700,000	0	700,000	700,000
Property Taxes Receivable	4,426,306	748,839	634,729	686,762	112,011	6,608,647	6,608,647
Allowance for Uncollectible Property Taxes	(156,316)	(27,855)	(23,102)	(29,190)	(4,077)	(240,540)	(240,540)
<b>Total Assets</b>	<b>\$ 5,278,136</b>	<b>\$ 821,472</b>	<b>\$ 1,508,485</b>	<b>\$ 4,223,236</b>	<b>\$ 442,224</b>	<b>\$ 12,273,553</b>	<b>\$ 12,273,553</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 4,128	\$ 0	\$ 2,999	\$ 0	\$ 0	\$ 7,127	\$ 7,127
Accrued Payroll	2,350	0	0	0	0	2,350	2,350
Payroll Deductions Payable	0	0	13,666	0	0	13,666	13,666
Contracts Payable	28,356	0	0	0	0	28,356	28,356
Due to Other Funds	1,166	0	0	28,356	8,487	38,009	38,009
Due to State of Tennessee	0	0	1,104	0	0	1,104	1,104
<b>Total Liabilities</b>	<b>\$ 36,000</b>	<b>\$ 0</b>	<b>\$ 17,769</b>	<b>\$ 28,356</b>	<b>\$ 8,487</b>	<b>\$ 90,612</b>	<b>\$ 90,612</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Current Property Taxes	\$ 4,111,921	\$ 691,079	\$ 587,418	\$ 621,971	\$ 103,662	\$ 6,116,051	\$ 6,116,051
Deferred Delinquent Property Taxes	135,267	25,591	20,717	30,465	3,656	215,696	215,696

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Other Deferred/Unavailable Revenue	\$ 134,203	\$ 0	\$ 131,783	\$ 34,707	\$ 0	\$ 0	\$ 300,693
Total Deferred Inflows of Resources	\$ 4,381,391	\$ 716,670	\$ 739,918	\$ 687,143	\$ 107,318	\$ 0	\$ 6,632,440

DEFERRED INFLOWS OF RESOURCES (Cont.)

FUND BALANCES

Restricted:	\$ 31,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,133
Restricted for General Government	0	0	0	0	0	0	89,082
Restricted for Finance	39,685	0	0	0	0	0	14,844
Restricted for Administration of Justice	25,226	0	0	0	0	0	62,587
Restricted for Public Safety	27,324	0	0	0	0	0	27,324
Restricted for Public Health and Welfare	5,434	0	0	0	0	0	66,560
Restricted for Social, Cultural, and Recreational Services	0	0	478,645	0	0	0	478,645
Restricted for Highways/Public Works	0	0	0	842,493	0	0	842,493
Restricted for Debt Service	40,495	0	0	0	0	0	40,495
Restricted for Other Purposes							
Committed:							
Committed for Public Health and Welfare	0	104,802	0	0	0	0	104,802
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0	93,346	93,346
Committed for Highways/Public Works	0	0	272,153	0	0	0	272,153
Committed for Debt Service	0	0	0	2,665,244	0	0	2,665,244
Assigned:							
Assigned for General Government	691,448	0	0	0	0	0	691,448
Total Fund Balances	\$ 860,745	\$ 104,802	\$ 750,798	\$ 3,507,737	\$ 326,419	\$ 0	\$ 5,550,501
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,278,136	\$ 821,472	\$ 1,508,485	\$ 4,223,236	\$ 442,224	\$ 0	\$ 12,273,553

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

Grainger County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 5,550,501
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,739,753	
Add: infrastructure net of accumulated depreciation	1,528,438	
Add: buildings and improvements net of accumulated depreciation	8,205,362	
Add: other capital assets net of accumulated depreciation	<u>1,131,990</u>	12,605,543
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (205,000)	
Less: bonds payable	(26,790,000)	
Add: deferred amount on refunding	1,333,622	
Less: compensated absences payable	(103,229)	
Less: landfill closure/postclosure care costs	(1,203,965)	
Less: accrued interest on bonds and notes	(82,087)	
Less: unamortized premium on debt	<u>(447,283)</u>	(27,497,942)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>516,389</u>
Net position of governmental activities (Exhibit A)		<u>\$ (8,825,509)</u>

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

Exhibit C-3

Granger County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	Major Funds					General Capital Projects
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General	
<u>Revenues</u>						
Local Taxes	\$ 4,207,336	\$ 754,229	\$ 640,738	\$ 1,242,023	\$ 0	\$ 0
Licenses and Permits	66,299	0	0	0	0	0
Fines, Forfeitures, and Penalties	62,477	3,537	2,899	4,532	0	0
Charges for Current Services	759,324	0	0	0	0	0
Other Local Revenues	55,298	8,446	12,225	117,779	0	0
Fees Received from County Officials	364,018	0	0	0	0	0
State of Tennessee	1,243,018	79,530	1,759,667	94,760	0	0
Federal Government	541,251	0	0	0	0	0
Other Governments and Citizens Groups	24,614	0	0	700,000	0	0
Total Revenues	\$ 7,323,635	\$ 845,742	\$ 2,415,529	\$ 2,159,094	\$ 0	\$ 0

Expenditures

Current:						
General Government	\$ 1,211,018	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	281,653	0	0	0	0	0
Administration of Justice	573,740	0	0	0	0	0
Public Safety	2,766,603	0	0	0	0	0
Public Health and Welfare	1,571,176	774,686	0	0	0	0
Social, Cultural, and Recreational Services	179,175	0	0	0	0	0
Agriculture and Natural Resources	152,225	0	0	0	0	0
Other Operations	897,846	0	0	0	0	0
Highways	38,140	0	2,343,708	0	0	0
Debt Service:						
Principal on Debt	0	0	0	1,538,000	0	0
Interest on Debt	0	0	0	554,216	0	0
Other Debt Service	0	0	0	105,788	45,111	0

(Continued)

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

	Major Funds				
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects
<u>Expenditures (Cont.)</u>					
Capital Projects	0 \$	0 \$	0 \$	0 \$	2,476,372
Total Expenditures	<u>7,671,576 \$</u>	<u>774,686 \$</u>	<u>2,343,708 \$</u>	<u>2,198,004 \$</u>	<u>2,521,483</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(347,941) \$</u>	<u>71,056 \$</u>	<u>71,821 \$</u>	<u>(38,910) \$</u>	<u>(2,521,483)</u>
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	0 \$	0 \$	0 \$	0 \$	2,500,000
Notes Issued	165,000	0	15,000	0	0
Refunding Debt Issued	0	0	0	4,315,000	0
Premiums on Debt Issued	0	0	0	141,617	21,483
Proceeds from Sale of Capital Assets	16,190	0	0	0	0
Insurance Recovery	5,817	0	0	0	0
Transfers In	0	0	0	104,791	0
Transfers Out	0	0	(104,791)	0	0
Payments to Refunded Debt Escrow Agent	0	0	0	(4,375,997)	0
Total Other Financing Sources (Uses)	<u>187,007 \$</u>	<u>0 \$</u>	<u>(89,791) \$</u>	<u>185,411 \$</u>	<u>2,521,483</u>
Net Change in Fund Balances	<u>(160,934) \$</u>	<u>71,056 \$</u>	<u>(17,970) \$</u>	<u>146,501 \$</u>	<u>0</u>
Fund Balance, July 1, 2013	<u>1,021,679</u>	<u>33,746</u>	<u>768,768</u>	<u>3,361,236</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>860,745 \$</u>	<u>104,802 \$</u>	<u>750,798 \$</u>	<u>3,507,737 \$</u>	<u>0</u>

(Continued)

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

	Nonmajor Funds		Total
	Other	Govern- mental Funds	Governmen- tal Funds
<u>Revenues</u>			
Local Taxes	\$ 110,904	\$	6,955,230
Licenses and Permits	0		66,299
Fines, Forfeitures, and Penalties	13,838		87,283
Charges for Current Services	378,845		1,138,169
Other Local Revenues	6,030		199,778
Fees Received from County Officials	0		364,018
State of Tennessee	11,371		3,188,346
Federal Government	0		541,251
Other Governments and Citizens Groups	0		724,614
Total Revenues	<u>\$ 520,988</u>	<u>\$</u>	<u>13,264,988</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 13	\$	1,211,031
Finance	356,038		637,691
Administration of Justice	0		573,740
Public Safety	5,773		2,772,376
Public Health and Welfare	0		2,345,862
Social, Cultural, and Recreational Services	136,214		315,389
Agriculture and Natural Resources	0		152,225
Other Operations	0		897,846
Highways	0		2,381,848
Debt Service:			
Principal on Debt	0		1,538,000
Interest on Debt	0		554,216
Other Debt Service	0		150,899

(Continued)

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

	Nonmajor Funds		
	Other	Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>			
Capital Projects	0	0	2,476,372
Total Expenditures	<u>498,038</u>	<u>0</u>	<u>16,007,495</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,950</u>	<u>0</u>	<u>(2,742,507)</u>
<u>Other Financing Sources (Uses)</u>			
Bonds Issued	0	0	2,500,000
Notes Issued	0	0	180,000
Refunding Debt Issued	0	0	4,315,000
Premiums on Debt Issued	0	0	163,100
Proceeds from Sale of Capital Assets	0	0	16,190
Insurance Recovery	2,593	0	8,410
Transfers In	0	0	104,791
Transfers Out	0	0	(104,791)
Payments to Refunded Debt Escrow Agent	0	0	(4,375,997)
Total Other Financing Sources (Uses)	<u>2,593</u>	<u>0</u>	<u>2,806,703</u>
Net Change in Fund Balances	25,543	0	64,196
Fund Balance, July 1, 2013	300,876	0	5,486,305
Fund Balance, June 30, 2014	<u>326,419</u>	<u>0</u>	<u>5,550,501</u>

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

Exhibit C-4

Grainger County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2014

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)		\$	64,196
(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	\$	272,132	
Less: current-year depreciation expense		<u>(502,534)</u>	(230,402)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Less: book value of capital assets disposed	\$	(90,000)	
Add: capital assets donated		<u>366,264</u>	276,264
(3) 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, 2014	\$	516,389	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(550,282)</u>	(33,893)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: refunding bond proceeds	\$	(4,315,000)	
Less: bond proceeds		(2,500,000)	
Less: note proceeds		(180,000)	
Less: change in premium on debt		(75,836)	
Add: principal payments on bonds		1,410,000	
Add: principal payments on notes		25,000	
Add: principal payments on other loans		103,000	
Add: bonds refunded		4,130,000	
Add: change in deferred amount on refunding debt		<u>43,127</u>	(1,359,709)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	28,813	
Change in compensated absences payable		(3,309)	
Change in landfill closure/postclosure care costs		<u>(8,633)</u>	16,871
Change in net position of governmental activities (Exhibit B)			<u>\$ (1,266,673)</u>

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

Exhibit C-5

Granger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,207,336	\$ 0	\$ 4,207,336	\$ 3,988,200	\$ 3,988,200	\$ 219,136
Licenses and Permits	66,299	0	66,299	61,100	61,100	5,199
Fines, Forfeitures, and Penalties	62,477	0	62,477	50,350	50,350	12,127
Charges for Current Services	759,324	0	759,324	795,450	795,450	(36,126)
Other Local Revenues	55,298	0	55,298	80,800	48,208	7,090
Fees Received from County Officials	364,018	0	364,018	340,000	340,000	24,018
State of Tennessee	1,243,018	0	1,243,018	1,132,900	1,172,812	70,206
Federal Government	541,251	0	541,251	490,610	549,836	(8,585)
Other Governments and Citizens Groups	24,614	0	24,614	0	24,614	0
Total Revenues	\$ 7,323,635	\$ 0	\$ 7,323,635	\$ 6,939,410	\$ 7,030,570	\$ 293,065

Expenditures

<u>General Government</u>						
County Commission	\$ 56,001	\$ 0	\$ 56,001	\$ 60,905	\$ 60,905	\$ 4,904
Board of Equalization	500	0	500	1,200	1,200	700
Beer Board	0	0	0	2,000	2,000	2,000
Budget and Finance Committee	500	0	500	4,000	4,000	3,500
County Mayor/Executive	186,337	0	186,337	198,324	198,324	11,987
Election Commission	194,174	0	194,174	182,168	202,458	8,284
Register of Deeds	164,195	719	164,914	188,993	188,993	24,079
Planning	17,125	0	17,125	19,750	19,750	2,625
County Buildings	89,308	200	89,508	102,725	95,832	6,324
Other Facilities	487,233	0	487,233	314,300	489,300	2,067
Preservation of Records	15,645	0	15,645	23,458	23,458	7,813
<u>Finance</u>						
Property Assessor's Office	148,803	0	148,803	174,710	174,710	25,907
County Trustee's Office	67,596	0	67,596	89,300	89,300	21,704

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Clerk's Office		0 \$	65,254 \$	74,786 \$	74,786 \$	9,532
<u>Administration of Justice</u>						
Circuit Court	175,886	0	175,886	192,379	192,379	16,493
General Sessions Court	174,685	0	174,685	183,774	183,774	9,089
Chancery Court	124,826	0	124,826	138,230	138,230	13,404
Juvenile Court	98,343	0	98,343	126,120	126,120	27,777
<u>Public Safety</u>						
Sheriff's Department	1,288,929	0	1,288,929	1,260,953	1,306,050	17,121
Jail	1,214,997	0	1,214,997	1,196,520	1,178,920	(36,077)
Fire Prevention and Control	1,500	0	1,500	1,500	1,500	0
Civil Defense	45,223	0	45,223	54,491	55,813	10,590
Other Emergency Management	212,500	0	212,500	212,500	212,500	0
Inspection and Regulation	3,454	0	3,454	3,484	3,484	30
<u>Public Health and Welfare</u>						
Local Health Center	49,159	0	49,159	67,750	78,510	29,351
Ambulance/Emergency Medical Services	1,492,553	556	1,493,109	1,574,588	1,574,588	81,479
Crippled Children Services	0	0	0	1,257	1,257	1,257
Other Local Health Services	0	0	0	1,950	1,950	1,950
Appropriation to State	14,764	0	14,764	19,000	19,000	4,236
General Welfare Assistance	6,000	0	6,000	10,000	10,000	4,000
Aid to Dependent Children	4,700	0	4,700	4,700	4,700	0
Other Local Welfare Services	4,000	0	4,000	4,000	4,000	0
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	42,561	0	42,561	53,176	53,176	10,615
Libraries	136,614	0	136,614	154,250	154,250	17,636

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	\$ 59,191	\$ 0	\$ 59,191	\$ 62,684	\$ 62,684	\$ 3,493
Soil Conservation	93,034	0	93,034	111,649	111,649	18,615
<u>Other Operations</u>						
Tourism	1,000	0	1,000	1,200	1,200	200
Industrial Development	64,499	0	64,499	64,630	64,630	131
Other Economic and Community Development	483,980	0	483,980	450,000	500,000	16,020
Veterans' Services	12,521	0	12,521	13,606	13,606	1,085
Other Charges	267,524	0	267,524	308,000	292,000	24,476
Contributions to Other Agencies	3,551	0	3,551	3,955	3,956	405
Miscellaneous	64,771	0	64,771	71,800	71,800	7,029
<u>Highways</u>						
Litter and Trash Collection	38,140	0	38,140	39,270	39,270	1,130
<b>Total Expenditures</b>	<b>\$ 7,671,576</b>	<b>\$ 1,475</b>	<b>\$ 7,673,051</b>	<b>\$ 7,824,035</b>	<b>\$ 8,086,012</b>	<b>\$ 412,961</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (347,941)</b>	<b>\$ (1,475)</b>	<b>\$ (349,416)</b>	<b>\$ (884,625)</b>	<b>\$ (1,055,442)</b>	<b>\$ 706,026</b>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 165,000	\$ 0	\$ 165,000	\$ 100,000	\$ 265,000	\$ (100,000)
Proceeds from Sale of Capital Assets	16,190	0	16,190	0	0	16,190
Insurance Recovery	5,817	0	5,817	0	5,817	0
<b>Total Other Financing Sources</b>	<b>\$ 187,007</b>	<b>\$ 0</b>	<b>\$ 187,007</b>	<b>\$ 100,000</b>	<b>\$ 270,817</b>	<b>\$ (83,810)</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2013</b>	<b>\$ (160,934)</b>	<b>\$ (1,475)</b>	<b>\$ (162,409)</b>	<b>\$ (784,625)</b>	<b>\$ (784,625)</b>	<b>\$ 622,216</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 860,745</b>	<b>\$ (1,475)</b>	<b>\$ 859,270</b>	<b>\$ 85,897</b>	<b>\$ 85,897</b>	<b>\$ 773,373</b>

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

Exhibit C-6

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 754,229	\$ 731,300	\$ 731,300	\$ 22,929
Fines, Forfeitures, and Penalties	3,537	2,720	2,720	817
Other Local Revenues	8,446	12,000	12,000	(3,554)
State of Tennessee	79,530	76,000	76,000	3,530
Total Revenues	<u>\$ 845,742</u>	<u>\$ 822,020</u>	<u>\$ 822,020</u>	<u>\$ 23,722</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 755,926	\$ 838,050	\$ 883,050	\$ 127,124
Recycling Center	9,600	9,600	9,600	0
Postclosure Care Costs	9,160	14,000	14,000	4,840
Total Expenditures	<u>\$ 774,686</u>	<u>\$ 861,650</u>	<u>\$ 906,650</u>	<u>\$ 131,964</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 71,056</u>	<u>\$ (39,630)</u>	<u>\$ (84,630)</u>	<u>\$ 155,686</u>
Net Change in Fund Balance	\$ 71,056	\$ (39,630)	\$ (84,630)	\$ 155,686
Fund Balance, July 1, 2013	<u>33,746</u>	<u>39,630</u>	<u>84,630</u>	<u>(50,884)</u>
Fund Balance, June 30, 2014	<u>\$ 104,802</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 104,802</u>

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

Exhibit C-7

Grainger County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 640,738	\$ 629,500	\$ 613,391	\$ 27,347
Fines, Forfeitures, and Penalties	2,899	2,100	2,100	799
Other Local Revenues	12,225	0	7,930	4,295
State of Tennessee	1,759,667	1,702,043	1,718,152	41,515
Total Revenues	\$ 2,415,529	\$ 2,333,643	\$ 2,341,573	\$ 73,956
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 143,442	\$ 166,736	\$ 166,348	\$ 22,906
Highway and Bridge Maintenance	1,420,046	1,601,807	1,616,807	196,761
Operation and Maintenance of Equipment	291,142	326,900	326,900	35,758
Other Charges	196,727	200,725	200,725	3,998
Capital Outlay	292,351	310,600	318,918	26,567
Total Expenditures	\$ 2,343,708	\$ 2,606,768	\$ 2,629,698	\$ 285,990
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,821	\$ (273,125)	\$ (288,125)	\$ 359,946
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 15,000	\$ 0	\$ 15,000	\$ 0
Transfers Out	(104,791)	(110,000)	(110,000)	5,209
Total Other Financing Sources	\$ (89,791)	\$ (110,000)	\$ (95,000)	\$ 5,209
Net Change in Fund Balance	\$ (17,970)	\$ (383,125)	\$ (383,125)	\$ 365,155
Fund Balance, July 1, 2013	768,768	620,820	620,820	147,948
Fund Balance, June 30, 2014	\$ 750,798	\$ 237,695	\$ 237,695	\$ 513,103

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

Exhibit D

Grainger County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 721,940
Due from Other Governments	<u>117,839</u>
Total Assets	<u>\$ 839,779</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 117,839
Due to Litigants, Heirs, and Others	<u>721,940</u>
Total Liabilities	<u>\$ 839,779</u>

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

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**GRAINGER COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**GRAINGER COUNTY, TENNESSEE**  
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**GRAINGER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

The Grainger County School Department operates the public school system in the county, and the voters of Grainger County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

The Grainger County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Grainger County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

**Related Organization** – The Grainger County Industrial Development Board is a related organization of Grainger County. The Grainger County Commission elects the board members, but the county’s accountability does not extend beyond making the appointments.

**B. Government-wide and Fund Financial Statements**

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

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

Grainger County issues all debt for the discretely presented Grainger County School Department. Net debt issues totaling \$2,476,372 were contributed by the county to the School Department during the year ended June 30, 2014.

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

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

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

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

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

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

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

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

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

Grainger County reports the following major governmental funds:

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

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

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

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

**General Capital Projects Fund** – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities

Additionally, Grainger County reports the following fund type:

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

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

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

**Education Capital Projects Fund** – This fund is used to account for the receipt of debt issued by Grainger County and contributed to the School Department for building construction and renovations.

Additionally, the Grainger County School Department reports the following fund type:

**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.

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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

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

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

2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## 2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible ambulance receivables is management's estimate based on prior collections and aging reports. The allowance for uncollectible property taxes is equal to 1.9 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

**3. Capital Assets**

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

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

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

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

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

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

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and/or the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. Compensated Absences**

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

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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 closure/postclosure care costs, retirement incentives and honorariums, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Grainger County had \$22,963,000 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of Grainger County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grainger County has incurred a liability significantly decreasing its unrestricted net position 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 makes assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund consists of amounts appropriated for use in the 2014-15 budget (\$691,448). Assigned fund balance in the School Department's General Purpose School Fund consists primarily of amounts assigned for use in the 2014-15 budget (\$641,834) and future capital outlays (\$1,977,571).

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

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**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 Position.

**Discretely Presented Grainger County School Department**

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

**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 position of governmental activities reported in the government-wide Statement of Activities.

**Discretely Presented Grainger County School Department**

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position 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 capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

**B. Cash Overdraft**

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$140,134 at June 30, 2014. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2014.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in one major appropriation category (the legal level of control) of the General Fund as presented below:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Jail	\$ 36,077

**D. Indictment of Sheriff's Department Employees**

On January 8, 2014, pursuant to an investigation of the Sheriff's Department by the Tennessee Bureau of Investigation, five department employees were indicted by the Grainger County Grand Jury. The employees were indicted for a total of 24 counts, including one count of theft under \$500; multiple accounts of sexual contact with inmates; letting prisoners out to buy pizzas, selling cell phones, and other contraband, etc. Two of the employees have

since pled guilty to certain charges. One employee pled guilty to theft under \$500, and a second employee pled guilty to charges of sexual contact with an inmate and official misconduct. The three remaining employees are awaiting trial on their indictments. See Notes V.C. and V.D. regarding litigation brought by inmates against the county.

#### **IV. DETAILED NOTES ON ALL FUNDS**

##### **A. Deposits and Investments**

Grainger County and the Grainger County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2014.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets				
Not Depreciated:				
Land	\$ 1,829,753	\$ 0	\$ (90,000)	\$ 1,739,753
Total Capital Assets				
Not Depreciated	\$ 1,829,753	\$ 0	\$ (90,000)	\$ 1,739,753
Capital Assets				
Depreciated:				
Buildings and Improvements	\$ 10,933,922	\$ 171,263	\$ (28,823)	\$ 11,076,362
Roads and Bridges	11,945,825	0	0	11,945,825
Other Capital Assets	3,829,399	467,133	(15,000)	4,281,532
Total Capital Assets				
Depreciated	\$ 26,709,146	\$ 638,396	\$ (43,823)	\$ 27,303,719

**Governmental Activities Cont.):**

	Balance		Balance	
	7-1-13	Increases	Decreases	6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,657,654	\$ 242,169	\$ (28,823)	\$ 2,871,000
Roads and Bridges	10,362,869	54,518	0	10,417,387
Other Capital Assets	2,958,695	205,847	(15,000)	3,149,542
Total Accumulated Depreciation	<u>\$ 15,979,218</u>	<u>\$ 502,534</u>	<u>\$ (43,823)</u>	<u>\$ 16,437,929</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,729,928</u>	<u>\$ 135,862</u>	<u>\$ 0</u>	<u>\$ 10,865,790</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,559,681</u>	<u>\$ 135,862</u>	<u>\$ (90,000)</u>	<u>\$ 12,605,543</u>

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

**Governmental Activities:**

General Government	\$ 39,269
Administration of Justice	81,161
Public Safety	191,372
Public Health and Welfare	71,981
Social, Cultural, and Recreational Services	29,367
Highway/Public Works	<u>89,384</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 502,534</u>

**Discretely Presented Grainger County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 841,582	\$ 0	\$ 0	\$ 841,582
Construction in Progress	54,926	959,054	(726,673)	287,307
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 896,508</b>	<b>\$ 959,054</b>	<b>\$ (726,673)</b>	<b>\$ 1,128,889</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 42,128,593	\$ 964,039	\$ 0	\$ 43,092,632
Other Capital Assets	3,801,157	322,009	(8,000)	4,115,166
<b>Total Capital Assets Depreciated</b>	<b>\$ 45,929,750</b>	<b>\$ 1,286,048</b>	<b>\$ (8,000)</b>	<b>\$ 47,207,798</b>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 10,147,663	\$ 928,196	\$ 0	\$ 11,075,859
Other Capital Assets	1,758,874	356,464	(1,971)	2,113,367
<b>Total Accumulated Depreciation</b>	<b>\$ 11,906,537</b>	<b>\$ 1,284,660</b>	<b>\$ (1,971)</b>	<b>\$ 13,189,226</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 34,023,213</b>	<b>\$ 1,388</b>	<b>\$ (6,029)</b>	<b>\$ 34,018,572</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 34,919,721</b>	<b>\$ 960,442</b>	<b>\$ (732,702)</b>	<b>\$ 35,147,461</b>

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

**Governmental Activities:**

Instruction	\$ 928,196
Support Services	<u>356,464</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 1,284,660</u></b>

**C. Construction Commitments**

At June 30, 2014, the School Department's Education Capital Projects Fund had uncompleted construction contracts of \$2,879,840 for school additions and renovations. There is currently \$2,459,181 available in the Education Capital Projects Fund for these future expenditures. The remainder is

expected to be funded from assigned fund balance of the General Purpose School Fund.

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

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Debt Service	\$ 28,356
"	Nonmajor governmental	8,487
Nonmajor governmental	General	1,166

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

**Due to/from Primary Government and Component Units:**

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Unit: School Department: General Purpose School	\$ 700,000

This balance resulted from the accrual of the current-year's contributions due from the School Department for debt requirements on school related debt.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following amount:

**Primary Government**

<u>Transfer Out</u>	<u>Transfer In</u>
	General Debt Service Fund
Highway/Public Works Fund	\$ 104,791

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 Obligations**

**Primary Government**

**General Obligation Bonds and Notes**

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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 purchases such as equipment.

General obligation bonds, other loans, and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 20 years for bonds and up to nine years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities were as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-14</u>
General Obligation Bonds:				
School Purposes	2 to 4.32 %	5-1-34	\$ 27,000,000	\$ 3,380,000
General Obligation Bonds - Refunding:				
Primary Government				
Purposes	1.92	5-1-30	3,995,000	3,827,000
School Purposes	1.92 to 2	5-1-30	20,095,000	19,583,000
Capital Outlay Notes	2.75 to 4.97	1-16-18	405,000	205,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2014, including interest payments, are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,490,000	\$ 569,625	\$ 2,059,625
2016	1,505,000	522,375	2,027,375
2017	1,540,000	493,600	2,033,600
2018	1,565,000	464,099	2,029,099
2019	1,600,000	434,150	2,034,150
2020-2024	8,360,000	1,702,823	10,062,823
2025-2029	8,050,000	894,636	8,944,636
2030-2034	2,680,000	156,050	2,836,050
Total	\$ 26,790,000	\$ 5,237,358	\$ 32,027,358

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 81,250	\$ 4,579	\$ 85,829
2016	41,250	2,916	44,166
2017	41,250	2,916	44,166
2018	41,250	2,916	44,166
Total	\$ 205,000	\$ 13,327	\$ 218,327

There is \$3,507,737 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes, totaled \$1,191, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2013	\$ 25,515,000	\$ 50,000	\$ 103,000
Additions	6,815,000	180,000	0
Reductions	(5,540,000)	(25,000)	(103,000)
Balance, June 30, 2014	<u>\$ 26,790,000</u>	<u>\$ 205,000</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 1,490,000</u>	<u>\$ 81,250</u>	<u>\$ 0</u>

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2013	\$ 99,920	\$ 1,195,332
Additions	17,038	17,793
Reductions	(13,729)	(9,160)
Balance, June 30, 2014	<u>\$ 103,229</u>	<u>\$ 1,203,965</u>
Balance Due Within One Year	<u>\$ 20,646</u>	<u>\$ 55,351</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 28,302,194
Less: Balance Due Within One Year	(1,647,247)
Add: Unamortized Premium on Debt	<u>447,283</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 27,102,230</u>

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

Advance Refunding

During the year, Grainger County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$4,315,000 of general obligation refunding bonds on March 27, 2014, to

provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt until the call date of May 1, 2015. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next six years will be reduced by \$237,831 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$219,001 was obtained.

At June 30, 2014, the following outstanding bonds are considered defeased:

	<u>Amount</u>
General Obligation School Bonds, Series 2005 (callable 5-1-15)	\$ 4,130,000

Defeasance of Prior Debt

In the prior year, Grainger County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled and to call and redeem the outstanding bonds on their call dates. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2014, the following outstanding bonds are considered defeased:

	<u>Amount</u>
General Obligation School Bonds, Series 2005 (callable 5-1-15)	\$ 11,065,000
General Obligation School Bonds, Series 2006 (callable 5-1-15)	3,045,000

**Discretely Presented Grainger County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

	Retirement Honorarium	Retirement Incentive	Other Postemployment Benefits
Balance, July 1, 2013	\$ 351,600	\$ 15,000	\$ 3,754,647
Additions	22,850	5,000	617,869
Reductions	(17,250)	(10,000)	(318,455)
Balance, June 30, 2014	<u>\$ 357,200</u>	<u>\$ 10,000</u>	<u>\$ 4,054,061</u>
Balance Due Within One Year	<u>\$ 8,000</u>	<u>\$ 10,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 4,421,261
Less: Balance Due within One Year	<u>(18,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,403,261</u>

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

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grainger County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$144,696 and \$19,745, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

Grainger County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes

were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2014, was as follows:

Fund	Balance 7-1-13	Issued	Paid	Balance 6-30-14
General	\$ 0	\$ 600,000	\$ (600,000)	\$ 0
Solid Waste/Sanitation	0	200,000	(200,000)	0

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

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

The county provides commercial health insurance coverage for its active employees. Retirees are not eligible to participate in the county's health plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Discretely Presented Grainger County School Department**

The discretely presented Grainger County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

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

fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The School Department provides commercial health insurance coverage for its active noncertified personnel. Retirees are not eligible to participate in the commercial health plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**C. Subsequent Events**

Subsequent to June 30, 2014, Grainger County utilized idle funds of the General Debt Service Fund to issue tax anticipation notes in advance of property tax collections for the General and Solid Waste/Sanitation funds totaling \$600,000 and \$200,000, respectively.

On August 31, 2014, the following changes in administration occurred: Scott Layel left the Office of Sheriff and was succeeded by James Harville, Donald Nance left the Office of Trustee and was succeeded by Rena Greer, and Dorothy Reagan left the Office of Register of Deeds and was succeeded by Rick Diamond.

Subsequent to June 30, 2014, three inmates of the Grainger County jail filed suit against the county. The suit alleges improper treatment including sexual assault of the inmates during their incarceration. Currently, the county's insurance carrier is providing a defense for this matter under a reservation of rights. Therefore, if the suit is successful, there is a potential liability to the county.

**D. Contingent Liabilities**

In the prior year annual financial report, a contingent liability was reported for a lawsuit filed by three inmates. The lawsuit was defended by the county's insurance carrier and was dismissed without cost to the county. However, as discussed in Note V.C., there are potential effects from another suit filed by three different inmates subsequent to June 30, 2014.

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

**E. Landfill Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Grainger County closed its sanitary landfill in 2002. The \$1,203,965 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Cocke, Grainger, and Jefferson counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Grainger County made no contributions to the DTF for the year ended June 30, 2014, and does not have any equity interest in this joint venture.

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

Administrative Office:

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

**G. Jointly Governed Organization**

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

**H. Retirement Commitments**

**Plan Description**

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

Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Grainger County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.99 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, 2014, Grainger County's annual pension cost of \$741,468 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was three 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
6-30-14	\$741,468	100%	\$0
6-30-13	753,489	100	0
6-30-12	776,053	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.78 percent funded. The actuarial accrued liability for benefits was \$18.61 million, and the actuarial value of assets was \$18.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.41 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.12 million, and the ratio of the UAAL to the covered payroll was 5.79 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 Grainger County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by

the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](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, 2014, was 8.88 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, 2014, 2013, and 2012, were \$1,057,354, \$1,036,085, and \$1,047,711, respectively, equal to the required contributions for each year.

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

### **Discretely Presented Grainger County School Department**

#### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)* for teachers. 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 the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, the discretely presented Grainger County School Department contributed \$318,455 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 614,000
Interest on the NOPEBO	150,186
Adjustment to the ARC	<u>(146,317)</u>
Annual OPEB cost	\$ 617,869
Amount of contribution	<u>(318,455)</u>
Increase/decrease in NOPEBO	\$ 299,414
Net OPEB obligation, 7-1-13	<u>3,754,647</u>
Net OPEB obligation, 6-30-14	<u><u>\$ 4,054,061</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 994,132	33%	\$ 3,052,794
6-30-13	"	1,003,493	30	3,754,647
6-30-14	"	617,869	52	4,054,061

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 5,929,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,929,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 15,253,439
UAAL as a % of covered payroll	39%

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, 2013, actuarial valuation for the Local Education Plan, 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 health care cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The 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 July 1, 2007.

**J. Termination Benefits**

The discretely presented School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This plan is available to all certified teachers who retire from the School Department with at least ten years of service in Grainger County and are between the ages of 55 and 60, or have a minimum of 30 years of credited service in the Tennessee Consolidated Retirement System. The plan provides teachers who have met the noted requirements, a bonus of \$5,000 paid in two equal installments. During the year, expenditures of \$10,000 were recognized for retirement incentive bonus payments. At June 30, 2014, three individuals were participating in the program and were owed \$10,000, with the entire amount being due within one year.

In addition to the previously mentioned retirement incentive, the discretely presented School Department offers an additional retirement honorarium payment. To be eligible, certified employees must retire with at least ten years of service with the School Department. Under the terms of the plan, employees with 30 or more years of experience at the end of the 2005-06 school year shall receive \$100 for each school year of service with the School Department up to a maximum of \$4,000. Employees with less than 30 years of experience at the end of the 2005-06 school year shall receive \$100 for each school year of service in the School Department up to a maximum of \$3,000. As of June 30, 2014, 179 employees met the requirements of this benefit. The estimated cost of these cash payments reported in the government-wide Statement of Net Position is \$357,200. Of that amount, \$8,000 is due within one year. The governmental funds' financial statements reflect retirement honorarium expenditures of \$17,250 in the General Purpose School Fund.

**K. Purchasing Laws**

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

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

**A. Summary of Significant Accounting Policies**

Grainger County Emergency Communications District is a 911 service that receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units. The district is a component unit of another governmental entity. Grainger County is the primary government in whose financial reporting entity Grainger County E-911 is included. The district expects to receive a significant portion of its income from the tax revenues of Grainger County. Also, Grainger County's legislative body approves board members and annual operating contributions to the district.

The criteria for including organizations as component units within a county's reporting entity, as set forth in Section 2100 of *GASB Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the county appoints all of the organization's board
- the county is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the county
- there is fiscal dependency by the organization on the county

**1. Basis of Presentation**

The financial statements of the district have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district applies all GASB pronouncements. The more significant accounting policies of the district are described below.

The entity is a proprietary fund type known as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a “flow of economic resources” measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

**2. Method of Accounting**

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

**3. Net Position**

The district classifies net position into three components – 1) net investment in capital assets, 2) restricted for debt service, and 3) unrestricted.

**4. Cash and Cash Equivalents**

For purposes of these financial statements, the district considers all highly liquid investments having original maturity dates of three months or less to be cash equivalents.

**5. Budgetary Principles**

Prior to the beginning of the fiscal year, the Board of Directors adopts an annual budget. All revisions must be approved by the board. All annual appropriations lapse at fiscal year end. Budgetary control is maintained at the line-item level.

The district prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a restriction of fund balance (GAAP). At June 30, 2014, the district had no encumbrances.

**6. Capital Assets**

Capital assets owned by the district are recorded at cost, or if contributed property, at their fair market value at the time of

contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method.

**7. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**8. Operating and Nonoperating Revenues and Expenses**

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as nonoperating in the financial statements.

**9. Restricted and Unrestricted Resources**

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

**10. Recently Issued and Adopted Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement No. 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement No. 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution

pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations.

Statement No. 67 was implemented during the current year; No. 68 will be implemented on July 1, 2014.

**B. Cash and Investments**

Cash consisted of the following at June 30, 2014:

Cash in bank	<u>\$ 552,930</u>
Twelve-month certificate of deposit, maturing February 21, 2015, with an interest rate of .95 percent	<u>\$ 101,861</u>

At June 30, 2014, \$250,000 of the district's deposits is insured by federal depository insurance and the remaining is collateralized. Investment policies of the district follow state law and bond requirements prohibiting investments that are not secured or issued by the U.S. Government.

**C. Capital Assets**

Capital assets, together with annual depreciation and amortization rates, consist of the following:

	Balance			Balance	Depreciation
	7-1-13	Increases	Decreases	6-30-14	Rates
Capital Assets Being Depreciated:					
Communication Equipment	\$ 438,990	\$ 138,198	\$ (132,387)	\$ 444,801	10 - 20%
Building and Improvements	8,315	0	0	8,315	
Furniture and Fixtures	5,585	628	(5,585)	628	10%
Other Fixed Assets	5,045	0	(5,045)	0	10%
Office Equipment	0	9,321	0	9,321	20%
Vehicles	0	29,501	0	29,501	20%
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 457,935</b>	<b>\$ 177,648</b>	<b>\$ (143,017)</b>	<b>\$ 492,566</b>	
Less Accumulated Depreciation For:					
Communication Equipment	\$ (157,767)	\$ (80,783)	\$ 132,251	\$ (106,299)	
Building and Improvements	(2,871)	(1,188)	0	(4,059)	
Furniture and Fixtures	(5,312)	(366)	5,585	(93)	
Other Fixed Assets	(4,664)	(380)	5,045	1	
Office Equipment	0	0	0	0	
Vehicles	0	(3,933)	0	(3,933)	
<b>Total Accumulated Depreciation</b>	<b>\$ (170,614)</b>	<b>\$ (86,650)</b>	<b>\$ 142,881</b>	<b>\$ (114,383)</b>	
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 287,321</b>	<b>\$ 90,998</b>	<b>\$ (136)</b>	<b>\$ 378,183</b>	
<b>Total Net Capital Assets</b>	<b>\$ 287,321</b>	<b>\$ 90,998</b>	<b>\$ (136)</b>	<b>\$ 378,183</b>	

Depreciation charged to expense totaled \$86,650 for the year ended June 30, 2014.

**D. Compensated Absences**

The vacation year is a calendar year beginning January 1 and ending December 31. Regular full-time employees accumulate the following hours of vacation:

<u>Years of Service</u>	<u>Vacation Hours Earned</u>
1 - 2	40
3 - 10	80
11 - 15	120

Employees may accrue annual vacation leave up to a maximum of 192 hours. Unpaid vacation leave totaled \$10,844 for the year ended June 30, 2014.

Sick leave is earned by regular full-time employees at the rate of one day per month for a total of 12 days earned per year. Sick leave can be accumulated and carried forward year-to-year, without any maximum limitation. Employees shall not be paid for accumulated sick leave credit days, but shall be able to count the unused sick leave credit days toward their retirement, to the extent allowed under the rules and regulations under the Tennessee Consolidated Retirement System. It is management's belief that sick leave does not vest, and therefore, no accrual of such leave has been made.

**E. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district purchases commercial insurance for all of these risks of loss. There have been no claims that have exceeded the insurance coverage during the three prior years.

**F. Retirement Plan**

Employees of Grainger County Emergency Communications 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). The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service, who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Grainger County Emergency Communications 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 the 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**

Grainger County Emergency Communications District requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 3.35 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, 2014, Grainger County Emergency Communications District’s annual pension cost of \$7,737 to the TCRS was equal to the district’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was ten 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
6-30-14	\$ 7,737	100%	\$ 0
6-30-13	8,223	100	0
6-30-12	8,026	100	0

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 91.32 percent funded. The actuarial accrued liability for benefits was

\$.25 million, and the actuarial value of assets was \$.23 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 \$.22 million, and the ratio of the UAAL to the covered payroll was 9.81 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Grainger County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Grainger County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 18,196	\$ 18,609	\$ 413	97.78 %	\$ 7,125	5.79 %
7-1-11	15,292	16,445	1,153	92.99	6,768	17.04
7-1-09	11,535	12,412	876	92.94	6,467	13.55

Exhibit E-2

Grainger County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Grainger County School Department  
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 8,095	\$ 8,095	0 %	\$ 14,358	56 %
"	7-1-11	0	9,300	9,300	0	14,705	63
"	7-1-13	0	5,929	5,929	0	15,253	39

**GRAINGER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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

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

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

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

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

Exhibit F-1

Grainger County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	
\$	0 \$	0 \$	0 \$	0 \$	74,374 \$	74,374
	12,598	2,246	62,587	158,124	0	235,555
	0	0	0	0	23,195	23,195
	0	0	0	1,166	0	1,166
	0	0	0	112,011	0	112,011
	0	0	0	(4,077)	0	(4,077)
\$	12,598 \$	2,246 \$	62,587 \$	267,224 \$	97,569 \$	442,224

ASSETS

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

LIABILITIES

Due to Other Funds  
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
 Deferred Delinquent Property Taxes  
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:  
 Restricted for Finance  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Social, Cultural, and Recreational Services  
 Committed:  
 Committed for Social, Cultural, and Recreational Services  
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	8,487 \$	8,487
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	8,487 \$	8,487
\$	0 \$	0 \$	0 \$	103,662 \$	0 \$	0 \$	0 \$	103,662
\$	0 \$	0 \$	0 \$	3,656	0	0	0	3,656
\$	0 \$	0 \$	0 \$	107,318 \$	0 \$	0 \$	0 \$	107,318
\$	0 \$	0 \$	0 \$	0 \$	89,082 \$	0 \$	0 \$	89,082
\$	12,598 \$	2,246 \$	0 \$	0 \$	0 \$	0 \$	0 \$	14,844
	0	0	62,587	0	0	0	0	62,587
	0	0	0	66,560	0	0	0	66,560
	0	0	0	93,346	0	0	0	93,346
\$	12,598 \$	2,246 \$	62,587 \$	159,906 \$	89,082 \$	0 \$	0 \$	326,419
\$	12,598 \$	2,246 \$	62,587 \$	267,224 \$	97,569 \$	0 \$	0 \$	442,224

Exhibit F-2

Granger County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constituti- onal Officers - Fees		
<u>Revenues</u>							
Local Taxes	\$ 1,348	\$ 1,292	\$ 0	\$ 108,264	\$ 0	\$ 0	\$ 110,904
Fines, Forfeitures, and Penalties	0	0	13,364	474	0	0	13,838
Charges for Current Services	0	0	0	14,267	364,578	0	378,845
Other Local Revenues	0	0	40	5,990	0	0	6,030
State of Tennessee	0	0	0	11,371	0	0	11,371
Total Revenues	\$ 1,348	\$ 1,292	\$ 13,404	\$ 140,366	\$ 364,578	\$ 0	\$ 520,988
<u>Expenditures</u>							
Current:							
General Government	\$ 13	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13
Finance	0	0	0	0	356,038	0	356,038
Public Safety	0	0	5,773	0	0	0	5,773
Social, Cultural, and Recreational Services	0	495	0	135,719	0	0	136,214
Total Expenditures	\$ 13	\$ 495	\$ 5,773	\$ 135,719	\$ 356,038	\$ 0	\$ 498,038
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,335	\$ 797	\$ 7,631	\$ 4,647	\$ 8,540	\$ 0	\$ 22,950
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 2,593	\$ 0	\$ 0	\$ 2,593
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 2,593	\$ 0	\$ 0	\$ 2,593
Net Change in Fund Balances	\$ 1,335	\$ 797	\$ 7,631	\$ 7,240	\$ 8,540	\$ 0	\$ 25,543
Fund Balance, July 1, 2013	11,263	1,449	54,956	152,666	80,542	0	300,876
Fund Balance, June 30, 2014	\$ 12,598	\$ 2,246	\$ 62,587	\$ 159,906	\$ 89,082	\$ 0	\$ 326,419

Exhibit F-3

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,348	\$ 900	\$ 900	\$ 448
Total Revenues	\$ 1,348	\$ 900	\$ 900	\$ 448
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 13	\$ 10,020	\$ 10,020	\$ 10,007
Total Expenditures	\$ 13	\$ 10,020	\$ 10,020	\$ 10,007
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,335	\$ (9,120)	\$ (9,120)	\$ 10,455
Net Change in Fund Balance	\$ 1,335	\$ (9,120)	\$ (9,120)	\$ 10,455
Fund Balance, July 1, 2013	11,263	11,166	11,166	97
Fund Balance, June 30, 2014	\$ 12,598	\$ 2,046	\$ 2,046	\$ 10,552

Exhibit F-4

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,292	\$ 1,050	\$ 1,050	\$ 242
Total Revenues	\$ 1,292	\$ 1,050	\$ 1,050	\$ 242
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 495	\$ 1,220	\$ 1,220	\$ 725
Total Expenditures	\$ 495	\$ 1,220	\$ 1,220	\$ 725
Excess (Deficiency) of Revenues Over Expenditures	\$ 797	\$ (170)	\$ (170)	\$ 967
Net Change in Fund Balance	\$ 797	\$ (170)	\$ (170)	\$ 967
Fund Balance, July 1, 2013	1,449	1,456	1,456	(7)
Fund Balance, June 30, 2014	\$ 2,246	\$ 1,286	\$ 1,286	\$ 960

Exhibit F-5

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 13,364 \$	0 \$	13,364 \$	12,500 \$	12,500 \$	864
Other Local Revenues	40	0	40	0	0	40
Total Revenues	\$ 13,404 \$	0 \$	13,404 \$	12,500 \$	12,500 \$	904
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	0 \$	0 \$	0 \$	250 \$	250 \$	250
Drug Enforcement	5,773	39	5,812	28,350	28,350	22,538
Total Expenditures	\$ 5,773 \$	39 \$	5,812 \$	28,600 \$	28,600 \$	22,788
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,631 \$	(39) \$	7,592 \$	(16,100) \$	(16,100) \$	23,692
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 7,631 \$	(39) \$	7,592 \$	(16,100) \$	(16,100) \$	23,692
	54,956	0	54,956	54,841	54,841	115
Fund Balance, June 30, 2014	\$ 62,587 \$	(39) \$	62,548 \$	38,741 \$	38,741 \$	23,807

Exhibit F-6

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Sports and Recreation Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 108,264	\$ 102,450	\$ 102,450	\$ 5,814
Fines, Forfeitures, and Penalties	474	490	490	(16)
Charges for Current Services	14,267	14,000	14,000	267
Other Local Revenues	5,990	0	3,494	2,496
State of Tennessee	11,371	8,000	8,000	3,371
Total Revenues	<u>\$ 140,366</u>	<u>\$ 124,940</u>	<u>\$ 128,434</u>	<u>\$ 11,932</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 135,719	\$ 149,203	\$ 155,714	\$ 19,995
Total Expenditures	<u>\$ 135,719</u>	<u>\$ 149,203</u>	<u>\$ 155,714</u>	<u>\$ 19,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,647</u>	<u>\$ (24,263)</u>	<u>\$ (27,280)</u>	<u>\$ 31,927</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,593	\$ 0	\$ 1,563	\$ 1,030
Total Other Financing Sources	<u>\$ 2,593</u>	<u>\$ 0</u>	<u>\$ 1,563</u>	<u>\$ 1,030</u>
Net Change in Fund Balance	\$ 7,240	\$ (24,263)	\$ (25,717)	\$ 32,957
Fund Balance, July 1, 2013	<u>152,666</u>	<u>151,942</u>	<u>151,942</u>	<u>724</u>
Fund Balance, June 30, 2014	<u>\$ 159,906</u>	<u>\$ 127,679</u>	<u>\$ 126,225</u>	<u>\$ 33,681</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit G

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,242,023	\$ 1,200,000	\$ 1,200,000	\$ 42,023
Fines, Forfeitures, and Penalties	4,532	5,000	5,000	(468)
Other Local Revenues	117,779	200,000	200,000	(82,221)
State of Tennessee	94,760	110,000	110,000	(15,240)
Other Governments and Citizens Groups	700,000	700,000	700,000	0
Total Revenues	<u>\$ 2,159,094</u>	<u>\$ 2,215,000</u>	<u>\$ 2,215,000</u>	<u>\$ (55,906)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 185,000	\$ 425,000	\$ 185,000	\$ 0
Highways and Streets	103,000	103,000	103,000	0
Education	1,250,000	815,000	1,250,000	0
<u>Interest on Debt</u>				
General Government	82,115	383,500	107,164	25,049
Highways and Streets	234	5,150	3,593	3,359
Education	471,867	426,000	507,336	35,469
<u>Other Debt Service</u>				
General Government	23,611	36,000	36,000	12,389
Highways and Streets	1,557	0	1,557	0
Education	80,620	0	80,620	0
Total Expenditures	<u>\$ 2,198,004</u>	<u>\$ 2,193,650</u>	<u>\$ 2,274,270</u>	<u>\$ 76,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,910)</u>	<u>\$ 21,350</u>	<u>\$ (59,270)</u>	<u>\$ 20,360</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,315,000	\$ 0	\$ 4,315,000	\$ 0
Premiums on Debt Issued	141,617	0	141,617	0
Transfers In	104,791	0	0	104,791
Payments to Refunded Debt Escrow Agent	(4,375,997)	0	(4,375,997)	0
Total Other Financing Sources	<u>\$ 185,411</u>	<u>\$ 0</u>	<u>\$ 80,620</u>	<u>\$ 104,791</u>
Net Change in Fund Balance	\$ 146,501	\$ 21,350	\$ 21,350	\$ 125,151
Fund Balance, July 1, 2013	<u>3,361,236</u>	<u>2,763,807</u>	<u>2,763,807</u>	<u>597,429</u>
Fund Balance, June 30, 2014	<u>\$ 3,507,737</u>	<u>\$ 2,785,157</u>	<u>\$ 2,785,157</u>	<u>\$ 722,580</u>

# Fiduciary Funds

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

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

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

Exhibit H-1

Grainger County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 721,940	\$ 721,940
Due from Other Governments	117,839	0	117,839
Total Assets	<u>\$ 117,839</u>	<u>\$ 721,940</u>	<u>\$ 839,779</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 117,839	\$ 0	\$ 117,839
Due to Litigants, Heirs, and Others	0	721,940	721,940
Total Liabilities	<u>\$ 117,839</u>	<u>\$ 721,940</u>	<u>\$ 839,779</u>

## Exhibit H-2

Grainger County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 687,123	\$ 687,123	\$ 0
Due from Other Governments	109,805	117,839	109,805	117,839
Total Assets	<u>\$ 109,805</u>	<u>\$ 804,962</u>	<u>\$ 796,928</u>	<u>\$ 117,839</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 109,805	\$ 804,962	\$ 796,928	\$ 117,839
Total Liabilities	<u>\$ 109,805</u>	<u>\$ 804,962</u>	<u>\$ 796,928</u>	<u>\$ 117,839</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 484,757	\$ 3,443,578	\$ 3,206,395	\$ 721,940
Total Assets	<u>\$ 484,757</u>	<u>\$ 3,443,578</u>	<u>\$ 3,206,395</u>	<u>\$ 721,940</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 484,757	\$ 3,443,578	\$ 3,206,395	\$ 721,940
Total Liabilities	<u>\$ 484,757</u>	<u>\$ 3,443,578</u>	<u>\$ 3,206,395</u>	<u>\$ 721,940</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 484,757	\$ 3,443,578	\$ 3,206,395	\$ 721,940
Equity in Pooled Cash and Investments	0	687,123	687,123	0
Due from Other Governments	109,805	117,839	109,805	117,839
Total Assets	<u>\$ 594,562</u>	<u>\$ 4,248,540</u>	<u>\$ 4,003,323</u>	<u>\$ 839,779</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 109,805	\$ 804,962	\$ 796,928	\$ 117,839
Due to Litigants, Heirs, and Others	484,757	3,443,578	3,206,395	721,940
Total Liabilities	<u>\$ 594,562</u>	<u>\$ 4,248,540</u>	<u>\$ 4,003,323</u>	<u>\$ 839,779</u>

# Grainger County School Department

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

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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

Grainger County, Tennessee  
Statement of Activities  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 18,512,175	\$ 0	\$ 1,974,135	\$ 2,476,372	\$ (14,061,668)
Support Services	8,367,524	4,050	602,213	0	(7,761,261)
Operation of Non-instructional Services	2,789,524	550,126	1,986,079	0	(253,319)
<b>Total Governmental Activities</b>	<b>\$ 29,669,223</b>	<b>\$ 554,176</b>	<b>\$ 4,562,427</b>	<b>\$ 2,476,372</b>	<b>\$ (22,076,248)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	2,633,118
Local Option Sales Taxes					1,017,006
Business Tax					21,781
Interstate Telecommunications Tax					2,289
Grants and Contributions Not Restricted for Specific Programs					20,781,908
Unrestricted Investment Earnings					2,169
Miscellaneous					39,307
<b>Total General Revenues</b>				<b>\$</b>	<b>\$ 24,497,578</b>
Change in Net Position				\$	2,421,330
Net Position, July 1, 2013					39,103,321
Net Position, June 30, 2014				\$	\$ 41,524,651

Grainger County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Grainger County School Department  
June 30, 2014

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Governmental	Funds	
<b>ASSETS</b>					
Cash	\$ 12,396	\$ 0	\$ 1,702	\$ 14,098	
Equity in Pooled Cash and Investments	8,588,973	2,460,040	414,936	11,463,949	
Accounts Receivable	9,815	0	6,960	16,775	
Due from Other Governments	409,252	0	627,290	1,036,542	
Property Taxes Receivable	2,725,600	0	0	2,725,600	
Allowance for Uncollectible Property Taxes	(99,206)	0	0	(99,206)	
<b>Total Assets</b>	<b>\$ 11,646,830</b>	<b>\$ 2,460,040</b>	<b>\$ 1,050,888</b>	<b>\$ 15,157,758</b>	

LIABILITIES

Accounts Payable	\$ 119,593	\$ 859	\$ 60,398	\$ 180,850
Accrued Payroll	50,506	0	3,647	54,153
Payroll Deductions Payable	714,660	0	25,354	740,014
Cash Overdraft	0	0	140,134	140,134
Contracts Payable	9,321	0	0	9,321
Due to Primary Government	700,000	0	0	700,000
Other Current Liabilities	12,396	0	0	12,396
<b>Total Liabilities</b>	<b>\$ 1,606,476</b>	<b>\$ 859</b>	<b>\$ 229,533</b>	<b>\$ 1,836,868</b>

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 2,522,439	\$ 0	\$ 0	\$ 2,522,439
Deferred Delinquent Property Taxes	88,959	0	0	88,959
Other Deferred/Unavailable Revenue	89,613	0	0	89,613
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,701,011</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,701,011</b>

(Continued)

Grainger County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Grainger County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other	Governmental Funds		
<b>FUND BALANCES</b>						
Restricted:						
Restricted for Education	\$ 21,147	\$ 0	\$ 0	\$ 621,355	\$ 642,502	
Restricted for Capital Projects	16,239	2,459,181	0	0	2,475,420	
Committed:						
Committed for Education	502,425	0	0	200,000	702,425	
Assigned:						
Assigned for Education	641,834	0	0	0	641,834	
Assigned for Operation of Non-instructional Services	12,396	0	0	0	12,396	
Assigned for Capital Projects	1,977,571	0	0	0	1,977,571	
Unassigned	4,167,731	0	0	0	4,167,731	
<b>Total Fund Balances</b>	<b>\$ 7,339,343</b>	<b>\$ 2,459,181</b>	<b>\$ 821,355</b>	<b>\$ 1,050,888</b>	<b>\$ 15,157,758</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,646,830</b>	<b>\$ 2,460,040</b>	<b>\$ 1,050,888</b>	<b>\$ 15,157,758</b>		

Exhibit I-3

Grainger County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Grainger County School Department  
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 10,619,879
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 841,582	
Add: construction in progress	287,307	
Add: buildings and improvements net of accumulated depreciation	32,016,773	
Add: other capital assets net of accumulated depreciation	<u>2,001,799</u>	35,147,461
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		178,572
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: retirement incentive payable	\$ (10,000)	
Less: retirement honorarium	(357,200)	
Less: other postemployment benefits liability	<u>(4,054,061)</u>	<u>(4,421,261)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 41,524,651</u>

Exhibit I-4

Grainger County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Governmental Funds		
<u>Revenues</u>					
Local Taxes	\$ 3,713,243	\$ 0	\$ 0	\$ 0	\$ 3,713,243
Licenses and Permits	708	0	0	0	708
Fines, Forfeitures, and Penalties	12,450	0	0	0	12,450
Charges for Current Services	4,050	0	550,126	0	554,176
Other Local Revenues	65,431	0	2,322	0	67,753
State of Tennessee	21,047,736	0	20,890	0	21,068,626
Federal Government	181,602	0	3,956,806	0	4,138,408
Other Governments and Citizens Groups	54,146	2,476,372	0	0	2,530,518
Total Revenues	\$ 25,079,366	\$ 2,476,372	\$ 4,530,144	\$ 0	\$ 32,085,882
<u>Expenditures</u>					
Current:					
Instruction	\$ 15,258,468	\$ 0	\$ 1,630,316	\$ 0	\$ 16,888,784
Support Services	7,559,902	0	790,496	0	8,350,398
Operation of Non-instructional Services	427,052	0	1,999,979	0	2,427,031
Capital Outlay	1,213,545	0	0	0	1,213,545
Debt Service:					
Other Debt Service	700,000	0	0	0	700,000
Capital Projects	0	17,191	0	0	17,191
Total Expenditures	\$ 25,158,967	\$ 17,191	\$ 4,420,791	\$ 0	\$ 29,596,949
Excess (Deficiency) of Revenues Over Expenditures	\$ (79,601)	\$ 2,459,181	\$ 109,353	\$ 0	\$ 2,488,933
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 18,000
Total Other Financing Sources (Uses)	\$ 18,000	\$ 0	\$ 0	\$ 0	\$ 18,000
Net Change in Fund Balances	\$ (61,601)	\$ 2,459,181	\$ 109,353	\$ 0	\$ 2,506,933
Fund Balance, July 1, 2013	7,400,944	0	712,002	0	8,112,946
Fund Balance, June 30, 2014	\$ 7,339,343	\$ 2,459,181	\$ 821,355	\$ 0	\$ 10,619,879

Exhibit I-5

Grainger County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

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

Net changes in fund balances - total governmental funds (Exhibit I-4)		\$ 2,506,933
<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	\$ 1,518,429	
Less: current-year depreciation expense	<u>(1,284,660)</u>	233,769
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: book value of assets disposed		(6,029)
<p>(3) 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, 2014	\$ 178,572	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(191,901)</u>	(13,329)
<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 other postemployment benefits liability	\$ (299,414)	
Change in retirement incentive payable	5,000	
Change in retirement honorarium	<u>(5,600)</u>	<u>(300,014)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,421,330</u>

Exhibit I-6

Grainger County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Grainger County School Department  
June 30, 2014

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,702	\$ 1,702
Equity in Pooled Cash and Investments	0	414,936	414,936
Accounts Receivable	0	6,960	6,960
Due from Other Governments	395,650	231,640	627,290
Total Assets	\$ 395,650	\$ 655,238	\$ 1,050,888
<u>LIABILITIES</u>			
Accounts Payable	\$ 26,515	\$ 33,883	\$ 60,398
Accrued Payroll	3,647	0	3,647
Payroll Deductions Payable	25,354	0	25,354
Cash Overdraft	140,134	0	140,134
Total Liabilities	\$ 195,650	\$ 33,883	\$ 229,533
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 621,355	\$ 621,355
Committed:			
Committed for Education	200,000	0	200,000
Total Fund Balances	\$ 200,000	\$ 621,355	\$ 821,355
Total Liabilities and Fund Balances	\$ 395,650	\$ 655,238	\$ 1,050,888

Exhibit I-7

Grainger County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 550,126	\$ 550,126
Other Local Revenues	0	2,322	2,322
State of Tennessee	0	20,890	20,890
Federal Government	2,418,974	1,537,832	3,956,806
Total Revenues	<u>\$ 2,418,974</u>	<u>\$ 2,111,170</u>	<u>\$ 4,530,144</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,630,316	\$ 0	\$ 1,630,316
Support Services	790,496	0	790,496
Operation of Non-instructional Services	0	1,999,979	1,999,979
Total Expenditures	<u>\$ 2,420,812</u>	<u>\$ 1,999,979</u>	<u>\$ 4,420,791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,838)</u>	<u>\$ 111,191</u>	<u>\$ 109,353</u>
Net Change in Fund Balances	\$ (1,838)	\$ 111,191	\$ 109,353
Fund Balance, July 1, 2013	201,838	510,164	712,002
Fund Balance, June 30, 2014	<u>\$ 200,000</u>	<u>\$ 621,355</u>	<u>\$ 821,355</u>

Exhibit I-8

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Grainger County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,713,243	\$ 0	\$ 3,713,243	\$ 3,480,510	\$ 3,480,510	\$ 232,733
Licenses and Permits	708	0	708	0	0	708
Fines, Forfeitures, and Penalties	12,450	0	12,450	17,000	17,000	(4,550)
Charges for Current Services	4,050	0	4,050	7,000	7,000	(2,950)
Other Local Revenues	65,431	0	65,431	35,000	86,512	(21,081)
State of Tennessee	21,047,736	0	21,047,736	19,609,118	20,708,873	338,863
Federal Government	181,602	0	181,602	76,000	182,938	(1,336)
Other Governments and Citizens Groups	54,146	0	54,146	0	60,396	(6,250)
<b>Total Revenues</b>	<b>\$ 25,079,366</b>	<b>\$ 0</b>	<b>\$ 25,079,366</b>	<b>\$ 23,224,628</b>	<b>\$ 24,543,229</b>	<b>\$ 536,137</b>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 12,052,349	\$ 0	\$ 12,052,349	\$ 12,437,624	\$ 12,889,890	\$ 837,541
Alternative Instruction Program	68,919	0	68,919	75,106	75,106	6,187
Special Education Program	1,958,076	0	1,958,076	2,024,025	2,096,354	138,278
Vocational Education Program	959,872	0	959,872	986,978	1,001,478	41,606
Student Body Education Program	39,560	0	39,560	38,000	47,934	8,374
Adult Education Program	179,692	0	179,692	134,019	180,809	1,117
<u>Support Services</u>						
Attendance	8,610	0	8,610	8,610	8,610	0
Health Services	402,674	0	402,674	313,986	419,986	17,312
Other Student Support	458,431	0	458,431	455,972	479,772	21,341
Regular Instruction Program	719,152	0	719,152	739,643	866,899	147,747
Special Education Program	190,525	0	190,525	191,098	198,036	7,511
Vocational Education Program	54,114	0	54,114	59,138	59,138	5,024
Adult Programs	3,313	0	3,313	0	3,672	359

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	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	\$ 164,441	\$ 0	\$ 164,441	\$ 0	\$ 164,441	\$ 0
Board of Education	333,947	0	333,947	437,025	437,025	103,078
Director of Schools	220,518	0	220,518	230,371	230,371	9,853
Office of the Principal	1,305,766	0	1,305,766	1,292,054	1,306,128	362
Operation of Plant	1,662,123	0	1,662,123	1,878,577	1,878,577	216,454
Maintenance of Plant	487,277	0	487,277	443,478	683,663	196,386
Transportation	1,549,011	0	1,549,011	1,307,646	1,775,317	226,306
<u>Operation of Non-instructional Services</u>						
Community Services	29,612	0	29,612	29,612	29,612	0
Early Childhood Education	397,440	0	397,440	0	426,338	28,898
<u>Capital Outlay</u>						
Regular Capital Outlay	1,213,545	(806,766)	406,779	83,500	1,426,816	1,020,037
Principal on Debt	0	0	0	700,000	0	0
Education						
<u>Other Debt Service</u>						
Education	700,000	0	700,000	0	700,000	0
Total Expenditures	\$ 25,158,967	\$ (806,766)	\$ 24,352,201	\$ 23,866,462	\$ 27,385,972	\$ 3,033,771
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (79,601)	\$ 806,766	\$ 727,165	\$ (641,834)	\$ (2,842,743)	\$ 3,569,908
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 18,000	\$ 0	\$ 18,000	\$ 0	\$ 14,459	\$ 3,541
Total Other Financing Sources	\$ 18,000	\$ 0	\$ 18,000	\$ 0	\$ 14,459	\$ 3,541

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (61,601) \$	806,766 \$	745,165 \$	(641,834) \$	(2,828,284) \$	3,573,449
Fund Balance, July 1, 2013	7,400,944	(806,766)	6,594,178	7,416,722	7,416,722	(822,544)
Fund Balance, June 30, 2014	\$ 7,339,343 \$	0 \$	7,339,343 \$	6,774,888 \$	4,588,438 \$	2,750,905

Exhibit I-9

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Grainger County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,418,974	\$ 1,996,286	\$ 2,985,092	\$ (566,118)
Total Revenues	\$ 2,418,974	\$ 1,996,286	\$ 2,985,092	\$ (566,118)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,074,679	\$ 908,142	\$ 1,246,056	\$ 171,377
Special Education Program	518,969	577,160	622,264	103,295
Vocational Education Program	36,668	38,790	36,668	0
<u>Support Services</u>				
Health Services	18,000	26,282	26,282	8,282
Other Student Support	75,563	76,481	78,481	2,918
Regular Instruction Program	429,837	197,239	649,241	219,404
Special Education Program	196,882	100,874	246,054	49,172
Vocational Education Program	2,825	2,850	2,825	0
Transportation	67,389	68,468	79,059	11,670
Total Expenditures	\$ 2,420,812	\$ 1,996,286	\$ 2,986,930	\$ 566,118
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,838)	\$ 0	\$ (1,838)	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 120,526	\$ 0	\$ 0
Transfers Out	0	(120,526)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (1,838)	\$ 0	\$ (1,838)	\$ 0
Fund Balance, July 1, 2013	201,838	201,838	201,838	0
Fund Balance, June 30, 2014	\$ 200,000	\$ 201,838	\$ 200,000	\$ 0

Exhibit I-10

Grainger County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Grainger County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 550,126	\$ 726,900	\$ 726,900	\$ (176,774)
Other Local Revenues	2,322	4,000	4,000	(1,678)
State of Tennessee	20,890	20,000	20,000	890
Federal Government	1,537,832	1,349,000	1,481,013	56,819
Total Revenues	<u>\$ 2,111,170</u>	<u>\$ 2,099,900</u>	<u>\$ 2,231,913</u>	<u>\$ (120,743)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,999,979	\$ 2,118,900	\$ 2,250,913	\$ 250,934
Total Expenditures	<u>\$ 1,999,979</u>	<u>\$ 2,118,900</u>	<u>\$ 2,250,913</u>	<u>\$ 250,934</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 111,191</u>	<u>\$ (19,000)</u>	<u>\$ (19,000)</u>	<u>\$ 130,191</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (26,000)	\$ (26,000)	\$ 26,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ (26,000)</u>	<u>\$ (26,000)</u>	<u>\$ 26,000</u>
Net Change in Fund Balance	\$ 111,191	\$ (45,000)	\$ (45,000)	\$ 156,191
Fund Balance, July 1, 2013	<u>510,164</u>	<u>362,313</u>	<u>362,313</u>	<u>147,851</u>
Fund Balance, June 30, 2014	<u>\$ 621,355</u>	<u>\$ 317,313</u>	<u>\$ 317,313</u>	<u>\$ 304,042</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Grainger County, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-14
<b>BONDS PAYABLE</b>									
Payable through General Debt Service Fund									
General Obligation School Bonds - Series 2005	\$ 20,500,000	4.21 %	7-14-05	5-1-15	\$ 5,585,000	0 \$	715,000 \$	4,130,000 \$	740,000
General Obligation School Bonds - Series 2006	4,000,000	4.32	8-10-06	5-1-15	275,000	0	135,000	0	140,000
General Obligation Refunding Bonds - Series 2012 - Justice Center	3,995,000	1.92	12-12-12	5-1-30	3,987,000	0	160,000	0	3,827,000
General Obligation Refunding Bonds - Series 2012 - Schools	5,980,000	1.92	12-12-12	5-1-30	5,968,000	0	240,000	0	5,728,000
General Obligation Refunding Bonds - Series 2013 - Schools	9,800,000	1.94	2-15-13	5-1-30	9,700,000	0	100,000	0	9,600,000
General Obligation Refunding Bonds - Series 2014 - Schools	4,315,000	2	3-27-14	5-1-20	0	4,315,000	60,000	0	4,255,000
General Obligation School Bonds - Series 2014	2,500,000	2 to 3.5	3-27-14	5-1-34	0	2,500,000	0	0	2,500,000
Total Bonds Payable	\$ 25,515,000				\$ 25,515,000	\$ 6,815,000	\$ 1,410,000	\$ 4,130,000	\$ 26,790,000

NOTES PAYABLE

Payable through General Debt Service Fund									
Justice Center Equipment	225,000	4.97	12-16-05	12-16-14	\$ 50,000	0 \$	25,000 \$	0 \$	25,000
Bridge Repairs	15,000	2.75	1-16-14	1-16-15	0	15,000	0	0	15,000
Jail Improvements	165,000	2.75	1-16-14	1-16-18	0	165,000	0	0	165,000
Total Notes Payable	\$ 50,000				\$ 50,000	\$ 180,000	\$ 25,000	\$ 0	\$ 205,000

OTHER LOANS PAYABLE

Payable through General Debt Service Fund									
Montgomery County Public Building Authority	1,000,000	Variable	3-5-03	5-24-14	\$ 103,000	0 \$	103,000 \$	0 \$	0
Total Other Loans Payable	\$ 103,000				\$ 103,000	\$ 0	\$ 103,000	\$ 0	\$ 0

Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,490,000	\$ 569,625	\$ 2,059,625
2016	1,505,000	522,375	2,027,375
2017	1,540,000	493,600	2,033,600
2018	1,565,000	464,099	2,029,099
2019	1,600,000	434,150	2,034,150
2020	1,630,000	403,499	2,033,499
2021	1,705,000	372,325	2,077,325
2022	1,740,000	341,124	2,081,124
2023	1,785,000	309,275	2,094,275
2024	1,500,000	276,600	1,776,600
2025	1,535,000	245,750	1,780,750
2026	1,570,000	213,300	1,783,300
2027	1,610,000	180,050	1,790,050
2028	1,640,000	145,412	1,785,412
2029	1,695,000	110,124	1,805,124
2030	1,740,000	72,050	1,812,050
2031	220,000	32,900	252,900
2022	230,000	25,200	255,200
2023	240,000	17,150	257,150
2034	250,000	8,750	258,750
Total	<u>\$ 26,790,000</u>	<u>\$ 5,237,358</u>	<u>\$ 32,027,358</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 81,250	\$ 4,579	\$ 85,829
2016	41,250	2,916	44,166
2017	41,250	2,916	44,166
2018	41,250	2,916	44,166
Total	<u>\$ 205,000</u>	<u>\$ 13,327</u>	<u>\$ 218,327</u>

Exhibit J-3

Grainger County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Highway/Public Works	General Debt Service	Debt retirement	<u>\$ 104,791</u>
Total Transfers			<u><u>\$ 104,791</u></u>

Grainger County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 74,744	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and County Board of Education	90,424 (1)	(2)	Ohio Casualty Insurance Company
Trustee	Section 8-24-102, TCA	61,632	885,700	Western Surety Company
Assessor of Property	Section 8-24-102, TCA	61,632	10,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	62,832 (3)	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,632	50,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	71,785 (4)	25,000	"
Employee Blanket Bonds:				
County Employees			25,000	"
School Department Employees			150,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Covered by employee blanket bond.

(3) Includes a certified public administrator incentive supplement of \$1,200.

(4) Includes \$3,390 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit J-5

Grainger County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2014

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 3,430,939	\$ 0	\$ 0	\$ 649,095	\$ 0	\$ 92,735	
Trustee's Collections - Prior Year	152,681	0	0	26,094	0	4,120	
Circuit/Clerk and Master Collections - Prior Years	79,209	0	0	14,714	0	2,156	
Interest and Penalty	25,180	0	0	4,501	0	696	
Payments in-Lieu-of Taxes - T.V.A.	2,499	0	0	542	0	67	
Payments in-Lieu-of Taxes - Local Utilities	223,114	0	0	42,211	0	6,030	
Payments in-Lieu-of Taxes - Other	56,318	0	0	10,655	0	1,522	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	
Litigation Tax - General	6,076	145	145	0	0	0	
Litigation Tax - Special Purpose	31,718	1,203	1,147	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	15,019	0	0	0	0	0	
Business Tax	34,495	0	0	6,417	0	938	
Mineral Severance Tax	0	0	0	0	0	0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	62,587	0	0	0	0	0	
Wholesale Beer Tax	85,838	0	0	0	0	0	
Interstate Telecommunications Tax	1,663	0	0	0	0	0	
<b>Total Local Taxes</b>	<b>\$ 4,207,336</b>	<b>\$ 1,348</b>	<b>\$ 1,292</b>	<b>\$ 754,229</b>	<b>\$ 0</b>	<b>\$ 108,264</b>	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 765	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Cable TV Franchise	64,834	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation	
<u>Licenses and Permits (Cont.)</u>							
<u>Permits</u>							
Beer Permits	700 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Total Licenses and Permits	66,299 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	1,870 \$	0 \$	0 \$	346 \$	0 \$	0 \$	50
Officers Costs	1,610	0	0	298	0	0	39
Drug Control Fines	2,323	0	0	0	6,434	0	0
Jail Fees	821	0	0	0	0	0	0
DUI Treatment Fines	95	0	0	0	0	0	0
Data Entry Fee - Circuit Court	569	0	0	0	0	0	0
<u>Criminal Court</u>							
DUI Treatment Fines	273	0	0	52	0	0	6
Victims Assistance Assessments	348	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	6,929	0	0	1,277	0	0	172
Officers Costs	8,131	0	0	1,515	0	0	200
Game and Fish Fines	12	0	0	2	0	0	0
Drug Control Fines	3,762	0	0	0	4,325	0	0
Jail Fees	16,618	0	0	0	0	0	0
DUI Treatment Fines	5,622	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,832	0	0	0	0	0	0
Courtroom Security Fee	10	0	0	0	0	0	0
Victims Assistance Assessments	1,845	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court</u>							
Fines	\$ 247	\$ 0	\$ 0	\$ 47	\$ 0	\$ 7	
Officers Costs	1,207	0	0	0	0	0	
Data Entry Fee - Juvenile Court	402	0	0	0	0	0	
<u>Chancery Court</u>							
Officers Costs	1,095	0	0	0	0	0	
Data Entry Fee - Chancery Court	1,922	0	0	0	0	0	
<u>Other Courts - In-county</u>							
Jail Fees	934	0	0	0	0	0	
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	1,289	0	
Other Fines, Forfeitures, and Penalties	0	0	0	0	1,316	0	
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 62,477</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,537</b>	<b>\$ 13,364</b>	<b>\$ 474</b>	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 712,885	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Other General Service Charges	0	0	0	0	0	240	
Service Charges	14,591	0	0	0	0	0	
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	14,027	
Copy Fees	5,026	0	0	0	0	0	
Library Fees	6,209	0	0	0	0	0	
Telephone Commissions	8,745	0	0	0	0	0	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	
Data Processing Fee - Register	6,746	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Sheriff	\$ 2,722	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Total Charges for Current Services	\$ 759,324	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,267
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	28,572	0	0	100	0	0
Sale of Materials and Supplies	615	0	0	0	0	0
Commissary Sales	7,225	0	0	0	0	0
Sale of Recycled Materials	2,310	0	0	8,329	0	0
Miscellaneous Refunds	14,891	0	0	17	40	3,387
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	0
Contributions and Gifts	422	0	0	0	0	2,603
<u>Other Local Revenues</u>						
Other Local Revenues	1,263	0	0	0	0	0
Total Other Local Revenues	\$ 55,298	\$ 0	\$ 0	\$ 8,446	\$ 40	\$ 5,990
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 95,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees in-Lieu-of-Salary</u>						
Circuit Court Clerk	37,774	0	0	0	0	0
General Sessions Court Clerk	84,000	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Clerk and Master	\$ 52,485	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Court Clerk	12,388	0	0	0	0	0	0
Register	76,975	0	0	0	0	0	0
Sheriff	5,396	0	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 364,018</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	6,481	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	10,800	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Public Health Nurses	13,308	0	0	0	0	0	0
Other Health and Welfare Grants	10,760	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	31,984	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	27,334	0	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0	0
Alcoholic Beverage Tax	39,892	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	420,736	0	0	79,530	0	11,371	0
Contracted Prisoner Boarding	614,422	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Sports and Recreation	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	2,456	0	0	0	0	0	0
Other State Revenues	27,375	0	0	0	0	0	0
Total State of Tennessee	\$ 1,243,018	\$ 0	\$ 0	\$ 79,530	\$ 0	\$ 0	\$ 11,371
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 483,945	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	14,939	0	0	0	0	0	0
Other Federal through State	28,808	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	13,559	0	0	0	0	0	0
Total Federal Government	\$ 541,251	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 24,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 24,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,323,635	\$ 1,348	\$ 1,292	\$ 845,742	\$ 13,404	\$ 140,366	\$ 140,366

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 526,137	\$ 772,736	\$ 5,471,642		
Trustee's Collections - Prior Year	0	25,037	41,201	249,133		
Circuit/Clerk and Master Collections - Prior Years	0	8,966	18,270	123,315		
Interest and Penalty	0	3,846	6,330	40,553		
Payments in-Lieu-of Taxes - T.V.A.	0	383	563	4,054		
Payments in-Lieu-of Taxes - Local Utilities	0	34,171	50,251	355,777		
Payments in-Lieu-of Taxes - Other	0	8,625	12,684	89,804		
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	331,788	331,788		
Litigation Tax - General	0	0	0	6,366		
Litigation Tax - Special Purpose	0	0	0	34,068		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	15,019		
Business Tax	0	5,318	8,200	55,368		
Mineral Severance Tax	0	28,255	0	28,255		
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	62,587		
Wholesale Beer Tax	0	0	0	85,838		
Interstate Telecommunications Tax	0	0	0	1,663		
Total Local Taxes	\$ 0	\$ 640,738	\$ 1,242,023	\$ 6,955,230		
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	0	0	765		
Cable TV Franchise	0	0	0	64,834		

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Total
	Constituti onal - Officers - Fees	Highway / Public Works		General Debt Service		
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	0 \$	0 \$	0 \$	0 \$	0 \$	700
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	0 \$	66,299
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	303 \$	440 \$	440 \$	3,009	3,009
Officers Costs	0	235	348	348	2,530	2,530
Drug Control Fines	0	0	0	0	8,757	8,757
Jail Fees	0	0	0	0	821	821
DUI Treatment Fines	0	0	0	0	95	95
Data Entry Fee - Circuit Court	0	0	0	0	569	569
<u>Criminal Court</u>						
DUI Treatment Fines	0	36	66	66	433	433
Victims Assistance Assessments	0	0	0	0	348	348
<u>General Sessions Court</u>						
Fines	0	1,059	1,694	1,694	11,131	11,131
Officers Costs	0	1,226	1,924	1,924	12,996	12,996
Game and Fish Fines	0	2	4	4	20	20
Drug Control Fines	0	0	0	0	8,087	8,087
Jail Fees	0	0	0	0	16,618	16,618
DUI Treatment Fines	0	0	0	0	5,622	5,622
Data Entry Fee - General Sessions Court	0	0	0	0	5,832	5,832
Courtroom Security Fee	0	0	0	0	10	10
Victims Assistance Assessments	0	0	0	0	1,845	1,845

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 0	\$ 38	\$ 56	\$ 395		
Officers Costs	0	0	0	1,207		
Data Entry Fee - Juvenile Court	0	0	0	402		
<u>Chancery Court</u>						
Officers Costs	0	0	0	1,095		
Data Entry Fee - Chancery Court	0	0	0	1,922		
<u>Other Courts - In-county</u>						
Jail Fees	0	0	0	934		
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	1,289		
Other Fines, Forfeitures, and Penalties	0	0	0	1,316		
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 2,899</b>	<b>\$ 4,532</b>	<b>\$ 87,283</b>		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	712,885		
Other General Service Charges	0	0	0	240		
Service Charges	0	0	0	14,591		
<u>Fees</u>						
Recreation Fees	0	0	0	14,027		
Copy Fees	0	0	0	5,026		
Library Fees	0	0	0	6,209		
Telephone Commissions	0	0	0	8,745		
Constitutional Officers' Fees and Commissions	364,578	0	0	364,578		
Data Processing Fee - Register	0	0	0	6,746		

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Total
	Constituti onal - Officers - Fees	Highway / Public Works		General Debt Service		
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,722
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	2,400
Total Charges for Current Services	\$ 364,578	\$ 0	\$ 0	\$ 0	\$ 0	1,138,169
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 117,779	\$ 0	117,779
Lease/Rentals	0	0	0	0	0	28,672
Sale of Materials and Supplies	0	0	0	0	0	615
Commissary Sales	0	0	0	0	0	7,225
Sale of Recycled Materials	0	7,472	0	0	0	18,111
Miscellaneous Refunds	0	572	0	0	0	18,907
<u>Nonrecurring Items</u>						
Sale of Equipment	0	4,181	0	0	0	4,181
Contributions and Gifts	0	0	0	0	0	3,025
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	1,263
Total Other Local Revenues	\$ 0	\$ 12,225	\$ 0	\$ 117,779	\$ 0	199,778
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	95,000
<u>Fees in-Lieu-of-Salary</u>						
Circuit Court Clerk	0	0	0	0	0	37,774
General Sessions Court Clerk	0	0	0	0	0	84,000

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	52,485
Juvenile Court Clerk	0	0	0	0	0	12,388
Register	0	0	0	0	0	76,975
Sheriff	0	0	0	0	0	5,396
<b>Total Fees Received from County Officials</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>364,018</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,500
Aging Programs	0	0	0	0	0	6,481
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,800
<u>Health and Welfare Grants</u>						
Public Health Nurses	0	0	0	0	0	13,308
Other Health and Welfare Grants	0	0	0	0	0	10,760
<u>Public Works Grants</u>						
State Aid Program	0	219,893	0	0	0	219,893
Litter Program	0	0	0	0	0	31,984
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	27,334
Beer Tax	0	0	0	0	0	17,806
Alcoholic Beverage Tax	0	0	0	0	0	39,892
State Revenue Sharing - T.V.A.	0	64,437	0	94,760	0	670,834
Contracted Prisoner Boarding	0	0	0	0	0	614,422
Gasoline and Motor Fuel Tax	0	1,458,989	0	0	0	1,458,989

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service		
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Petroleum Special Tax	\$ 0	\$ 16,348	\$ 0	\$ 0	\$ 16,348	
Registrar's Salary Supplement	0	0	0	0	15,164	
Other State Grants	0	0	0	0	2,456	
Other State Revenues	0	0	0	0	27,375	
Total State of Tennessee	\$ 0	\$ 1,759,667	\$ 94,760	\$ 0	\$ 3,188,346	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 483,945	
Homeland Security Grants	0	0	0	0	14,939	
Other Federal through State	0	0	0	0	28,808	
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	13,559	
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 541,251	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 700,000	\$ 0	\$ 724,614	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 700,000	\$ 0	\$ 724,614	
Total	\$ 364,578	\$ 2,415,529	\$ 2,159,094	\$ 0	\$ 13,264,988	

Grainger County, Tennessee  
 Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Projects	Central Cafeteria	Federal Projects	Education Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 2,472,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,472,301	
Trustee's Collections - Prior Year	100,256	0	0	0	0	100,256	
Circuit/Clerk and Master Collections - Prior Years	50,876	0	0	0	0	50,876	
Interest and Penalty	16,501	0	0	0	0	16,501	
Payments in-Lieu-of Taxes - T.V.A.	1,644	0	0	0	0	1,644	
Payments in-Lieu-of Taxes - Other	37,038	0	0	0	0	37,038	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,010,557	0	0	0	0	1,010,557	
Business Tax	21,781	0	0	0	0	21,781	
<u>Statutory Local Taxes</u>							
Interstate Telecommunications Tax	2,289	0	0	0	0	2,289	
Total Local Taxes	\$ 3,713,243	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,713,243	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	708	0	0	0	0	708	
Total Licenses and Permits	\$ 708	\$ 0	\$ 0	\$ 0	\$ 0	\$ 708	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	1,301	0	0	0	0	1,301	
Officers Costs	1,009	0	0	0	0	1,009	
<u>Criminal Court</u>							
DUI Treatment Fines	156	0	0	0	0	156	

(Continued)

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>General Sessions Court</u>							
Fines	4,548 \$	0 \$	0 \$	0 \$	0 \$	0 \$	4,548
Officers Costs	5,265	0	0	0	0	0	5,265
Game and Fish Fines	8	0	0	0	0	0	8
<u>Juvenile Court</u>							
Fines	163	0	0	0	0	0	163
Total Fines, Forfeitures, and Penalties	\$ 12,450	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,450
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Lunch Payments - Children	0	0	282,237	0	0	0	282,237
Lunch Payments - Adults	0	0	79,700	0	0	0	79,700
Income from Breakfast	0	0	48,601	0	0	0	48,601
A la carte Sales	0	0	117,802	0	0	0	117,802
Receipts from Individual Schools	0	0	4,763	0	0	0	4,763
TBI Criminal Background Fee	4,050	0	0	0	0	0	4,050
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	17,023	0	0	0	17,023
Total Charges for Current Services	\$ 4,050	\$ 0	\$ 550,126	\$ 0	\$ 0	\$ 0	\$ 554,176
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	0	2,169	0	0	0	2,169
E-Rate Funding	56,334	0	0	0	0	0	56,334
Miscellaneous Refunds	8,704	0	153	0	0	0	8,857

(Continued)

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

	General Purpose School	Special Revenue Funds			Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	Education Capital Projects		
<u>Other Local Revenues (Cont.)</u>							
<u>Nonrecurring Items</u>							
Contributions and Gifts	300 \$	0 \$	0 \$	0 \$	0 \$	0 \$	300
<u>Other Local Revenues</u>	93	0	0	0	0	0	93
Total Other Local Revenues	\$ 65,431 \$	0 \$	2,322 \$	0 \$	0 \$	0 \$	\$ 67,753
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-behalf Contributions for OPEB	164,441 \$	0 \$	0 \$	0 \$	0 \$	0 \$	164,441
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	13,000	0	0	0	0	0	13,000
<u>State Education Funds</u>							
Basic Education Program	19,559,000	0	0	0	0	0	19,559,000
Early Childhood Education	397,744	0	0	0	0	0	397,744
School Food Service	0	0	20,890	0	0	0	20,890
Driver Education	16,493	0	0	0	0	0	16,493
Other State Education Funds	505,782	0	0	0	0	0	505,782
Career Ladder Program	121,596	0	0	0	0	0	121,596
Career Ladder - Extended Contract	19,270	0	0	0	0	0	19,270
Other Vocational	2,179	0	0	0	0	0	2,179
<u>Other State Revenues</u>							
State Revenue Sharing - T.V.A.	207,525	0	0	0	0	0	207,525
Other State Grants	6,130	0	0	0	0	0	6,130
Other State Revenues	34,576	0	0	0	0	0	34,576
Total State of Tennessee	\$ 21,047,736 \$	0 \$	20,890 \$	0 \$	0 \$	0 \$	\$ 21,068,626

(Continued)

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

	Special Revenue Funds			Capital	
	General Purpose School	School Federal Projects	Central Cafeteria	Projects Education	Fund Capital
					Projects
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,024,209	\$ 0	\$ 1,024,209
USDA - Commodities	0	0	132,013	0	132,013
Breakfast	0	0	377,448	0	377,448
USDA - Other	0	0	4,162	0	4,162
Adult Education State Grant Program	6,262	0	0	0	6,262
Vocational Education - Basic Grants to States	0	55,987	0	0	55,987
Title I Grants to Local Education Agencies	0	975,600	0	0	975,600
Special Education - Grants to States	106,938	759,141	0	0	866,079
Special Education Preschool Grants	0	40,261	0	0	40,261
English Language Acquisition Grants	0	30,628	0	0	30,628
Rural Education	0	103,203	0	0	103,203
Eisenhower Professional Development State Grants	0	174,576	0	0	174,576
Race-to-the-Top - ARRA	0	184,808	0	0	184,808
Other Federal through State	0	94,770	0	0	94,770
<u>Direct Federal Revenue</u>	68,402	0	0	0	68,402
ROTC Reimbursement	181,602	2,418,974	1,537,832	0	4,138,408
Total Federal Government	\$ 181,602	\$ 2,418,974	\$ 1,537,832	\$ 0	\$ 4,138,408
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	0	0	2,476,372	2,476,372
Contracted Services	54,146	0	0	0	54,146
Total Other Governments and Citizens Groups	\$ 54,146	\$ 0	\$ 0	\$ 2,476,372	\$ 2,530,518
Total	\$ 25,079,366	\$ 2,418,974	\$ 2,111,170	\$ 2,476,372	\$ 32,085,882

Exhibit J-7

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	47,751	
Social Security		3,653	
State Retirement		3,147	
Dues and Memberships		1,450	
Total County Commission			\$ 56,001

Board of Equalization

Board and Committee Members Fees	\$	500	
Total Board of Equalization			500

Budget and Finance Committee

Board and Committee Members Fees	\$	500	
Total Budget and Finance Committee			500

County Mayor/Executive

County Official/Administrative Officer	\$	74,744	
Purchasing Personnel		6,000	
Longevity Pay		1,800	
Other Salaries and Wages		53,530	
Social Security		9,879	
State Retirement		11,776	
Medical Insurance		7,762	
Unemployment Compensation		412	
Communication		3,064	
Data Processing Services		7,395	
Dues and Memberships		1,839	
Maintenance Agreements		1,452	
Postal Charges		1,470	
Printing, Stationery, and Forms		55	
Travel		1,208	
Office Supplies		2,217	
Office Equipment		1,734	
Total County Mayor/Executive			186,337

Election Commission

County Official/Administrative Officer	\$	55,468	
Assistant(s)		23,870	
Longevity Pay		250	
Election Commission		24,500	
Election Workers		10,150	
In-service Training		1,950	
Social Security		5,644	
State Retirement		7,926	
Unemployment Compensation		306	
Communication		1,857	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		3,110	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance Agreements	\$	9,203	
Maintenance and Repair Services - Equipment		1,254	
Maintenance and Repair Services - Office Equipment		3,759	
Postal Charges		846	
Printing, Stationery, and Forms		1,520	
Rentals		9,600	
Travel		6,099	
Electricity		1,343	
Office Supplies		953	
Propane Gas		2,098	
Water and Sewer		475	
Other Charges		21,768	
Total Election Commission			\$ 194,174

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Clerical Personnel		47,724	
Part-time Personnel		5,415	
Longevity Pay		1,450	
Other Salaries and Wages		1,200	
Social Security		8,345	
State Retirement		10,925	
Medical Insurance		6,933	
Unemployment Compensation		398	
Communication		1,797	
Data Processing Services		5,762	
Dues and Memberships		532	
Maintenance Agreements		6,514	
Maintenance and Repair Services - Office Equipment		1,368	
Postal Charges		400	
Office Supplies		2,389	
Office Equipment		1,411	
Total Register of Deeds			164,195

Planning

Board and Committee Members Fees	\$	7,875	
Other Contracted Services		9,250	
Total Planning			17,125

County Buildings

Custodial Personnel	\$	26,502	
Longevity Pay		100	
Social Security		2,035	
State Retirement		2,941	
Unemployment Compensation		153	
Maintenance and Repair Services - Buildings		22,907	
Other Contracted Services		582	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Coal	\$	3,088	
Custodial Supplies		3,000	
Electricity		24,000	
Water and Sewer		4,000	
Total County Buildings			\$ 89,308

Other Facilities

Maintenance Personnel	\$	25,866	
Social Security		1,979	
State Retirement		2,290	
Unemployment Compensation		153	
Communication		472	
Maintenance and Repair Services - Buildings		259,102	
Other Contracted Services		50	
Custodial Supplies		5,425	
Electricity		98,529	
Propane Gas		57,681	
Water and Sewer		35,686	
Total Other Facilities			487,233

Preservation of Records

Part-time Personnel	\$	11,900	
Social Security		910	
Unemployment Compensation		160	
Communication		1,569	
Postal Charges		99	
Office Supplies		143	
Other Supplies and Materials		752	
Other Charges		112	
Total Preservation of Records			15,645

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632
Assistant(s)		19,884
Deputy(ies)		27,159
Part-time Personnel		2,500
Longevity Pay		900
Social Security		7,979
State Retirement		8,870
Medical Insurance		4,723
Unemployment Compensation		306
Communication		1,518
Contracts with Private Agencies		2,400
Data Processing Services		7,378
Maintenance Agreements		732
Maintenance and Repair Services - Vehicles		69

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Postal Charges	\$	551	
Gasoline		1,394	
Office Supplies		659	
Other Supplies and Materials		149	
Total Property Assessor's Office	\$		148,803

County Trustee's Office

Social Security	\$	12,895	
State Retirement		15,915	
Unemployment Compensation		532	
Communication		2,225	
Data Processing Services		19,000	
Dues and Memberships		572	
Maintenance Agreements		1,381	
Postal Charges		7,427	
Printing, Stationery, and Forms		245	
Travel		1,264	
Office Supplies		3,954	
Data Processing Equipment		2,186	
Total County Trustee's Office			67,596

County Clerk's Office

Social Security	\$	14,238	
State Retirement		16,063	
Medical Insurance		6,033	
Unemployment Compensation		1,024	
Communication		3,714	
Data Processing Services		4,500	
Dues and Memberships		777	
Maintenance Agreements		1,452	
Postal Charges		5,982	
Printing, Stationery, and Forms		3,197	
Travel		2,586	
Office Supplies		5,074	
Office Equipment		614	
Total County Clerk's Office			65,254

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		26,780	
Secretary(ies)		25,730	
Longevity Pay		850	
Jury and Witness Expense		10,314	
Social Security		8,499	
State Retirement		11,403	
Medical Insurance		5,175	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Unemployment Compensation	\$	306	
Communication		2,655	
Dues and Memberships		477	
Maintenance Agreements		13,234	
Postal Charges		1,734	
Printing, Stationery, and Forms		1,800	
Travel		886	
Office Supplies		3,911	
Office Equipment		500	
Total Circuit Court			\$ 175,886

General Sessions Court

Judge(s)	\$	93,348	
Secretary(ies)		47,621	
Longevity Pay		150	
Social Security		10,235	
State Retirement		11,896	
Medical Insurance		6,407	
Unemployment Compensation		495	
Maintenance Agreements		165	
Postal Charges		1,117	
Printing, Stationery, and Forms		1,675	
Travel		187	
Library Books/Media		389	
Office Supplies		1,000	
Total General Sessions Court			174,685

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		26,035	
Longevity Pay		700	
Social Security		6,029	
State Retirement		8,758	
Medical Insurance		8,538	
Unemployment Compensation		153	
Communication		1,832	
Dues and Memberships		682	
Maintenance Agreements		1,608	
Postal Charges		1,333	
Printing, Stationery, and Forms		225	
Travel		159	
Library Books/Media		626	
Office Supplies		2,948	
Premiums on Corporate Surety Bonds		181	
Office Equipment		3,387	
Total Chancery Court			124,826

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Assistant(s)	\$	23,000	
Supervisor/Director		36,000	
Probation Officer(s)		7,326	
Longevity Pay		350	
Social Security		5,079	
State Retirement		5,895	
Unemployment Compensation		427	
Communication		3,018	
Contracts with Other Public Agencies		6,680	
Dues and Memberships		395	
Maintenance and Repair Services - Office Equipment		200	
Medical and Dental Services		110	
Postal Charges		133	
Printing, Stationery, and Forms		417	
Travel		1,995	
Food Preparation Supplies		89	
Office Supplies		2,000	
Uniforms		347	
Other Supplies and Materials		256	
Other Charges		2,163	
Office Equipment		2,463	
Total Juvenile Court			\$ 98,343

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,185
Deputy(ies)		462,886
Investigator(s)		48,764
Sergeant(s)		173,721
Medical Personnel		15,450
Secretary(ies)		61,836
Longevity Pay		2,450
In-service Training		6,537
Social Security		59,431
State Retirement		69,592
Medical Insurance		36,664
Unemployment Compensation		4,149
Communication		16,381
Data Processing Services		720
Dues and Memberships		1,500
Operating Lease Payments		588
Maintenance Agreements		3,909
Maintenance and Repair Services - Vehicles		69,493
Postal Charges		752
Printing, Stationery, and Forms		1,157
Travel		2,579
Gasoline		127,658

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Supplies	\$	11,282	
Office Supplies		4,197	
Tires and Tubes		8,344	
Uniforms		6,333	
Other Supplies and Materials		14,668	
Other Charges		4,175	
Communication Equipment		2,528	
Total Sheriff's Department			\$ 1,288,929

Jail

Medical Personnel	\$	45,400	
Guards		576,062	
Cafeteria Personnel		58,516	
Longevity Pay		1,600	
Social Security		49,595	
State Retirement		46,945	
Medical Insurance		36,901	
Unemployment Compensation		5,236	
Medical and Dental Services		192,852	
Drugs and Medical Supplies		30,761	
Food Preparation Supplies		130,380	
Other Supplies and Materials		39,499	
Other Charges		1,250	
Total Jail			1,214,997

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	9,136	
In-service Training		2,106	
Social Security		699	
Unemployment Compensation		142	
Communication		4,645	
Maintenance Agreements		2,100	
Maintenance and Repair Services - Equipment		2,455	
Maintenance and Repair Services - Office Equipment		355	
Maintenance and Repair Services - Vehicles		3,939	
Printing, Stationery, and Forms		58	
Rentals		1,200	
Travel		47	
Diesel Fuel		1,139	
Food Preparation Supplies		58	
Gasoline		2,231	
Office Supplies		469	
Communication Equipment		3,098	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Surplus Equipment	\$	2,952	
Other Equipment		6,439	
Other Capital Outlay		1,955	
Total Civil Defense			\$ 45,223

Other Emergency Management

Contributions	\$	212,500	
Total Other Emergency Management			212,500

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		245	
Unemployment Compensation		9	
Total Inspection and Regulation			3,454

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	13,470	
Other Salaries and Wages		10,821	
Social Security		1,858	
Communication		2,791	
Dues and Memberships		200	
Maintenance Agreements		1,005	
Maintenance and Repair Services - Buildings		1,500	
Postal Charges		50	
Travel		1,317	
Custodial Supplies		299	
Drugs and Medical Supplies		300	
Office Supplies		1,171	
Utilities		11,171	
Other Charges		3,206	
Total Local Health Center			49,159

Ambulance/Emergency Medical Services

Supervisor/Director	\$	40,016	
Medical Personnel		883,009	
Paraprofessionals		4,000	
Longevity Pay		1,700	
Other Salaries and Wages		30,214	
In-service Training		1,988	
Social Security		70,557	
State Retirement		56,013	
Medical Insurance		30,957	
Unemployment Compensation		6,745	
Communication		10,732	
Debt Collection Services		42,339	
Licenses		2,120	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Maintenance Agreements	\$	2,052	
Maintenance and Repair Services - Vehicles		49,244	
Postal Charges		356	
Rentals		10,500	
Travel		2,240	
Tuition		3,706	
Diesel Fuel		63,223	
Drugs and Medical Supplies		65,944	
Electricity		10,150	
Office Supplies		2,758	
Tires and Tubes		5,722	
Uniforms		6,530	
Water and Sewer		1,861	
Other Supplies and Materials		10,745	
Building Improvements		5,472	
Communication Equipment		1,390	
Motor Vehicles		70,270	
Total Ambulance/Emergency Medical Services			\$ 1,492,553

Appropriation to State

Contracts with Government Agencies	\$	14,764	
Total Appropriation to State			14,764

General Welfare Assistance

Contributions	\$	6,000	
Total General Welfare Assistance			6,000

Aid to Dependent Children

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

Other Local Welfare Services

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,566	
Social Security		1,698	
State Retirement		2,354	
Medical Insurance		2,588	
Unemployment Compensation		153	
Communication		1,687	
Contracts with Other Public Agencies		1,000	
Contributions		6,000	
Maintenance and Repair Services - Office Equipment		113	
Postal Charges		46	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Travel	\$	3,132	
Office Supplies		199	
Office Equipment		25	
Total Senior Citizens Assistance			\$ 42,561

Libraries

Assistant(s)	\$	4,318	
Librarians		61,500	
Salary Supplements		2,943	
Part-time Personnel		5,600	
Longevity Pay		1,000	
Social Security		5,192	
State Retirement		4,919	
Medical Insurance		10,350	
Unemployment Compensation		848	
Communication		4,610	
Data Processing Services		4,040	
Maintenance and Repair Services - Buildings		935	
Maintenance and Repair Services - Office Equipment		1,718	
Postal Charges		392	
Travel		833	
Other Contracted Services		1,080	
Electricity		8,365	
Library Books/Media		13,526	
Office Supplies		1,200	
Periodicals		776	
Water and Sewer		279	
Other Supplies and Materials		497	
Other Charges		1,693	
Total Libraries			136,614

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	46,804	
Communication		2,171	
Contributions		7,451	
Travel		2,765	
Total Agricultural Extension Service			59,191

Soil Conservation

Supervisor/Director	\$	25,150	
Secretary(ies)		20,600	
Longevity Pay		850	
Other Salaries and Wages		17,124	
Social Security		4,681	
State Retirement		5,770	
Medical Insurance		2,588	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Unemployment Compensation	\$	546	
Communication		1,782	
Contributions		7,676	
Rentals		4,200	
Other Supplies and Materials		724	
Office Equipment		1,343	
Total Soil Conservation			\$ 93,034

Other Operations

Tourism

Contributions	\$	1,000	
Total Tourism			1,000

Industrial Development

Longevity Pay	\$	1,050	
Other Salaries and Wages		38,192	
Social Security		2,978	
State Retirement		1,908	
Unemployment Compensation		300	
Maintenance and Repair Services - Equipment		1,444	
Electricity		9,500	
Water and Sewer		1,032	
Other Supplies and Materials		1,506	
Other Charges		3,761	
Other Construction		2,828	
Total Industrial Development			64,499

Other Economic and Community Development

Other Construction	\$	483,980	
Total Other Economic and Community Development			483,980

Veterans' Services

Supervisor/Director	\$	9,108	
Social Security		697	
Unemployment Compensation		142	
Communication		1,644	
Travel		807	
Other Supplies and Materials		123	
Total Veterans' Services			12,521

Other Charges

Medical Insurance	\$	6,150	
Other Contracted Services		282	
Building and Contents Insurance		17,990	
Liability Insurance		33,504	
Trustee's Commission		90,145	
Vehicle and Equipment Insurance		30,404	
Workers' Compensation Insurance		89,049	
Total Other Charges			267,524

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 3,551	
Total Contributions to Other Agencies		\$ 3,551

Miscellaneous

Audit Services	\$ 14,721	
Contributions	27,500	
Legal Services	5,262	
Maintenance Agreements	4,466	
Other Charges	12,822	
Total Miscellaneous		64,771

Highways

Litter and Trash Collection

Guards	\$ 25,000	
Social Security	2,320	
State Retirement	2,600	
Unemployment Compensation	221	
Instructional Supplies and Materials	7,284	
Other Supplies and Materials	715	
Total Litter and Trash Collection		38,140

Total General Fund		\$ 7,671,576
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Courthouse and Jail Maintenance Fund

General Government

County Buildings

Trustee's Commission	\$ 13	
Total County Buildings		\$ 13

Total Courthouse and Jail Maintenance Fund		13
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Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 482	
Trustee's Commission	13	
Total Libraries		\$ 495

Total Law Library Fund		495
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Accountants/Bookkeepers	\$ 11,150	
Attendants	175,069	
Longevity Pay	1,400	
Social Security	14,122	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

State Retirement	\$	10,646	
Medical Insurance		4,213	
Unemployment Compensation		1,686	
Communication		618	
Maintenance and Repair Services - Vehicles		7,602	
Travel		308	
Disposal Fees		426,476	
Asphalt - Hot Mix		2,000	
Diesel Fuel		9,651	
Utilities		12,148	
Other Supplies and Materials		30,977	
Liability Insurance		7,334	
Trustee's Commission		15,709	
Vehicle and Equipment Insurance		9,335	
Workers' Compensation Insurance		15,482	
Total Sanitation Management	\$		755,926

Recycling Center

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

Postclosure Care Costs

Engineering Services	\$	1,000	
Other Contracted Services		2,000	
Testing		6,160	
Total Postclosure Care Costs			9,160

Total Solid Waste/Sanitation Fund \$ 774,686

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	3,010	
Food Supplies		406	
Law Enforcement Supplies		2,242	
Trustee's Commission		115	
Total Drug Enforcement	\$		5,773

Total Drug Control Fund 5,773

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	35,000	
Clerical Personnel		25,750	
Longevity Pay		500	
Social Security		4,250	

(Continued)

Exhibit J-7

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

Sports and Recreation Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

State Retirement	\$	6,069	
Medical Insurance		2,204	
Unemployment Compensation		306	
Communication		2,468	
Contributions		5,566	
Postal Charges		340	
Printing, Stationery, and Forms		294	
Travel		14	
Other Contracted Services		3,195	
Electricity		5,702	
Gasoline		3,956	
Office Supplies		674	
Other Supplies and Materials		4,040	
Trustee's Commission		2,253	
Vehicle and Equipment Insurance		3,333	
Other Charges		17,125	
Maintenance Equipment		955	
Office Equipment		1,024	
Other Equipment		2,042	
Other Construction		8,659	
Total Parks and Fair Boards			\$ 135,719

Total Sports and Recreation Fund \$ 135,719

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	163,327	
Total County Trustee's Office			\$ 163,327

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	192,711	
Total County Clerk's Office			192,711

Total Constitutional Officers - Fees Fund 356,038

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Accountants/Bookkeepers		32,856	
Salary Supplements		150	
Secretary(ies)		9,474	
Social Security		8,239	
State Retirement		10,668	
Medical Insurance		2,700	
Unemployment Compensation		554	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Data Processing Services	\$	4,452	
Legal Notices, Recording, and Court Costs		240	
Postal Charges		216	
Travel		231	
Office Supplies		1,487	
Other Charges		4,380	
Total Administration			\$ 143,442

Highway and Bridge Maintenance

Salary Supplements	\$	13,825	
Foremen		63,715	
Equipment Operators		178,942	
Truck Drivers		120,682	
Laborers		296,966	
Social Security		48,711	
State Retirement		64,330	
Medical Insurance		43,514	
Unemployment Compensation		6,305	
Rentals		3,403	
Other Contracted Services		2,000	
Asphalt - Cold Mix		14,877	
Asphalt - Hot Mix		494,898	
Crushed Stone		30,645	
Pipe - Metal		29,515	
Road Signs		5,229	
Small Tools		81	
Other Supplies and Materials		1,067	
Other Charges		1,341	
Total Highway and Bridge Maintenance			1,420,046

Operation and Maintenance of Equipment

Salary Supplements	\$	150	
Mechanic(s)		31,845	
Nightwatchmen		30,668	
Social Security		4,248	
State Retirement		4,918	
Medical Insurance		7,235	
Unemployment Compensation		826	
Maintenance and Repair Services - Equipment		5,362	
Diesel Fuel		79,414	
Electricity		2,614	
Equipment and Machinery Parts		48,900	
Gasoline		50,105	
Lubricants		4,560	
Small Tools		552	
Tires and Tubes		18,370	
Other Supplies and Materials		1,375	
Total Operation and Maintenance of Equipment			291,142

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	5,679	
Custodial Supplies		711	
Electricity		2,437	
Water and Sewer		479	
Trustee's Commission		27,707	
Vehicle and Equipment Insurance		66,675	
Workers' Compensation Insurance		92,889	
Other Charges		150	
Total Other Charges			\$ 196,727

Capital Outlay

Building Improvements	\$	888	
Furniture and Fixtures		194	
Highway Equipment		25,430	
State Aid Projects		265,839	
Total Capital Outlay			<u>292,351</u>

Total Highway/Public Works Fund \$ 2,343,708

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	160,000	
Principal on Notes		25,000	
Total General Government			\$ 185,000

Highways and Streets

Principal on Other Loans	\$	103,000	
Total Highways and Streets			103,000

Education

Principal on Bonds	\$	1,250,000	
Total Education			1,250,000

Interest on Debt

General Government

Interest on Bonds	\$	79,640	
Interest on Notes		2,475	
Total General Government			82,115

Highways and Streets

Interest on Other Loans	\$	234	
Total Highways and Streets			234

Education

Interest on Bonds	\$	471,867	
Total Education			471,867

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 23,611	
Total General Government		\$ 23,611

Highways and Streets

Other Debt Service	\$ 1,557	
Total Highways and Streets		1,557

Education

Underwriter's Discount	\$ 30,866	
Other Debt Issuance Charges	49,754	
Total Education		<u>80,620</u>

Total General Debt Service Fund		\$ 2,198,004
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General Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$ 17,883	
Other Debt Issuance Charges	27,228	
Total Education		\$ 45,111

Capital Projects

Education Capital Projects

Contributions	\$ 2,476,372	
Total Education Capital Projects		<u>2,476,372</u>

Total General Capital Projects Fund		<u>2,521,483</u>
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Total Governmental Funds - Primary Government		<u>\$ 16,007,495</u>
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Exhibit J-8

Grainger County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Grainger County School Department  
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,603,314	
Career Ladder Program	69,958	
Career Ladder Extended Contracts	15,812	
Homebound Teachers	68,640	
Educational Assistants	322,680	
Other Salaries and Wages	71,569	
Certified Substitute Teachers	56,845	
Non-certified Substitute Teachers	165,303	
Social Security	481,854	
State Retirement	717,009	
Life Insurance	5,006	
Medical Insurance	1,620,828	
Unemployment Compensation	5,258	
Employer Medicare	114,249	
Maintenance and Repair Services - Equipment	10,246	
Instructional Supplies and Materials	81,134	
Textbooks	247,974	
Other Charges	76,615	
Regular Instruction Equipment	318,055	
Total Regular Instruction Program		\$ 12,052,349

Alternative Instruction Program

Teachers	\$ 41,616	
Educational Assistants	14,114	
Social Security	3,455	
State Retirement	5,105	
Life Insurance	29	
Medical Insurance	3,240	
Unemployment Compensation	70	
Employer Medicare	808	
Other Supplies and Materials	482	
Total Alternative Instruction Program		68,919

Special Education Program

Teachers	\$ 670,637	
Career Ladder Program	9,965	
Homebound Teachers	11,759	
Educational Assistants	216,830	
Speech Pathologist	207,527	
Other Salaries and Wages	194,242	
Certified Substitute Teachers	4,905	
Non-certified Substitute Teachers	29,218	
Social Security	78,046	
State Retirement	101,800	
Life Insurance	565	
Medical Insurance	171,624	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	1,120	
Employer Medicare		18,412	
Other Contracted Services		231,640	
Instructional Supplies and Materials		2,622	
Other Supplies and Materials		2,048	
Other Charges		3,116	
Special Education Equipment		2,000	
Total Special Education Program			\$ 1,958,076

Vocational Education Program

Teachers	\$	648,294	
Career Ladder Program		6,000	
Other Salaries and Wages		21,554	
Certified Substitute Teachers		7,470	
Non-certified Substitute Teachers		8,662	
Social Security		38,933	
State Retirement		59,822	
Life Insurance		428	
Medical Insurance		142,769	
Unemployment Compensation		525	
Employer Medicare		9,145	
Instructional Supplies and Materials		10,564	
T&I Construction Materials		5,706	
Total Vocational Education Program			959,872

Student Body Education Program

Other Fringe Benefits	\$	2,660	
Instructional Supplies and Materials		35,141	
Other Supplies and Materials		245	
Other Charges		1,514	
Total Student Body Education Program			39,560

Adult Education Program

Teachers	\$	116,474	
Educational Assistants		18,453	
Social Security		7,858	
State Retirement		12,321	
Life Insurance		86	
Medical Insurance		20,487	
Unemployment Compensation		70	
Employer Medicare		1,838	
Instructional Supplies and Materials		361	
Other Supplies and Materials		345	
Other Equipment		1,399	
Total Adult Education Program			179,692

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	6,751	
Social Security		418	
State Retirement		608	
Life Insurance		50	
Unemployment Compensation		35	
Employer Medicare		98	
Travel		650	
Total Attendance			\$ 8,610

Health Services

Medical Personnel	\$	257,214	
Other Salaries and Wages		24,518	
Social Security		15,210	
State Retirement		27,574	
Life Insurance		222	
Medical Insurance		61,613	
Unemployment Compensation		210	
Employer Medicare		3,557	
Travel		3,443	
Drugs and Medical Supplies		2,765	
Instructional Supplies and Materials		5,105	
In Service/Staff Development		485	
Other Charges		758	
Total Health Services			402,674

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		247,895	
School Resource Officer		59,947	
Other Salaries and Wages		27,758	
Social Security		15,764	
State Retirement		24,948	
Life Insurance		144	
Medical Insurance		46,995	
Unemployment Compensation		210	
Employer Medicare		3,690	
Evaluation and Testing		24,915	
Travel		577	
Other Supplies and Materials		2,588	
Total Other Student Support			458,431

Regular Instruction Program

Supervisor/Director	\$	114,210
Career Ladder Program		6,000
Librarians		236,276
Instructional Computer Personnel		67,503

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	79,185	
Social Security		30,028	
State Retirement		43,665	
Life Insurance		154	
Medical Insurance		43,690	
Unemployment Compensation		350	
Employer Medicare		7,022	
Communication		3,591	
Travel		23,612	
Other Contracted Services		280	
In Service/Staff Development		8,112	
Other Charges		55,474	
Total Regular Instruction Program			\$ 719,152

Special Education Program

Supervisor/Director	\$	34,023	
Career Ladder Program		1,000	
Clerical Personnel		18,694	
Other Salaries and Wages		58,256	
Social Security		6,724	
State Retirement		10,116	
Life Insurance		44	
Medical Insurance		10,557	
Unemployment Compensation		52	
Employer Medicare		1,573	
Travel		7,817	
Other Contracted Services		28,823	
In Service/Staff Development		9,820	
Other Charges		3,026	
Total Special Education Program			190,525

Vocational Education Program

Supervisor/Director	\$	23,530	
Clerical Personnel		18,891	
Social Security		2,519	
State Retirement		3,977	
Life Insurance		10	
Medical Insurance		1,607	
Unemployment Compensation		52	
Employer Medicare		589	
Travel		1,939	
In Service/Staff Development		1,000	
Total Vocational Education Program			54,114

Adult Programs

Travel	\$	841	
Other Charges		2,472	
Total Adult Programs			3,313

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 164,441	
Total Other Programs		\$ 164,441

Board of Education

Other Salaries and Wages	\$ 18,191	
Board and Committee Members Fees	26,000	
Social Security	2,705	
State Retirement	3,891	
Employer Medicare	633	
Audit Services	11,050	
Dues and Memberships	19,984	
Legal Services	12,148	
Travel	12,721	
Liability Insurance	50,000	
Trustee's Commission	93,401	
Workers' Compensation Insurance	78,062	
Criminal Investigation of Applicants - TBI	4,050	
Other Charges	1,111	
Total Board of Education		333,947

Director of Schools

County Official/Administrative Officer	\$ 89,424	
Career Ladder Program	1,000	
Secretary(ies)	23,017	
Other Salaries and Wages	40,256	
Social Security	9,254	
State Retirement	13,858	
Life Insurance	28	
Medical Insurance	7,463	
Unemployment Compensation	105	
Employer Medicare	2,164	
Communication	8,235	
Postal Charges	4,957	
Travel	5,486	
Other Contracted Services	6,747	
Office Supplies	6,746	
Other Charges	1,778	
Total Director of Schools		220,518

Office of the Principal

Principals	\$ 440,042
Career Ladder Program	5,000
Assistant Principals	326,329
Secretary(ies)	187,891
Other Salaries and Wages	35,186
Social Security	57,413

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

State Retirement	\$	90,374	
Life Insurance		402	
Medical Insurance		124,398	
Unemployment Compensation		735	
Employer Medicare		13,427	
Communication		21,569	
Other Charges		3,000	
Total Office of the Principal			\$ 1,305,766

Operation of Plant

Custodial Personnel	\$	465,074	
Other Salaries and Wages		38,790	
Social Security		28,080	
State Retirement		42,328	
Unemployment Compensation		735	
Employer Medicare		6,727	
Other Contracted Services		2,355	
Custodial Supplies		52,281	
Electricity		808,303	
Natural Gas		30,338	
Water and Sewer		51,693	
Other Supplies and Materials		35,419	
Building and Contents Insurance		100,000	
Total Operation of Plant			1,662,123

Maintenance of Plant

Supervisor/Director	\$	34,977	
Other Salaries and Wages		198,849	
Social Security		13,936	
State Retirement		23,307	
Life Insurance		28	
Medical Insurance		15,007	
Unemployment Compensation		280	
Employer Medicare		3,367	
Maintenance and Repair Services - Buildings		118,355	
Travel		1,778	
Other Supplies and Materials		8,619	
Other Charges		68,774	
Total Maintenance of Plant			487,277

Transportation

Bus Drivers	\$	118,529	
Other Salaries and Wages		11,218	
Social Security		10,475	
State Retirement		6,198	
Unemployment Compensation		245	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$	2,447	
Contracts with Parents		24,925	
Contracts with Vehicle Owners		777,683	
Maintenance and Repair Services - Vehicles		44,005	
Medical and Dental Services		1,270	
Travel		30,219	
Other Contracted Services		42,551	
Diesel Fuel		102,844	
Gasoline		45,499	
Lubricants		1,607	
Tires and Tubes		3,905	
Vehicle and Equipment Insurance		29,500	
Transportation Equipment		295,891	
Total Transportation	\$		1,549,011

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	24,487	
Social Security		1,493	
State Retirement		2,551	
Unemployment Compensation		35	
Employer Medicare		346	
Travel		200	
Instructional Supplies and Materials		500	
Total Community Services			29,612

Early Childhood Education

Teachers	\$	181,424	
Educational Assistants		78,600	
Other Salaries and Wages		18,529	
Non-certified Substitute Teachers		4,938	
Social Security		16,987	
State Retirement		24,005	
Life Insurance		86	
Medical Insurance		16,351	
Unemployment Compensation		315	
Employer Medicare		3,974	
Travel		3,341	
Instructional Supplies and Materials		35,443	
In Service/Staff Development		1,447	
Other Charges		12,000	
Total Early Childhood Education			397,440

Capital Outlay

Regular Capital Outlay

Architects	\$	159,260	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Other Charges	\$ 23,869	
Building Improvements	971,264	
Other Capital Outlay	59,152	
Total Regular Capital Outlay		\$ 1,213,545

Other Debt Service

Education

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

Total General Purpose School Fund \$ 25,158,967

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 395,076	
Educational Assistants	267,505	
Bonus Payments	10,000	
Other Salaries and Wages	3,548	
Certified Substitute Teachers	3,258	
Non-certified Substitute Teachers	12,952	
Social Security	40,316	
State Retirement	60,803	
Life Insurance	254	
Medical Insurance	37,401	
Unemployment Compensation	840	
Employer Medicare	9,797	
Contracts with Other School Systems	21,575	
Instructional Supplies and Materials	206,785	
Other Supplies and Materials	4,569	
Total Regular Instruction Program		\$ 1,074,679

Special Education Program

Teachers	\$ 11,963
Homebound Teachers	1,130
Educational Assistants	309,383
Speech Pathologist	50,430
Other Salaries and Wages	8,402
Non-certified Substitute Teachers	31,562
Social Security	24,182
State Retirement	36,512
Life Insurance	29
Medical Insurance	6,639
Unemployment Compensation	770
Employer Medicare	5,657
Contracts with Private Agencies	1,182

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	200	
Instructional Supplies and Materials		16,212	
Other Supplies and Materials		8,037	
Special Education Equipment		6,679	
Total Special Education Program			\$ 518,969

Vocational Education Program

Instructional Supplies and Materials	\$	5,571	
Vocational Instruction Equipment		31,097	
Total Vocational Education Program			36,668

Support Services

Health Services

Medical Personnel	\$	15,548	
Social Security		700	
State Retirement		1,553	
Unemployment Compensation		35	
Employer Medicare		164	
Total Health Services			18,000

Other Student Support

Social Workers	\$	18,497	
Other Salaries and Wages		18,329	
Social Security		2,161	
State Retirement		3,679	
Unemployment Compensation		70	
Employer Medicare		505	
Travel		16,494	
Other Charges		15,828	
Total Other Student Support			75,563

Regular Instruction Program

Supervisor/Director	\$	67,722	
Clerical Personnel		20,591	
Educational Assistants		18,920	
Other Salaries and Wages		75,338	
In-service Training		22,342	
Non-certified Substitute Teachers		1,692	
Social Security		12,042	
State Retirement		15,027	
Life Insurance		58	
Medical Insurance		17,487	
Unemployment Compensation		70	
Employer Medicare		2,993	
Travel		51,642	
Library Books/Media		8,650	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	53,171	
In Service/Staff Development		38,061	
Other Charges		24,031	
Total Regular Instruction Program			\$ 429,837

Special Education Program

Clerical Personnel	\$	8,096	
In-service Training		4,569	
Social Security		1,348	
State Retirement		780	
Employer Medicare		245	
Travel		15,796	
Other Contracted Services		80,907	
Other Supplies and Materials		4,565	
In Service/Staff Development		79,011	
Other Equipment		1,565	
Total Special Education Program			196,882

Vocational Education Program

Travel	\$	2,825	
Total Vocational Education Program			2,825

Transportation

Bus Drivers	\$	38,034	
Other Salaries and Wages		20,533	
Social Security		3,594	
State Retirement		4,388	
Employer Medicare		840	
Total Transportation			<u>67,389</u>

Total School Federal Projects Fund \$ 2,420,812

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	5,714	
Clerical Personnel		32,758	
Cafeteria Personnel		554,323	
Other Salaries and Wages		40,559	
Social Security		35,569	
State Retirement		56,565	
Employer Medicare		8,423	
Communication		3,884	
Maintenance and Repair Services - Equipment		26,265	
Travel		3,988	
Other Contracted Services		9,544	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	90,535	
Food Supplies		904,060	
USDA - Commodities		132,013	
Workers' Compensation Insurance		22,092	
In Service/Staff Development		1,825	
Other Charges		32,793	
Food Service Equipment		39,069	
Total Food Service			\$ 1,999,979

Total Central Cafeteria Fund \$ 1,999,979

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	17,191	
Total Education Capital Projects			\$ 17,191

Total Education Capital Projects Fund 17,191

Total Governmental Funds - Grainger County School Department \$ 29,596,949

Exhibit J-9

Grainger County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 687,123
Total Cash Receipts	<u>\$ 687,123</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 680,262
Trustee's Commission	6,861
Total Cash Disbursements	<u>\$ 687,123</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Grainger County's basic financial statements, and have issued our report thereon dated January 29, 2015. Our report includes a reference to other auditors who audited the financial statements of the Grainger County Emergency Communications District, as described in our report on Grainger 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**

In planning and performing our audit of the financial statements, we considered Grainger County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on

the effectiveness of Grainger County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grainger County's internal control.

*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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-002, 2014-003, and 2014-007.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Grainger County's financial statements are free from 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: 2014-001, 2014-004, 2014-005, and 2014-006.

### **Grainger County's Responses to Findings**

Grainger County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Grainger County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering

Grainger County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 29, 2015

JPW/kp



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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Grainger County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Grainger County's major federal programs for the year ended June 30, 2014. Grainger County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Grainger County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grainger County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Grainger County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Grainger County complied, in all material respects, with the types of compliance 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, 2014.

### **Report on Internal Control Over Compliance**

Management of Grainger County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grainger County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grainger County's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

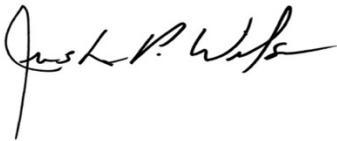
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Grainger County's basic financial statements. We issued our report thereon dated January 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 29, 2015

Grainger County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

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	\$ 377,448
National School Lunch Program	10.555	N/A	1,028,371 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	132,013 (3)
Total U.S. Department of Agriculture			<u>\$ 1,537,832</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	\$ 247,160
Total U.S. Department of Defense			<u>\$ 247,160</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-10314004	\$ 443,298
Total U.S. Department of Housing and Urban Development			<u>\$ 443,298</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 975,600
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	867,916
Special Education - Preschool Grants	84.173	N/A	40,261
Career and Technical Education - Basic Grants to States	84.048	N/A	55,987
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	94,770
Rural Education	84.358	N/A	103,203
English Language Acquisition Grants	84.365	N/A	30,628
Improving Teacher Quality State Grants	84.367	N/A	174,576
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	184,808
Total U.S. Department of Education			<u>\$ 2,527,749</u>
U.S. Department of Election Assistance Commission:			
Passed-through State Department of Elections:			
Help America Vote Act Requirements Payments	90.401	30510-00113-29	\$ 1,463
Total U.S. Department of Election Assistance Commission			<u>\$ 1,463</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 22,548
Passed-through State Department of Human Services:			
Child Support Enforcement	93.563	GG-0925379	4,797
Total U.S. Department of Health and Human Services			<u>\$ 27,345</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 14,939
Total U.S. Department of Homeland Security			<u>\$ 14,939</u>
Total Expenditures of Federal Awards			<u>\$ 4,799,786</u>

(Continued)

Grainger County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Public Health Nurses - State Department of Health	N/A	(2)	\$ 13,308
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	4,500
Litter Program - State Department of Transportation	N/A	(2)	31,984
State Aid Program - State Department of Transportation	N/A	(2)	219,893
Special Programs for the Aging - East Tennessee Human Resource Agency	N/A	(2)	6,481
High Schools That Work - State Department of Education	N/A	(2)	2,179
Adult Education - State Grant Program - State Department of Education	N/A	(2)	1,565
Driver Education - State Department of Education	N/A	(2)	16,493
Coordinated School Health - State Department of Education	N/A	(2)	96,035
Family Resource Center Grant - State Department of Education	N/A	(2)	29,537
Connect TN - State Department of Education	N/A	(2)	10,387
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	397,744
Safe Schools Act Grant - State Department of Education	N/A	(2)	23,800
Statewide System Management - State Department of Education	N/A	(2)	9,359
Student Ticket Subsidy - Tennessee Arts Commission through the Arts and Culture Alliance of Greater Knoxville	N/A	(2)	6,130
<b>Total State Grants</b>			<u><u>\$ 869,395</u></u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) - Information not available.

(3) - Total for CFDA No. 10.555 is \$1,160,384.

Grainger County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Grainger County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

**OFFICE OF ROAD SUPERINTENDENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-002	155	A used brush chipper was purchased without obtaining competitive bids

**OFFICE OF ASSESSOR OF PROPERTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-007	157	Mobile home schedules were not mailed to the land owner where the mobile home was located.

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-008	158	Duties were not segregated adequately

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**GRAINGER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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

1. Our report on the financial statements of Grainger County is unmodified.
2. The audit of the financial statements of Grainger County disclosed significant deficiencies in internal control. None of those deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Grainger County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified 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), Special Education Cluster: Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), and the Community Development Block Grant/State's Program (CFDA No. 14.228) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Grainger County did not qualify as a low-risk auditee.

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

Findings and recommendations, as a result of our examination and the annual monitoring by the state Division of Property Assessments on assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the director of schools and assessor of property are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF ROAD SUPERINTENDENT**

#### **FINDING 2014-001**

#### **A USED BRUSH CHIPPER WAS PURCHASED WITHOUT OBTAINING COMPETITIVE BIDS** (Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures to obtain reasonable assurance that bids were properly solicited, we reviewed certain purchases that were just below or above the \$10,000 bid limit. Our examination revealed that the Highway Department purchased a used brush chipper for \$16,000 less a trade-in allowance of \$2,500 for a net cost \$13,500. The department did not solicit bids for the purchase and trade-in of the equipment. Instead, the superintendent obtained one quote for the purchase and researched the internet to determine prices for similar chippers. Purchasing procedures for the Highway Department are governed by Chapter 232, Private Acts of 1980, and provisions of the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated (TCA)*. These statutes provide for purchases exceeding \$10,000 to be made after public advertisement and the solicitation of competitive bids. Since the equipment was used, Section 12-3-1003, *TCA*, permits the purchase of used equipment without competitive bidding if certain documentation is obtained and conditions met. However, the required documentation was not obtained. As a result, the best and lowest price may not have been obtained for the purchase of the equipment. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

#### **RECOMMENDATION**

All purchases should be made in compliance with applicable state statutes.

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

#### **FINDING 2014-002**

#### **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$140,134 AT JUNE 30, 2014** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

At June 30, 2014, the School Federal Projects Fund had a cash overdraft of \$140,134. Sound business practices dictate that expenditures be held within available funds. This overdraft

resulted from the issuance of checks exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2014, upon receipt of grant revenues.

#### RECOMMENDATION

The School Department should not issue checks exceeding cash on deposit with the county trustee.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Federal programs specifically state that funds must be on a reimbursement basis and e-plan requires year-to-date expenditures. We requested the federal funds payment prior to June 30, and there was an accounts receivable for the federal funds. These funds were requested for the July and August payroll (which were payments for salary earned during 2013-14 school year). These checks (direct deposits) were written but not released until July 18 and August 20, respectively. The federal funds were in the trustees account by July 9, and the actual payroll direct deposit release was July 18 and August 20.

We will offer from a management standpoint to be in compliance with the audit finding by requesting all funds for salaries prior to June 15 of each fiscal year in order for them to be received by June 30; or create a deferred payroll entry; or adopt a resolution to transfer funds from the General Purpose School Fund to the School Federal Projects Fund to allow for cash flow. This would avoid a conflict with the reimbursable rule for federal funds and e-plan rules.

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#### FINDING 2014-003

#### **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**

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

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was corrected on May 21, 2014, after being brought to the attention of management.

#### RECOMMENDATION

Management should ensure that adequate controls over its information systems and the resources associated with those systems are in place.

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**OFFICE OF SHERIFF**

**FINDING 2014-004**

**THE OFFICE DID NOT DEPOSIT SOME FUNDS  
WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

In some instances, collections were not deposited to the sheriff's bank account within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collecting the funds. This deficiency is the result of a lack of management oversight. The delay in depositing funds increases the risks of fraud and misappropriation.

**RECOMMENDATION**

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

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**OFFICE OF ASSESSOR OF PROPERTY**

**FINDING 2014-005**

**MOBILE HOME SCHEDULES WERE NOT MAILED TO  
THE LAND OWNER WHERE THE MOBILE HOME WAS  
LOCATED**

(Noncompliance Under *Government Auditing Standards*)

Our review disclosed that no mobile home schedules were mailed to any of the 48 owners of land where mobile homes were located. Section 67-5-802, *Tennessee Code Annotated*, requires the assessor to furnish a schedule to each land owner of a mobile home park by March 1 of each year. It is the land owner's responsibility to complete the schedule to report the number of mobile homes, make, serial number, size, original cost, and any other information necessary for proper assessment of the mobile homes. This deficiency occurred because the assessor failed to follow the state statute and failed to correct the finding noted in the prior-year audit report. This deficiency could result in the inaccurate assessment of the property.

**RECOMMENDATION**

The assessor should provide a schedule of assessed values of each mobile home before March 1 of each tax year to land owners where mobile homes are located and should review the schedules for accuracy.

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FINDING 2014-006

**THE ASSESSOR DID NOT MAINTAIN AN ADEQUATE PROGRAM OF SALES VERIFICATION**

(Noncompliance Under *Government Auditing Standards*)

The assessor did not maintain an adequate program of sales verification. Section 67-5-1601, *Tennessee Code Annotated (TCA)*, requires the assessor to maintain an adequate program of real property sales verifications in accordance with procedures and rules established by the State Board of Equalization. During the 2013 tax year, no sales verification forms were mailed for sales occurring during that year. This deficiency can be attributed to the failure of management to maintain adequate records of sales and rejections in analyzing reappraisals, sales ratio studies, current value update programs, and other reporting services. This resulted in a lack of sufficient documentation to verify sales during reappraisals, sales ratio studies, and current value update programs.

RECOMMENDATION

The assessor should maintain an adequate program of sales verifications as required by state statute.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

The statute used for this finding does not specifically address this matter but refers to a system established by the state Board of Equalization to keep and maintain sales files in the assessor's office on all farm and commercial sales. In 1993, the state Division of Property Assessments published a manual and sales questionnaire to be used to achieve this system. This manual lists four methods to gather information for the sale: 1) develop a system with the register of deeds to insure you receive copies of all deeds with pertinent information, 2) ask the buyer, seller, attorney, or agent for the information on the sale personally, 3) obtain this information from anyone involved in the sale, and 4) mail out the sales questionnaire developed by the state Division of Property Assessments. This questionnaire asks for the consideration on the deed and what the actual cost was. I do not feel comfortable asking the purchaser if their sworn statement on the deed is different from what they actually paid for the property.

After four reappraisals and one current value update, I certainly understand the importance of maintaining a sales file. I realize that family, personal property, owner financing, assumptions, and other circumstances can affect a sale. Our county is quite a rural area, and almost everyone knows everyone else's business. I feel comfortable creating my sales file by using the first three methods noted in my management's response to this finding. In 20 years this has never been an issue. I feel if you are going to single nonuse of one method as a violation, the other three should be considered single also.

REBUTTAL – STATE DIVISION OF PROPERTY ASSESSMENTS

The assessor's response misrepresents the meaning and intent of the verification procedures for sales of farm and commercial properties contained in the *State of Tennessee's Property Assessor's Procedures for Sales Data Collection and Verification, 2003*.

Section III. Paragraph A. Farm and Commercial/Industrial Sales Verification reads: All farm and commercial/industrial sales will be verified to determine if they meet the requirements of a valid transaction under Section 67-5-601, *TCA*. Evidence of the verification being conducted will be the completion of a sales verification form. All farm and commercial/industrial sales verification forms will be maintained in the assessor's office and filed in a manner that will provide for easy access. They may be filed either in book and page order or map and parcel number.

The verification process will be completed using the following verification methods:

1. Establish a procedure with the register of deeds to gather the necessary information for verification at the time of recording.
2. Contact the buyer, seller or an informed agent (closing attorney, real estate agent, or loan officer) by telephone and ascertain the data necessary to complete the farm or commercial/industrial sales questionnaire.
3. Mail a sales verification form to the buyer or seller. A form for this purpose will be provided by the state Division of Property Assessments.

The assessor can use any of the three methods for gathering the necessary information to fully evaluate farm and commercial sales. Each would serve to fulfill that purpose. The method currently used by the assessor is to make a notation on a Farm or Commercial Sales Questionnaire using his local knowledge, because he feels the county is "quite a rural area, and almost everyone knows everyone else's business." This does not meet the standard of the statutory requirements outlined in Sections 67-5-601 and 67-5-1601, *TCA*, regarding the verification of sales in accordance with procedures and rules established by the State Board of Equalization to gather transactional information to determine the validity of the sales of these classes of real property when ownership changes.

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

**FINDING 2014-007**

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

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

transactions. Also, the deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

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

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

Grainger County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. 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 Grainger 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.

**GRAINGER COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2014**

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