
ANNUAL FINANCIAL REPORT GRUNDY COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
GRUNDY 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***

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

***MICHAEL FORD, CPA, CGFM
Auditor 4***

***AMY HEWITT, CPA, CFE
JENI PALADENI, CISA
State Auditors***

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

GRUNDY COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6-7
<u>INTRODUCTORY SECTION</u>		8
Grundy County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	27
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	C-5	28-29
Solid Waste/Sanitation Fund	C-6	30
Highway/Public Works Fund	C-7	31
Proprietary Fund:		
Statement of Net Position	D-1	32
Statement of Revenues, Expenses, and Changes in Net Position	D-2	33
Statement of Cash Flows	D-3	34
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	35
Index and Notes to the Financial Statements		36-77
REQUIRED SUPPLEMENTARY INFORMATION:		78
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Grundy County School Department	F-1	79
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Grundy County School Department	F-2	80
Notes to the Required Supplementary Information		81

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		82
Nonmajor Governmental Funds:		83-84
Combining Balance Sheet	G-1	85-86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	87-90
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	G-3	91
Industrial/Economic Development Fund	G-4	92
Drug Control Fund	G-5	93
Major Governmental Fund:		94
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	95
Fiduciary Funds:		96
Combining Statement of Fiduciary Assets and Liabilities	I-1	97
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	98
Component Unit:		
Discretely Presented Grundy County School Department:		99
Statement of Activities	J-1	100
Balance Sheet – Governmental Funds	J-2	101
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	102
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	103-104
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-6	106
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-7	107-108
School Federal Projects Fund	J-8	109
Central Cafeteria Fund	J-9	110
Statement of Fiduciary Net Position	J-10	111
Statement of Changes in Fiduciary Net Position	J-11	112

	Exhibit	Page(s)
Miscellaneous Schedules:		113
Schedule of Changes in Long-term Other Loans, Bonds, and Notes	K-1	114-115
Schedule of Long-term Debt Requirements by Year	K-2	116
Schedule of Transfers – Discretely Presented Grundy County School Department	K-3	117
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Grundy County School Department	K-4	118
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	119-128
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Grundy County School Department	K-6	129-132
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	133-146
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Grundy County School Department	K-8	147-157
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-9	158
 <u>SINGLE AUDIT SECTION</u>		 159
 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		 160-162
Auditor's 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		 163-165
Schedule of Expenditures of Federal Awards and State Grants		166-167
Schedule of Audit Findings Not Corrected		168-169
Schedule of Findings and Questioned Costs		170-181
Best Practice		182
Auditee Reporting Responsibilities		183

Summary of Audit Findings

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

Scope

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

Results

Our report on Grundy County's financial statements is unmodified.

Our audit resulted in 14 findings and recommendations, which we have reviewed with Grundy County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The office had deficiencies in purchasing procedures.
- ◆ Authorizations were not on file to support gross salary amounts for some employees.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The office did not maintain adequate controls over fuel.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ The office had deficiencies related to employee travel.
- ◆ Deficiencies exist related to work performed for other governmental entities.
- ◆ The office did not implement adequate controls to protect its information resources.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in purchasing procedures.
- ◆ Deficiencies were noted in the administration of the Little Jackets Daycare.
- ◆ The actual fund balance exceeded the estimated beginning fund balance by a material amount.
- ◆ Board policy was not followed in the recruitment and selection of the director of schools.

**OFFICES OF TRUSTEE AND CIRCUIT AND GENERAL SESSIONS
COURTS CLERK**

- ◆ Multiple employees operated from the same cash drawer.

**OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT,
DIRECTOR OF SCHOOLS, COUNTY CLERK, CIRCUIT AND GENERAL
SESSIONS COURTS CLERK, AND SHERIFF**

- ◆ Duties were not segregated adequately.

GRUNDY COUNTY

- ◆ The county's Audit Committee is not a functioning committee.

INTRODUCTORY SECTION

Grundy County Officials

June 30, 2014

Officials

Lonnie Cleek, County Mayor
Hubert Hargis, Highway Superintendent
Dr. David Dickerson, Director of Schools
Lucyle Hampton, Trustee
Joanne Childers, Assessor of Property
Tammy Sholey, County Clerk
Marcia Bess, Circuit and General Sessions Courts Clerk
Phyllis Dent, Clerk and Master
Gayle VanHooser, Register of Deeds
Brent Myers, Sheriff

Board of County Commissioners

Charles Rollins, Chairman
Michael Brady
Kelly Gibbs
David Griswold
Wayne Harris
Dennis Jones
David Lockhart
Emily Partin
Carl Prater

Board of Education

Robert Foster Jr., Chairman
Willene Campbell
James Cooper
Paul Gallagher
Haskel Meadows
Gary Melton
Charles Sanders
Timothy Spicer
Michael Yates

Audit Committee

Brenda Andy
Wayne Harris
Rusty Payne

FINANCIAL SECTION



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

Independent Auditor's Report

Grundy County Mayor and
Board of County Commissioners
Grundy 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy, 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 Grundy County Emergency Communication District, which represent 4.61 percent, 5.4 percent, and 1.52 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

Grundy County Emergency Communication 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison 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., Grundy 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 79-81 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 Grundy 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 Grundy 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 Grundy 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 Grundy 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 October 9, 2014, on our consideration of Grundy 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 Grundy County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 9, 2014

JPW/kp

BASIC FINANCIAL STATEMENTS

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

Exhibit A

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Grundy County School Department	Grundy County Emergency Communications District		
\$	600	0	600	0	0	0	567,064
Cash	6,868,928	46,909	6,915,837	3,147,580			0
Equity in Pooled Cash and Investments	10,644	5,220	15,864	0			36,133
Accounts Receivable	592,793	0	592,793	383,588			0
Due from Other Governments	36,120	0	36,120	0			0
Due from Other Funds	1,503,304	0	1,503,304	0			0
Due from Component Units	4,219,705	0	4,219,705	1,653,647			0
Property Taxes Receivable	(189,075)	0	(189,075)	(74,096)			0
Allowance for Uncollectible Property Taxes	0	0	0	0			5,042
Prepaid Items	0	0	0	0			273
Accrued Interest Receivable							
Capital Assets:							
Assets Not Depreciated:							
Land	235,273	30,000	265,273	262,199			0
Construction in Progress	0	0	0	21,500			0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	2,212,439	862,063	3,074,502	11,804,407			0
Infrastructure	2,248,286	461,717	2,710,003	0			0
Other Capital Assets	516,563	0	516,563	849,765			262,233
Intangible Assets	0	0	0	0			2,275
Total Assets	\$ 18,255,580	\$ 1,405,909	\$ 19,661,489	\$ 18,048,590	\$		\$ 873,020

(Continued)

Exhibit A

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

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Grundy County School Department	Grundy County Emergency Communications District	
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,915
Payroll Deductions Payable	11	0	11	0	0	0
Due to Other Funds	0	36,120	36,120	0	0	0
Due to Primary Government	0	0	0	1,503,304	0	0
Accrued Interest Payable	42,012	0	42,012	0	0	0
Noncurrent Liabilities:						
Due Within One Year	1,285,688	17,820	1,303,508	11,860	0	0
Due in More Than One Year	8,753,519	8,933	8,762,452	568,878	0	0
Total Liabilities	\$ 10,081,230	\$ 62,873	\$ 10,144,103	\$ 2,084,042	\$ 46,915	\$ 46,915

LIABILITIES

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 3,798,337	\$ 0	\$ 3,798,337	\$ 1,488,517	\$ 0
Total Deferred Inflows of Resources	\$ 3,798,337	\$ 0	\$ 3,798,337	\$ 1,488,517	\$ 0

NET POSITION

Net Investment in Capital Assets	\$ 4,756,659	\$ 1,327,027	\$ 6,083,686	\$ 12,937,871	\$ 264,508
Restricted for:					
General Government	585,367	0	585,367	0	0
Administration of Justice	275,067	0	275,067	0	0
Public Safety	111,831	0	111,831	0	0
Public Health and Welfare	1,354,311	0	1,354,311	0	0
Highways	926,017	0	926,017	0	0
Debt Service	3,468,206	0	3,468,206	0	0
Capital Outlay	432,052	0	432,052	0	0
Education	0	0	0	473,299	0
Unrestricted	(7,533,497)	16,009	(7,517,488)	1,064,861	561,597
Total Net Position	\$ 4,376,013	\$ 1,343,036	\$ 5,719,049	\$ 14,476,031	\$ 826,105

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

Exhibit B

Grundy 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	Governmental Activities	Primary Government Business-type Activities	Total	Grundy County School Department	Grundy County Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 992,006	\$ 121,069	\$ 65,687	\$ 0	\$ (805,250)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	528,472	294,638	0	0	(233,834)	0	0	0	0	0
Administration of Justice	567,700	248,313	4,500	0	(314,887)	0	0	0	0	0
Public Safety	2,006,163	186,505	73,972	0	(1,745,686)	0	0	0	0	0
Public Health and Welfare	1,591,676	35,220	106,150	656,241	(794,065)	0	0	0	0	0
Social, Cultural, and Recreational Services	48,926	0	4,500	0	(44,426)	0	0	0	0	0
Agriculture and Natural Resources	116,373	0	0	0	(116,373)	0	0	0	0	0
Highways/Public Works	2,123,661	153,352	1,472,708	181,106	(316,495)	0	0	0	0	0
Education	1,626,855	0	0	0	(1,626,855)	0	0	0	0	0
Interest on Long-term Debt	281,075	0	0	8,331	(272,744)	0	0	0	0	0
Total Governmental Activities	\$ 9,882,907	\$ 1,039,097	\$ 1,727,517	\$ 845,678	\$ (6,270,615)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Waste Water	\$ 98,579	\$ 46,059	\$ 0	\$ 0	\$ (52,520)	\$ (52,520)	\$ 0	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 98,579	\$ 46,059	\$ 0	\$ 0	\$ (52,520)	\$ (52,520)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 9,981,486	\$ 1,085,156	\$ 1,727,517	\$ 845,678	\$ (6,270,615)	\$ (52,520)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Grundy County School Department	\$ 19,247,055	\$ 295,803	\$ 3,004,741	\$ 1,577,498	\$ 0	\$ 0	\$ 0	\$ (14,369,013)	\$ 0	\$ 0
Grundy County Emergency Communications District	345,789	278,416	0	0	0	0	0	0	(67,373)	0
Total Component Units	\$ 19,592,844	\$ 574,219	\$ 3,004,741	\$ 1,577,498	\$ 0	\$ 0	\$ 0	\$ (14,369,013)	\$ (67,373)	\$ 0

(Continued)

Exhibit B

Grundy County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues					Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Grundy County School Department	Grundy County Emergency Communications District	
							Primary Governmental Activities	Business-type Activities
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes		\$ 3,624,345	\$ 0	\$ 0	\$ 3,624,345	\$ 1,539,920	\$ 0	\$ 0
Property Taxes Levied for Debt Service		275,501	0	0	275,501	0	0	0
Local Option Sales Taxes		467,357	0	0	467,357	417,420	0	0
Litigation Tax - General		17,503	0	0	17,503	0	0	0
Litigation Tax - Special Purpose		30,410	0	0	30,410	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse		11,793	0	0	11,793	0	0	0
Business Tax		25,883	0	0	25,883	25,882	0	0
Other Local Taxes		727	0	0	727	1,502	0	0
Grants and Contributions Not Restricted to Specific Programs		146,679	0	0	146,679	14,767,437	52,837	0
Unrestricted Investment Earnings		84,114	23	0	84,137	0	2,157	0
Miscellaneous		29,414	0	0	29,414	93,144	1,223	0
Total General Revenues		\$ 4,713,726	\$ 23	\$ 23	\$ 4,713,749	\$ 16,845,305	\$ 56,217	\$ 0
Change in Net Position								
Net Position, July 1, 2013		\$ (1,556,889)	\$ (52,497)	\$ (52,497)	\$ (1,609,386)	\$ 2,476,292	\$ (11,156)	\$ (11,156)
Net Position, June 30, 2014		\$ 4,376,013	\$ 1,343,036	\$ 1,343,036	\$ 5,719,049	\$ 11,999,739	\$ 837,261	\$ 837,261

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

Exhibit C-1

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

	<u>Major Funds</u>				<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Solid Waste / Sanitation</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Other Governmental Funds</u>		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600
Equity in Pooled Cash and Investments	865,765	1,320,149	586,547	3,413,890	682,577		6,868,928
Accounts Receivable	10,400	0	0	0	244		10,644
Due from Other Governments	153,175	2,152	358,645	78,821	0		592,793
Due from Other Funds	37,024	0	0	0	0		37,024
Property Taxes Receivable	3,492,981	421,962	0	304,762	0		4,219,705
Allowance for Uncollectible Property Taxes	(156,512)	(18,907)	0	(13,656)	0		(189,075)
Total Assets	\$ 4,402,833	\$ 1,725,356	\$ 945,192	\$ 3,783,817	\$ 683,421	\$ 11,540,619	

LIABILITIES

Payroll Deductions Payable	\$ 11	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11
Due to Other Funds	0	60	0	0	844		904
Total Liabilities	\$ 11	\$ 60	\$ 0	\$ 0	\$ 844	\$ 844	\$ 915

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 3,144,182	\$ 379,825	\$ 0	\$ 274,330	\$ 0	\$ 0	\$ 3,798,337
Deferred Delinquent Property Taxes	179,203	21,649	0	15,635	0	0	216,487
Other Deferred/Unavailable Revenue	0	0	227,821	38,500	0	0	266,321
Total Deferred Inflows of Resources	\$ 3,323,385	\$ 401,474	\$ 227,821	\$ 328,465	\$ 0	\$ 0	\$ 4,281,145

FUND BALANCES

Restricted:							
Restricted for General Government	\$ 2,493	\$ 0	\$ 0	\$ 0	\$ 582,874	\$ 585,367	

(Continued)

Exhibit C-1

Grundy 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		
Restricted (Cont.):							
Restricted for Administration of Justice	\$ 275,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	275,067
Restricted for Public Safety	12,128	0	0	0	99,703	0	111,831
Restricted for Public Health and Welfare	8,840	1,323,822	0	0	0	0	1,332,662
Restricted for Highways/Public Works	0	0	717,371	0	0	0	717,371
Restricted for Capital Outlay	432,052	0	0	0	0	0	432,052
Restricted for Debt Service	0	0	0	3,455,352	0	0	3,455,352
Unassigned	348,857	0	0	0	0	0	348,857
Total Fund Balances	\$ 1,079,437	\$ 1,323,822	\$ 717,371	\$ 3,455,352	\$ 682,577	\$ 0	7,258,559
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,402,833	\$ 1,725,356	\$ 945,192	\$ 3,783,817	\$ 683,421	\$ 0	11,540,619

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

Exhibit C-2

Grundy 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)		\$ 7,258,559
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 235,273	
Add: buildings and improvements net of accumulated depreciation	2,212,439	
Add: infrastructure net of accumulated depreciation	2,248,286	
Add: other capital assets net of accumulated depreciation	<u>516,563</u>	5,212,561
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (5,324,044)	
Less: notes payable	(580,851)	
Less: other loans payable	(3,644,246)	
Add: debt to be contributed by the School Department	1,503,304	
Less: compensated absences payable	(19,175)	
Less: other postemployment benefits liability	(86,609)	
Less: landfill closure/postclosure care costs	(384,282)	
Less: accrued interest on bonds and notes	<u>(42,012)</u>	(8,577,915)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>482,808</u>
Net position of governmental activities (Exhibit A)		<u>\$ 4,376,013</u>

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

Exhibit C-3

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

	Major Funds					
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 3,234,827	\$ 388,189	\$ 0	\$ 724,290	\$ 0	\$ 0
Licenses and Permits	41,656	0	0	0	0	0
Fines, Forfeitures, and Penalties	49,948	0	0	0	0	0
Charges for Current Services	33,052	9	76,228	0	0	0
Other Local Revenues	40,221	8,033	43,671	84,114	0	0
Fees Received from County Officials	502,767	0	0	0	0	0
State of Tennessee	380,648	33,153	1,667,897	0	0	0
Federal Government	785,103	0	0	0	0	0
Other Governments and Citizens Groups	4,500	0	42,719	290,058	0	0
<u>Total Revenues</u>	<u>\$ 5,072,722</u>	<u>\$ 429,384</u>	<u>\$ 1,830,515</u>	<u>\$ 1,098,462</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 630,006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	452,105	0	0	0	0	0
Administration of Justice	485,854	0	0	0	0	0
Public Safety	1,741,218	0	0	0	0	0
Public Health and Welfare	227,352	634,646	0	0	0	0
Social, Cultural, and Recreational Services	45,623	0	0	0	0	0
Agriculture and Natural Resources	110,061	0	0	0	0	0
Other Operations	1,175,915	7,851	0	0	0	0
Highways	0	0	1,893,884	0	0	0
Operation of Non-instructional Services	44,375	0	0	0	0	0
Debt Service:						
Principal on Debt	0	0	0	1,363,547	0	0
Interest on Debt	0	0	0	284,747	0	0

(Continued)

Exhibit C-3

Grundy 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	Education Capital Projects	
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 0	\$ 15,732	\$ 0	\$ 0
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	1,577,498
Total Expenditures	\$ 4,912,509	\$ 642,497	\$ 1,893,884	\$ 1,664,026	\$ 1,577,498	\$ 1,577,498
Excess (Deficiency) of Revenues Over Expenditures	\$ 160,213	\$ (213,113)	\$ (63,369)	\$ (565,564)	\$ (1,577,498)	\$ (1,577,498)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 71,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	1,577,498
Proceeds from Sale of Capital Assets	0	0	11,300	0	0	0
Insurance Recovery	11,135	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 82,135	\$ 0	\$ 11,300	\$ 0	\$ 0	\$ 1,577,498
Net Change in Fund Balances	\$ 242,348	\$ (213,113)	\$ (52,069)	\$ (565,564)	\$ 0	\$ 0
Fund Balance, July 1, 2013	837,089	1,536,935	769,440	4,020,916	0	0
Fund Balance, June 30, 2014	\$ 1,079,437	\$ 1,323,822	\$ 717,371	\$ 3,455,352	\$ 0	\$ 0

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 30,410	\$	4,377,716
Licenses and Permits	0		41,656
Fines, Forfeitures, and Penalties	22,677		72,625
Charges for Current Services	19,902		129,191
Other Local Revenues	24,502		200,541
Fees Received from County Officials	0		502,767
State of Tennessee	0		2,081,698
Federal Government	0		785,103
Other Governments and Citizens Groups	0		337,277
Total Revenues	<u>\$ 97,491</u>	<u>\$</u>	<u>8,528,574</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 16,172	\$	646,178
Finance	0		452,105
Administration of Justice	19,902		505,756
Public Safety	5,022		1,746,240
Public Health and Welfare	0		861,998
Social, Cultural, and Recreational Services	0		45,623
Agriculture and Natural Resources	0		110,061
Other Operations	324		1,184,090
Highways	0		1,893,884
Operation of Non-instructional Services	0		44,375
Debt Service:			
Principal on Debt	39,654		1,403,201
Interest on Debt	2,924		287,671

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmen- tal Funds
<u>Expenditures (Cont.)</u>			
Debt Service (Cont.)			
Other Debt Service	0	\$	15,732
Capital Projects	256,349		256,349
Capital Projects - Donated	0		1,577,498
Total Expenditures	<u>340,347</u>	<u>\$</u>	<u>11,030,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$</u>	<u>(242,856)</u>	<u>\$</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	300,000	\$	371,000
Other Loans Issued	0		1,577,498
Proceeds from Sale of Capital Assets	0		11,300
Insurance Recovery	0		11,135
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>\$</u>	<u>1,970,933</u>
Net Change in Fund Balances	57,144	\$	(531,254)
Fund Balance, July 1, 2013	625,433		7,789,813
Fund Balance, June 30, 2014	<u>682,577</u>	<u>\$</u>	<u>7,258,559</u>

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

Exhibit C-4

Grundy 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)		\$ (531,254)
(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	\$ 146,618	
Less: current-year depreciation expense	<u>(429,964)</u>	(283,346)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(6,230)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 482,808	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(405,337)</u>	77,471
(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 net effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (371,000)	
Less: other loan proceeds	(1,577,498)	
Add: principal payments on bonds	837,820	
Add: principal payments on notes	123,351	
Add: principal payments on other loans	442,030	
Less: contributions from School Department for notes and other loans	<u>(281,727)</u>	(827,024)
(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	\$ 6,596	
Change in compensated absences payable	5,865	
Change in other postemployment benefits liability	(4,358)	
Change in landfill closure/postclosure care costs	<u>5,391</u>	<u>13,494</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,556,889)</u>

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

Exhibit C-5

Grundy County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 General Fund
 For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 3,234,827	\$ 3,238,062	\$ 3,238,062	\$ (3,235)
Licenses and Permits	41,656	26,950	26,950	14,706
Fines, Forfeitures, and Penalties	49,948	44,500	44,500	5,448
Charges for Current Services	33,052	24,500	24,500	8,552
Other Local Revenues	40,221	27,000	42,442	(2,221)
Fees Received from County Officials	502,767	512,500	527,500	(24,733)
State of Tennessee	380,648	290,500	287,997	92,651
Federal Government	785,103	1,224,119	1,350,952	(565,849)
Other Governments and Citizens Groups	4,500	0	0	4,500
Total Revenues	\$ 5,072,722	\$ 5,388,131	\$ 5,542,903	\$ (470,181)
Expenditures				
General Government				
County Commission	\$ 22,067	\$ 27,401	\$ 24,501	\$ 2,434
Board of Equalization	2,000	2,000	2,000	0
Beer Board	36	200	200	164
Other Boards and Committees	0	1,000	0	0
County Mayor/Executive	149,729	153,221	153,221	3,492
County Attorney	18,707	11,200	19,200	493
Election Commission	188,102	167,471	199,253	11,151
Register of Deeds	101,932	102,686	103,685	1,753
County Buildings	147,433	159,979	159,979	12,546
Finance				
Property Assessor's Office	178,222	190,298	190,298	12,076
County Trustee's Office	112,604	116,316	116,316	3,712
County Clerk's Office	161,279	166,846	167,646	6,367
Administration of Justice				
Circuit Court	212,611	219,315	219,315	6,704
General Sessions Judge	131,905	128,052	132,962	1,057
Chancery Court	108,685	112,133	112,133	3,448
Juvenile Court	32,653	33,405	33,405	752
Public Safety				
Sheriff's Department	924,979	856,659	995,459	70,480
Administration of the Sexual Offender Registry	50	500	500	450
Jail	735,997	640,042	729,092	(6,905)
Fire Prevention and Control	6,120	14,000	10,390	4,270
Rescue Squad	3,000	3,000	3,000	0
Other Emergency Management	20,734	20,481	21,681	947
County Coroner/Medical Examiner	2,400	2,100	2,700	300
Other Public Safety	47,938	54,859	101,499	53,561
Public Health and Welfare				
Local Health Center	52,475	49,187	56,329	3,854
Ambulance/Emergency Medical Services	125,000	125,000	125,000	0
Crippled Children Services	0	830	830	830
Other Local Health Services	25,226	47,100	47,100	21,874
Regional Mental Health Center	3,500	5,000	5,000	1,500
Other Local Welfare Services	9,995	0	10,000	5
Other Waste Disposal	0	48,000	0	0
Other Public Health and Welfare	11,156	0	20,908	9,752

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 45,623	\$ 45,819	\$ 45,819	\$ 196
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	66,804	77,951	77,951	11,147
Soil Conservation	43,257	45,027	45,027	1,770
Other Agriculture and Natural Resources	0	5,000	5,000	5,000
<u>Other Operations</u>				
Tourism	20,241	5,000	20,250	9
Other Economic and Community Development	656,241	1,181,463	1,181,463	525,222
Veterans' Services	15,028	14,782	15,327	299
Other Charges	155,198	154,102	169,102	13,904
Contributions to Other Agencies	26,894	31,850	31,850	4,956
Employee Benefits	160,695	172,028	167,118	6,423
Miscellaneous	141,618	25,000	144,831	3,213
<u>Operation of Non-Instructional Services</u>				
Community Services	44,375	50,000	50,500	6,125
<u>Principal on Debt</u>				
General Government	0	17,592	17,592	17,592
<u>Interest on Debt</u>				
General Government	0	456	471	471
Total Expenditures	\$ 4,912,509	\$ 5,284,351	\$ 5,735,903	\$ 823,394
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 160,213	\$ 103,780	\$ (193,000)	\$ 353,213
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 71,000	\$ 0	\$ 71,000	\$ 0
Insurance Recovery	11,135	0	0	11,135
Total Other Financing Sources	\$ 82,135	\$ 0	\$ 71,000	\$ 11,135
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 837,089	\$ 770,889	\$ 770,889	\$ 66,200
Fund Balance, June 30, 2014	\$ 1,079,437	\$ 874,669	\$ 648,889	\$ 430,548

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

Exhibit C-6

Grundy 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	\$ 388,189	\$ 407,181	\$ 407,181	\$ (18,992)
Charges for Current Services	9	0	0	9
Other Local Revenues	8,033	8,000	8,000	33
State of Tennessee	33,153	33,700	33,700	(547)
Total Revenues	\$ 429,384	\$ 448,881	\$ 448,881	\$ (19,497)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 33,152	\$ 33,700	\$ 33,700	\$ 548
Convenience Centers	590,424	810,140	810,140	219,716
Landfill Operation and Maintenance	11,070	16,000	16,000	4,930
<u>Other Operations</u>				
Other Charges	7,851	12,500	12,500	4,649
Total Expenditures	\$ 642,497	\$ 872,340	\$ 872,340	\$ 229,843
Excess (Deficiency) of Revenues Over Expenditures	\$ (213,113)	\$ (423,459)	\$ (423,459)	\$ 210,346
Net Change in Fund Balance	\$ (213,113)	\$ (423,459)	\$ (423,459)	\$ 210,346
Fund Balance, July 1, 2013	1,536,935	1,536,936	1,536,936	(1)
Fund Balance, June 30, 2014	\$ 1,323,822	\$ 1,113,477	\$ 1,113,477	\$ 210,345

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

Exhibit C-7

Grundy 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>				
Charges for Current Services	\$ 76,228	\$ 55,000	\$ 55,000	\$ 21,228
Other Local Revenues	43,671	52,800	52,800	(9,129)
State of Tennessee	1,667,897	2,145,921	2,145,921	(478,024)
Other Governments and Citizens Groups	42,719	50,000	50,000	(7,281)
Total Revenues	\$ 1,830,515	\$ 2,303,721	\$ 2,303,721	\$ (473,206)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 120,478	\$ 132,298	\$ 132,298	\$ 11,820
Highway and Bridge Maintenance	898,184	916,940	1,046,440	148,256
Operation and Maintenance of Equipment	297,605	325,950	343,950	46,345
Other Charges	116,192	117,500	117,500	1,308
Employee Benefits	214,224	266,000	266,000	51,776
Capital Outlay	247,201	828,200	680,700	433,499
Total Expenditures	\$ 1,893,884	\$ 2,586,888	\$ 2,586,888	\$ 693,004
Excess (Deficiency) of Revenues Over Expenditures	\$ (63,369)	\$ (283,167)	\$ (283,167)	\$ 219,798
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 11,300	\$ 0	\$ 0	\$ 11,300
Total Other Financing Sources	\$ 11,300	\$ 0	\$ 0	\$ 11,300
Net Change in Fund Balance	\$ (52,069)	\$ (283,167)	\$ (283,167)	\$ 231,098
Fund Balance, July 1, 2013	769,440	825,474	825,474	(56,034)
Fund Balance, June 30, 2014	\$ 717,371	\$ 542,307	\$ 542,307	\$ 175,064

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

Exhibit D-1

Grundy County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2014

	Business-type Activities - Major Enterprise Fund
	Waste Water Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 46,909
Accounts Receivable	5,220
Total Current Assets	<u>\$ 52,129</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 30,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	862,063
Infrastructure	461,717
Total Noncurrent Assets	<u>\$ 1,353,780</u>
Total Assets	<u><u>\$ 1,405,909</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Due to Other Funds	\$ 36,120
Current Portion of Long-term Liabilities	17,820
Total Current Liabilities	<u>\$ 53,940</u>
Noncurrent Liabilities:	
Due in More Than One Year	\$ 8,933
Total Noncurrent Liabilities	<u>\$ 8,933</u>
Total Liabilities	<u><u>\$ 62,873</u></u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,327,027
Unrestricted	16,009
Total Net Position	<u><u>\$ 1,343,036</u></u>

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

Exhibit D-2

Grundy County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities - Major Enterprise Fund <u>Waste Water Fund</u>
<u>Operating Revenues</u>	
User Fees/Vending	\$ 46,059
Total Operating Revenues	<u>\$ 46,059</u>
<u>Operating Expenses</u>	
Part-time Personnel	\$ 5,125
Social Security	318
Employer Medicare	74
Communication	1,258
Other Contracted Services	8,075
Electricity	8,779
Water and Sewer	462
Testing	637
Other Supplies and Materials	4,280
Depreciation	68,845
Other Charges	258
Total Operating Expenses	<u>\$ 98,111</u>
Operating Loss	<u>\$ (52,052)</u>
<u>Nonoperating Revenue/(Expenses)</u>	
Interest Income	\$ 23
Interest on Other Loans Payable	(468)
Total Nonoperating Revenue/(Expenses)	<u>(445)</u>
Change in Net Position	\$ (52,497)
Net Position, July 1, 2013	<u>1,395,533</u>
Net Position, June 30, 2014	<u>\$ 1,343,036</u>

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

Exhibit D-3

Grundy County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities - Major Enterprise Fund
	Waste Water Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 51,093
Payments to Vendors	(23,491)
Payments to Employees	(5,517)
Other Payments	(258)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 21,827</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Paid on Other Loan	\$ (17,592)
Interest Paid on Other Loan	(468)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>\$ (18,060)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Contributions to General Fund	\$ (31,940)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>\$ (31,940)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 23
Net Cash Provided by (Used In) Investing Activities	<u>\$ 23</u>
Net Increase (Decrease) in Cash	\$ (28,150)
Cash, July 1, 2013	<u>75,059</u>
Cash, June 30, 2014	<u>\$ 46,909</u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (52,052)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	68,845
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	<u>5,034</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 21,827</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,666,733
Due from Other Governments	<u>95,575</u>
Total Assets	<u>\$ 1,762,308</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 95,575
Due to Litigants, Heirs, and Others	<u>1,666,733</u>
Total Liabilities	<u>\$ 1,762,308</u>

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

GRUNDY COUNTY, TENNESSEE

Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	38
B. Government-wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	39
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	42
2. Receivables and Payables	43
3. Capital Assets	44
4. Deferred Outflows/Inflows of Resources	45
5. Compensated Absences	45
6. Long-term Obligations	46
7. Net Position and Fund Balance	47
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	48
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	49
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	49
B. Expenditures Exceeded Appropriations	50
C. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount	50
IV. Detailed Notes on All Funds	
A. Deposits and Investments	50
B. Capital Assets	52
C. Construction Commitments	55
D. Interfund Receivables, Payables, and Transfers	55
E. Long-term Obligations	56
F. On-Behalf Payments	62
G. Short-term Debt	62

GRUNDY COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	63
B. Accounting Changes	64
C. Subsequent Events	64
D. Contingent Liabilities	64
E. Change in Administration	65
F. Landfill Closure/Postclosure Care Costs	65
G. Joint Venture	65
H. Retirement Commitments	66
I. Other Postemployment Benefits (OPEB)	69
J. Purchasing Laws	72
VI. Other Notes - Discretely Presented Grundy County Emergency Communications District	 72

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grundy 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 Grundy County:

A. Reporting Entity

Grundy County is a public municipal corporation governed by an elected nine-member board. As required by GAAP, these financial statements present Grundy 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 Grundy County School Department operates the public school system in the county, and the voters of Grundy 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 Grundy County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Grundy County, and its governing body is appointed by the Grundy County Commission. 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 Grundy 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 Grundy County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Grundy County Emergency Communications District
P.O. Box 433
Altamont, TN 37301

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Grundy 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.

Grundy County issues all debt for the discretely presented Grundy County School Department. Net debt issues totaling \$1,577,498 were contributed by the county to the School Department during the year ended June 30, 2014.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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

proprietary fund and 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 Grundy 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Grundy County only reports one enterprise fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the enterprise fund 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. Grundy 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.

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

Grundy 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 accounts for transactions relating to the disposal of Grundy County’s solid waste. 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 and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Education Capital Projects Fund – This fund accounts for debt issued by Grundy County that is subsequently contributed to the discretely presented Grundy County School Department for construction and renovation projects.

Grundy County reports the following major proprietary fund:

Waste Water Fund – This fund accounts for a waste water system, which treats waste water for various industries and businesses in the county.

Additionally, Grundy 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 the 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 Grundy County School Department reports the following major governmental funds:

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

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

Additionally, the School Department reports the following fund types:

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

Private Purpose Trust Fund – The Other Trust Fund is used to account for savings bond awards given to Grundy County students who win an essay contest and a spelling bee. Money for this fund was provided by a citizen.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one enterprise fund used to account for waste water treatment. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.43 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.

Most payables are disaggregated on the face of the financial statements.

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 and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 (\$15,000 for roads and bridges) or more and an estimated useful life of more than three 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 with salvage values of five percent:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	20 - 40
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 has no items that qualify for reporting in this category.

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 the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenue, 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

Primary Government

The general policy of Grundy County does not allow for the accumulation of vacation and sick days beyond the fiscal year-end, except for the Highway Department, which permits the accumulation of vacation and sick leave exceeding a normal year's accumulation. There is no liability for unpaid accumulated sick leave since the Highway Department does not have a policy to pay any amounts when employees separate from service with the department. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Grundy County School Department

The general policy of the Grundy County School Department does not allow for the accumulation of personal days beyond the year-end. Unlimited accumulation of unused sick days for all professional personnel (teachers) and up to 30 days for support personnel is allowed. Professional personnel earn two days of personal leave a year and any unused personal leave is converted to sick leave. Support personnel receive one sick day for each month the employee works. Support personnel may request and receive compensation for unused sick leave, accumulated during the current school year, at the end of the fiscal school year. A liability for sick leave 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 and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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 and landfill closure/postclosure care costs, 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 and the proprietary fund in the fund 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 the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Grundy County had \$9,093,239 in outstanding debt for capital purposes for the discretely presented Grundy County School Department. This debt is a liability of Grundy County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grundy 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 has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. **Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net 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 Grundy County School Department

Exhibit J-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 Grundy County School Department

Exhibit J-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 was not budgeted, and the capital project 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, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2014, the Grundy County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Textbooks	\$ 38,990
"	Building Improvements	373,498

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Jail major appropriation category (the legal level of control) of the General Fund by \$6,905. Expenditures that exceed appropriations are a violation of state statute. These expenditures in excess of appropriations were funded by available fund balance.

C. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount

The discretely presented School Department’s General Purpose School Fund’s actual fund balance at July 1, 2013, was \$2,298,519; however, the estimated fund balance reflected in the School Department’s budget was \$677,412. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$1,621,107.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Grundy County and the Grundy 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	\$ 235,273	\$ 0	\$ 0	\$ 235,273
Total Capital Assets Not Depreciated	\$ 235,273	\$ 0	\$ 0	\$ 235,273
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,663,859	\$ 0	\$ 0	\$ 3,663,859
Infrastructure	7,566,118	0	0	7,566,118
Other Capital Assets	2,508,034	146,618	(124,593)	2,530,059
Total Capital Assets Depreciated	\$ 13,738,011	\$ 146,618	\$ (124,593)	\$ 13,760,036
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,364,970	\$ 86,450	\$ 0	\$ 1,451,420
Infrastructure	5,100,119	217,713	0	5,317,832
Other Capital Assets	2,006,058	125,801	(118,363)	2,013,496
Total Accumulated Depreciation	\$ 8,471,147	\$ 429,964	\$ (118,363)	\$ 8,782,748
Total Capital Assets Depreciated, Net	\$ 5,266,864	\$ (283,346)	\$ (6,230)	\$ 4,977,288
Governmental Activities Capital Assets, Net	\$ 5,502,137	\$ (283,346)	\$ (6,230)	\$ 5,212,561

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

Governmental Activities:

General Government	\$	48,366
Public Safety		62,383
Public Health and Welfare		25,901
Agriculture and Natural Resources		491
Highways/Public Works		<u>292,823</u>
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>429,964</u>

Waste Water Fund (enterprise fund)**Business-type Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 30,000	\$ 0	\$ 30,000
Total Capital Assets Not Depreciated	<u>\$ 30,000</u>	<u>\$ 0</u>	<u>\$ 30,000</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,654,496	\$ 0	\$ 1,654,496
Infrastructure	777,647	0	777,647
Total Capital Assets Depreciated	<u>\$ 2,432,143</u>	<u>\$ 0</u>	<u>\$ 2,432,143</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 753,139	\$ 39,294	\$ 792,433
Infrastructure	286,379	29,551	315,930
Total Accumulated Depreciation	<u>\$ 1,039,518</u>	<u>\$ 68,845</u>	<u>\$ 1,108,363</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,392,625</u>	<u>\$ (68,845)</u>	<u>\$ 1,323,780</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,422,625</u>	<u>\$ (68,845)</u>	<u>\$ 1,353,780</u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

Depreciation expense was charged to functions of the enterprise fund as follows:

Business-type Activities:

Public Health and Welfare	<u>\$ 68,845</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 68,845</u></u>

Discretely Presented Grundy County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 249,084	\$ 30,000	\$ (16,885)	\$ 262,199
Construction in Progress	1,045,900	76,817	(1,101,217)	21,500
Total Capital Assets				
Not Depreciated	<u>\$ 1,294,984</u>	<u>\$ 106,817</u>	<u>\$ (1,118,102)</u>	<u>\$ 283,699</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 21,078,394	\$ 1,168,277	\$ (316,852)	\$ 21,929,819
Other Capital Assets	2,598,638	178,902	0	2,777,540
Total Capital Assets Depreciated	<u>\$ 23,677,032</u>	<u>\$ 1,347,179</u>	<u>\$ (316,852)</u>	<u>\$ 24,707,359</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,873,022	\$ 553,400	\$ (301,010)	\$ 10,125,412
Other Capital Assets	1,762,698	165,077	0	1,927,775
Total Accumulated Depreciation	<u>\$ 11,635,720</u>	<u>\$ 718,477</u>	<u>\$ (301,010)</u>	<u>\$ 12,053,187</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,041,312</u>	<u>\$ 628,702</u>	<u>\$ (15,842)</u>	<u>\$ 12,654,172</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 13,336,296</u></u>	<u><u>\$ 735,519</u></u>	<u><u>\$ (1,133,944)</u></u>	<u><u>\$ 12,937,871</u></u>

Depreciation expense was charged to functions of the discretely presented Grundy County School Department as follows:

Governmental Activities:

Instruction	\$ 369,239
Support Services	330,008
Operation of Non-instructional Services	<u>19,230</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 718,477</u>

C. Construction Commitments

At June 30, 2014, the discretely presented School Department had uncompleted construction contracts of approximately \$373,498 for additions and renovation projects at various schools. Funding has been received for these future expenditures.

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>
Primary Government:		
General	Solid Waste/Sanitation	\$ 60
"	Nonmajor governmental	844
"	Waste Water	36,120

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 Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government: Governmental Activities	Component Unit: School Department	\$ 1,503,304

The Due to Primary Government consists of the balance of notes (\$209,851) and other loans (\$1,293,453) issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire this debt. These long-term debt obligations are reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

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

Discretely Presented Grundy County School Department

Transfer Out	Transfer In General Purpose School Fund
School Federal Projects Fund	\$ 34,795

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, Notes, and Other Loans

Grundy 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 outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 16 years for bonds, up to five years for notes, and up to 13 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. As of June 30, 2014, all bonds included in long-term debt will be retired from the General Debt Service Fund, capital outlay notes will be retired from the General and General Debt Service funds, and other loans will be retired from the Industrial/Economic Development and General Debt Service funds.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	4.75%	9-30-14	\$ 91,000	\$ 9,044
General Obligation Bond - School Refunding	4.15	5-1-21	9,405,000	5,315,000
Capital Outlay Notes	2.49 to 3.5	8-20-17	818,668	580,851
Other Loans	0 to 3	9-11-22	4,530,483	3,644,246

On December 7, 2012, Grundy County entered into a loan agreement with the City of Clarksville, Tennessee, Public Building Authority. This loan agreement provided for the authority to make \$2,690,000 available for loan to Grundy County on an as-needed basis for various school renovation and construction projects. Grundy County had borrowed \$2,518,935 of this loan as of June 30, 2014. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees in connection with this loan. At June 30, 2014, the variable interest rate was 1.11 percent, and other fees totaled approximately .123 percent of the outstanding loan principal plus \$125 a month.

On September 19, 2003, the county assumed \$427,739 of a Community Development Block Grant Industrial Development Loan. The original loan totaling \$699,000 had passed through Grundy County to an industrial corporation located in the county. The balance of this loan totaling \$75,858, along with interest of \$2,200, will be repaid over the next two years.

The annual requirements to amortize all general obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 679,044	\$ 221,002	\$ 900,046
2016	700,000	192,768	892,768
2017	725,000	163,718	888,718
2018	755,000	133,630	888,630
2019	790,000	102,298	892,298
2020-21	1,675,000	104,994	1,779,994
Total	\$ 5,324,044	\$ 918,410	\$ 6,242,454

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 127,162	\$ 7,173	\$ 134,335
2016	395,738	4,260	399,998
2017	28,589	1,563	30,152
2018	29,362	790	30,152
Total	<u>\$ 580,851</u>	<u>\$ 13,786</u>	<u>\$ 594,637</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2015	\$ 449,237	\$ 29,070	\$ 4,798	\$ 483,105
2016	448,373	24,027	4,491	476,891
2017	418,376	19,646	4,177	442,199
2018	424,376	16,760	3,857	444,993
2019	429,376	13,808	3,530	446,714
2020-23	1,474,508	24,484	10,713	1,509,705
Total	<u>\$ 3,644,246</u>	<u>\$ 127,795</u>	<u>\$ 31,566</u>	<u>\$ 3,803,607</u>

There is \$3,455,352 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$697, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-14
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Bus	\$ 33,179
School Bus	63,762
School Bus	112,910
<u>Other Loans</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Improvements	<u>1,293,453</u>
Total	<u>\$ 1,503,304</u>

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	\$ 6,161,864	\$ 333,202	\$ 2,508,778
Additions	0	371,000	1,577,498
Reductions	<u>(837,820)</u>	<u>(123,351)</u>	<u>(442,030)</u>
Balance June 30, 2014	<u>\$ 5,324,044</u>	<u>\$ 580,851</u>	<u>\$ 3,644,246</u>
Balance Due Within One Year	<u>\$ 679,044</u>	<u>\$ 127,162</u>	<u>\$ 449,237</u>

	Other Postemployment Benefits	Landfill Postclosure Care Costs	Compensated Absences
Balance July 1, 2013	\$ 82,251	\$ 389,673	\$ 25,040
Additions	5,085	5,679	12,870
Reductions	(727)	(11,070)	(18,735)
Balance June 30, 2014	<u>\$ 86,609</u>	<u>\$ 384,282</u>	<u>\$ 19,175</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 11,070</u>	<u>\$ 19,175</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 10,039,207
Less: Due Within One Year	<u>(1,285,688)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,753,519</u>

Landfill

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

During February 2004, Grundy County entered into a revocable contract with a private firm to provide postclosure care for the county's closed landfill. Terms of this agreement require the county to pay an annual fee of \$9,920 for postclosure care costs. The county is required to provide postclosure care for this closed landfill for the next 18 years.

Waste Water Fund (enterprise fund)

Other Loans

Other loans outstanding were issued for original terms of up to ten years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Other loans included in long-term debt as of June 30, 2014, will be retired from the Waste Water Fund.

Other loans outstanding as of June 30, 2014, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
Other Loans	1.26%	12-30-15	\$ 318,980	\$ 26,753

The annual requirements to amortize other loans outstanding as of June 30, 2014, including interest payments, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2015	\$ 17,820	\$ 240	\$ 18,060
2016	8,933	36	8,969
Total	\$ 26,753	\$ 276	\$ 27,029

Changes in Long-term Obligations

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

Business-type Activities:

	Other Loans
Balance July 1, 2013	\$ 44,345
Reductions	(17,592)
Balance June 30, 2014	\$ 26,753
Balance Due Within One Year	\$ 17,820

Discretely Presented Grundy County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Grundy County School Department for the year ended June 30, 2014, was as follows:

	Other	
	Postemployment Benefits	Compensated Absences
	<hr/>	
Balance July 1, 2013	\$ 523,025	\$ 2,228,831
Additions	104,539	60,172
Reductions	(106,123)	(2,229,706)
	<hr/>	
Balance June 30, 2014	\$ 521,441	\$ 59,297
	<hr/>	
Balance Due Within One Year	\$ 0	\$ 11,860
	<hr/>	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 580,738
Less: Due Within One Year	<u>(11,860)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 568,878</u>

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

F. On-Behalf Payments

Discretely Presented Grundy County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grundy 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 \$75,637 and \$19,848, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Grundy County issued tax anticipation notes of \$180,000 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 0	\$ 180,000	\$ (180,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

Grundy County is exposed to various risks related to general liability, property, casualty, and workers' compensation. Grundy County is a member of the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the pools for general liability, property, casualty losses, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims of more than \$100,000 for each insured event.

Grundy County and the Highway Department provide health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums. Grundy County also provides commercial health insurance coverage to its employees. Settled claims have not exceeded this commercial coverage over the past three fiscal years. Employees of the county have the option to choose which coverage they prefer. Grundy County's and the Highway Department's pre-65 age retirees are not allowed to remain in the commercial insurance program.

Discretely Presented Grundy County School Department

The discretely presented Grundy County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department is a member of the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the

Tennessee County Services Association, an association of member counties. The School Department pays annual premiums to these pools for general liability, property, casualty losses, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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.

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

On August 31, 2014, Lonnie Cleek left the Office of County Mayor and was succeeded by Michael Brady, Lucyle Hampton left the Office of Trustee and was succeeded by Tyler McCullough, Marcia Bess left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Melody Oliver, and Brent Myers left the Office of Sheriff and was succeeded by Clint Shrum.

On September 16, 2014, Grundy County issued \$171,065 in other loans for various school renovation and construction projects and \$44,879 in other loan anticipation notes for jail construction.

D. Contingent Liabilities

Grundy County, the Highway Department, and the road superintendent are defendants in litigation seeking compensatory damages of \$4,000,000 and

punitive damages of \$4,000,000, for alleged violations of four former Highway Department employees' civil rights. As of the date of this report, this case is in the discovery stage. If the plaintiffs prevail in this case, damages could exceed the limits of the county's insurance coverage.

The county is also involved in several pending lawsuits. Attorneys for the county estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Change in Administration

On June 1, 2014, Joel Hargis left the Office of Director of Schools and was succeeded by Dr. David Dickerson.

F. Landfill Postclosure Care Costs

Grundy 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 landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Although the Grundy County landfill closed in 2001, the county has contracted with a private company for its waste disposal. The Solid Waste/Sanitation Fund (special revenue fund) reports postclosure care costs as expenditures in each period in which they are incurred. The \$384,282 reported as landfill postclosure care cost liability at June 30, 2014, represents the net amount reported to date based on 100 percent use of the estimated capacity of the landfill. The county maintains a revocable contract with a private firm for postclosure care costs on the closed landfill. The county is required to monitor the closed landfill for the next 20 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district includes Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie 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 and the sheriffs and police chiefs of the participating law enforcement agencies within the judicial district. Grundy 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
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Information for this footnote for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2013.

Plan Description

Employees of Grundy 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 Grundy 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

Grundy 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, 2013, was 10.49 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, 2013, Grundy County’s annual pension cost of \$377,390 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 two 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
6-30-13	\$377,390	100%	\$0
6-30-12	385,569	100	0
6-30-11	370,646	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.11 percent funded. The actuarial accrued liability for benefits was \$13.77 million, and the actuarial value of assets was \$13.38 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.33 million, and the ratio of the UAAL to the covered payroll was 11.97 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 Grundy County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor,

Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, 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, 2013, 2012, and 2011, were \$792,317, \$855,575, and \$839,104, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The Grundy County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding this program are the responsibility of plan participants. Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plan.

I. Other Postemployment Benefits (OPEB)

Plan Description

Grundy County and the School Department participate in the state-administered Local Education Group Insurance Plan and Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Grundy County and School Department retirees' contributions vary depending on the insurance options they select, ranging from \$260 to \$1,052 per month toward their insurance. Grundy County and the School Department recognized expenditures of \$727 and \$106,123, respectively, for postemployment health care during the year ended June 30, 2014.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 104,000	\$ 5,000
Interest on the NOPEBO	20,921	3,290
Adjustment to the ARC	(20,382)	(3,205)
Annual OPEB cost	\$ 104,539	\$ 5,085
Amount of contribution	(106,123)	(727)
Increase/decrease in NOPEBO	\$ (1,584)	\$ 4,358
Net OPEB obligation, 7-1-13	523,025	82,251
Net OPEB obligation, 6-30-14	\$ 521,441	\$ 86,609

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Adjusted Obligation at Year End
6-30-12	Local Education Group	\$ 216,395	42.67 %	\$ 369,937
6-30-13	"	245,090	37.54	523,025
6-30-14	"	104,539	101.52	521,441
6-30-12	Local Government Group	17,865	8.49	71,337
6-30-13	"	12,824	14.89	82,251
6-30-14	"	5,085	14.30	86,609

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 1,116,000	\$ 48,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,116,000	\$ 48,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,436,149	\$ 909,020
UAAL as a % of covered payroll	17.34%	5.28%

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 Government Plan and 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 healthcare cost trend rate was 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. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 435, Private Acts of 1939, and the Uniform Road Law, Section 54-7-113, *TCA*, which 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 School Department are governed by purchasing laws applicable to the 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 the 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 GRUNDY COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

Business Activities

The Grundy County Emergency Communications District provides funds and support to procure, lease, and maintain necessary equipment and services related to fielding emergency phone calls in Grundy County, Tennessee.

The district is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts. The district is defined as a component unit of the local government of Grundy County, Tennessee, under the criteria of the Governmental Accounting Standards Board. The Grundy County Commission appoints the Board of Directors. The Grundy County Commission may appropriate funds to the district for its operation and maintenance. No funds have been appropriated by the Grundy County Commission. The district must obtain permission from the Grundy County Commission prior to issuing long-term debt.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fund Financial Statements

The district's proprietary fund financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Fund Net Position; and a Statement of Cash Flows.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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

The district classifies net position in the proprietary fund financial statements as follows:

- Net investment in capital assets – includes the district's capital assets (net of accumulated depreciation).
- Restricted net position – includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The district typically uses restricted assets first, as appropriate

opportunities arise, but reserves the right to selectively defer the use until a future project. The district had no restrictions at June 30, 2014.

- Unrestricted net position – typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

Cash Deposits

The district is authorized to invest in the following types of securities and indebtedness, in accordance with governing statutes:

- (1) Bonds, notes, treasury bills, or similar types of indebtedness of the United States.
- (2) Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- (3) Other obligations not specified above, which provide guaranteed principal and interest by the United States or any of its agencies.
- (4) Repurchase agreements, which involve obligations of the United States or its agencies, provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.
- (5) Money market funds invested in any of the aforementioned securities.

The district's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the district's custodial bank in the district's name. The carrying amount of total cash deposits for the year ended June 30, 2014, was \$567,064. The entire amount of deposits is collateralized with securities held by pledging financial institution and federal depository insurance.

Utility Plant

Equipment and property additions are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life. The district estimates the useful life of its equipment to be seven years, as well as five years for general office equipment.

Mapping Costs

This intangible asset represents amounts paid for mapping the area and preparing a database for information purposes. These costs are being amortized over a ten-year period.

Amortization expense for the year ended June 30, 2014, was \$16,308.

Cash Flow

For purposes of the Statement of Cash Flows, the district considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Budgetary Data

Formal budgetary accounting is employed as a management control for all funds of the district. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution and amended as required for the proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the line-item level. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

B. Utility Plant

A summary of changes in the utility plant is as follows:

Capital Assets	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Depreciated:				
Equipment	\$ 599,410	\$ 0	\$ 0	\$ 599,410
Total Capital Assets				
Depreciated	\$ 599,410	\$ 0	\$ 0	\$ 599,410
Less Accumulated Depreciation For:				
Equipment	\$ 277,581	\$ 59,596	\$ 0	\$ 337,177
Total Accumulated Depreciation	\$ 277,581	\$ 59,596	\$ 0	\$ 337,177
Total Capital Assets Depreciated, Net	\$ 321,829	\$ (59,596)	\$ 0	\$ 262,233

C. Cash and Cash Equivalents

At June 30, 2014, total cash was \$567,064 of which \$213,288 is held in certificates of deposit with maturities of more than three months, leaving \$353,776 considered as cash and cash equivalents.

D. Budgeting Procedures

The official and amended budget for June 30, 2014, was prepared for adoption for the proprietary fund by July 11, 2013.

The district's actual expenditures exceeded the amount appropriated in the final budget passed on July 11, 2013. This practice is contrary to state statutes, which require all expenditures of the general and special revenue funds be authorized by the governing body.

E. Compensated Absences

At June 30, 2014, the district did not have any employees. The district has deferred establishing policies for vacation and/or sick pay until such time as it has full-time employees. As a result, no liability is recorded in the financial statements.

F. Intergovernmental Cooperation

The district has agreed to participate in an intergovernmental cooperative that includes Bledsoe, Grundy, Sequatchie, and Van Buren counties in Tennessee. The cooperation was formed for the sole purpose of assisting the counties involved in the addressing, mapping, and database development needed for the implementation of a dispatch center. The cooperative does not obligate any district to any expenditure without expressed written approval from the applicable county. The cooperative's board of directors is composed of three individuals from each district's board of directors.

G. Emergency Communications Agreement

On July 1, 2004, the district entered into an Emergency Communications Agreement with the City of Monteagle pursuant to *Tennessee Code Annotated*, Section 5-11-113. The agreement was renewed in 2008 for a period of four years expiring on June 30, 2012. Following 2012, the district and the City of Monteagle have agreed upon a one-year contract ending June 30, 2013. The agreement shall automatically renew for additional terms unless either party elects to withdraw by providing written notice, no less than 180 days prior to the end of the term. Each term ends June 30, and no withdrawal notices have been provided as of the date of this audit report.

The agreement provides for the City of Monteagle to supply trained and certified dispatchers, as required under state law and Emergency Communications Board Standards, to handle dispatching calls. The city

agrees to adequately staff and operate the E911 system 24-hours a day, seven days per week. The agreement specifies that the district shall cover all cost the city incurs, and other payments are discretionary to the district's Board of Directors.

The city agrees to name the district and its designees as an additional named insurer on city property and liability insurance policies, to cover any loss, damage or destruction of the PSAP equipment or other property of the district that may result from any cause or peril, or provide an acceptable equivalent guarantee, provided the district reimburse the city any cost relating to premiums, or portions of premiums, that relate to district property.

Payments under this agreement for the year ended June 30, 2014, totaled \$192,038.

H. Interest Income

For the year ended June 30, 2014, the district had total interest income of \$2,157. This amount is different from the interest received of \$2,155 due to the change in interest receivable.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Grundy County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Grundy 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)
7-1-11	\$ 13,376	\$ 13,774	398	97.11 %	\$ 3,329	11.97 %
7-1-09	11,292	11,811	519	95.60	3,330	15.60
7-1-07	10,831	11,479	648	94.35	3,132	20.69

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit F-2

Grundy County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Grundy County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
							Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 330	\$ 330	0 %	\$ 850	38.82 %
"	7-1-11	0	172	172	0	864	19.90
"	7-1-13	0	48	48	0	909	5.28
<u>DISCRETELY PRESENTED GRUNDY COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	1,548	1,548	0	6,960	22.24
"	7-1-11	0	2,178	2,178	0	6,611	32.94
"	7-1-13	0	1,116	1,116	0	6,436	17.34

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

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for lease/rental revenues on county industrial buildings and state/federal grants related to industrial/economic development.

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

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

Capital Projects Fund

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

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

Exhibit G-1

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Industrial/ Economic Development	Drug Control	Constitu- tional Officers - Fees		
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600	\$ 600
Equity in Pooled Cash and Investments	130,459	452,415	56,052	0	638,926	638,926
Accounts Receivable	0	0	0	244	244	244
Total Assets	\$ 130,459	\$ 452,415	\$ 56,052	\$ 844	\$ 639,770	\$ 639,770
LIABILITIES						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 844	\$ 844	\$ 844
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 844	\$ 844	\$ 844
FUND BALANCES						
Restricted:						
Restricted for General Government	\$ 130,459	\$ 452,415	\$ 0	\$ 0	\$ 582,874	\$ 582,874
Restricted for Public Safety	0	0	56,052	0	56,052	56,052
Total Fund Balances	\$ 130,459	\$ 452,415	\$ 56,052	\$ 0	\$ 638,926	\$ 638,926
Total Liabilities and Fund Balances	\$ 130,459	\$ 452,415	\$ 56,052	\$ 844	\$ 639,770	\$ 639,770

(Continued)

Exhibit G-1

Grundy County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	\$ 0 \$	600
	43,651	682,577
	0	244
	<u>\$ 43,651 \$</u>	<u>683,421</u>
<u>ASSETS</u>		
Cash		
Equity in Pooled Cash and Investments		
Accounts Receivable		
Total Assets		
	<u>\$ 43,651 \$</u>	<u>683,421</u>
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0 \$	844
Total Liabilities	\$ 0 \$	844
	<u>\$ 0 \$</u>	<u>844</u>
<u>FUND BALANCES</u>		
Restricted:		
Restricted for General Government	\$ 0 \$	582,874
Restricted for Public Safety	43,651	99,703
Total Fund Balances	<u>\$ 43,651 \$</u>	<u>682,577</u>
Total Liabilities and Fund Balances	<u>\$ 43,651 \$</u>	<u>683,421</u>

Grundy 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
	Courthouse and Jail Maintenance	Industrial/ Economic Development	Drug Control	Constitu- tional Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 30,410	\$ 0	\$ 0	\$ 0	\$ 0	30,410
Fines, Forfeitures, and Penalties	0	0	22,677	0	0	22,677
Charges for Current Services	0	0	0	19,902	0	19,902
Other Local Revenues	0	24,502	0	0	0	24,502
Total Revenues	\$ 30,410	\$ 24,502	\$ 22,677	\$ 19,902	\$ 0	\$ 97,491
<u>Expenditures</u>						
Current:						
General Government	\$ 16,172	\$ 0	\$ 0	\$ 0	\$ 0	16,172
Administration of Justice	0	0	0	19,902	0	19,902
Public Safety	0	0	5,022	0	0	5,022
Other Operations	304	20	0	0	0	324
Debt Service:						
Principal on Debt	0	39,654	0	0	0	39,654
Interest on Debt	0	2,924	0	0	0	2,924
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 16,476	\$ 42,598	\$ 5,022	\$ 19,902	\$ 0	\$ 83,998
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,934	\$ (18,096)	\$ 17,655	\$ 0	\$ 0	\$ 13,493
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Total
	Courthouse and Jail Maintenance	Industrial/ Economic Development	Drug Control	Constitu- tional Officers - Fees	
Net Change in Fund Balances	\$ 13,934	\$ (18,096)	\$ 17,655	\$ 0	\$ 13,493
Fund Balance, July 1, 2013	116,525	470,511	38,397	0	625,433
Fund Balance, June 30, 2014	<u>\$ 130,459</u>	<u>\$ 452,415</u>	<u>\$ 56,052</u>	<u>\$ 0</u>	<u>\$ 638,926</u>

(Continued)

Exhibit G-2

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

	<u>Capital</u>		<u>Total</u>
	<u>Projects</u>	<u>Fund</u>	
	<u>General</u>	<u>Capital</u>	<u>Nonmajor</u>
	<u>Projects</u>	<u>Projects</u>	<u>Governmental</u>
			<u>Funds</u>
<u>Revenues</u>			
Local Taxes		0 \$	30,410
Fines, Forfeitures, and Penalties		0	22,677
Charges for Current Services		0	19,902
Other Local Revenues		0	24,502
Total Revenues		0 \$	97,491
<u>Expenditures</u>			
Current:			
General Government		0 \$	16,172
Administration of Justice		0	19,902
Public Safety		0	5,022
Other Operations		0	324
Debt Service:			
Principal on Debt		0	39,654
Interest on Debt		0	2,924
Capital Projects		256,349	256,349
Total Expenditures		256,349 \$	340,347
Excess (Deficiency) of Revenues Over Expenditures		(256,349) \$	(242,856)
<u>Other Financing Sources (Uses)</u>			
Notes Issued		300,000 \$	300,000
Total Other Financing Sources (Uses)		300,000 \$	300,000

(Continued)

Exhibit G-2

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

	<u>Capital</u>		
	<u>Projects Fund</u>		<u>Total</u>
	General	Capital	Nonmajor
	Projects	Projects	Governmental
			Funds
Net Change in Fund Balances	\$ 43,651	\$ 0	\$ 57,144
Fund Balance, July 1, 2013			625,433
Fund Balance, June 30, 2014	<u>\$ 43,651</u>	<u>\$ 0</u>	<u>\$ 682,577</u>

Exhibit G-3

Grundy 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	\$ 30,410	\$ 41,000	\$ 41,000	\$ (10,590)
Total Revenues	\$ 30,410	\$ 41,000	\$ 41,000	\$ (10,590)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 16,172	\$ 31,000	\$ 31,000	\$ 14,828
<u>Other Operations</u>				
Other Charges	304	700	700	396
Total Expenditures	\$ 16,476	\$ 31,700	\$ 31,700	\$ 15,224
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,934	\$ 9,300	\$ 9,300	\$ 4,634
Net Change in Fund Balance	\$ 13,934	\$ 9,300	\$ 9,300	\$ 4,634
Fund Balance, July 1, 2013	116,525	116,525	116,525	0
Fund Balance, June 30, 2014	\$ 130,459	\$ 125,825	\$ 125,825	\$ 4,634

Exhibit G-4

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 24,502	\$ 25,000	\$ 25,000	\$ (498)
Total Revenues	\$ 24,502	\$ 25,000	\$ 25,000	\$ (498)
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 20	\$ 1,500	\$ 1,500	\$ 1,480
<u>Principal on Debt</u>				
General Government	39,654	39,655	39,655	1
<u>Interest on Debt</u>				
General Government	2,924	2,924	2,924	0
Total Expenditures	\$ 42,598	\$ 44,079	\$ 44,079	\$ 1,481
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,096)	\$ (19,079)	\$ (19,079)	\$ 983
Net Change in Fund Balance	\$ (18,096)	\$ (19,079)	\$ (19,079)	\$ 983
Fund Balance, July 1, 2013	470,511	470,510	470,510	1
Fund Balance, June 30, 2014	\$ 452,415	\$ 451,431	\$ 451,431	\$ 984

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 22,677	\$ 5,500	\$ 5,500	\$ 17,177
Total Revenues	\$ 22,677	\$ 5,500	\$ 5,500	\$ 17,177
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 5,022	\$ 6,150	\$ 6,150	\$ 1,128
Total Expenditures	\$ 5,022	\$ 6,150	\$ 6,150	\$ 1,128
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,655	\$ (650)	\$ (650)	\$ 18,305
Net Change in Fund Balance	\$ 17,655	\$ (650)	\$ (650)	\$ 18,305
Fund Balance, July 1, 2013	38,397	38,397	38,397	0
Fund Balance, June 30, 2014	\$ 56,052	\$ 37,747	\$ 37,747	\$ 18,305

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Grundy 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	\$ 724,290	\$ 706,920	\$ 706,920	\$ 17,370
Other Local Revenues	84,114	64,000	64,000	20,114
Other Governments and Citizens Groups	290,058	0	290,058	0
Total Revenues	<u>\$ 1,098,462</u>	<u>\$ 770,920</u>	<u>\$ 1,060,978</u>	<u>\$ 37,484</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 192,820	\$ 192,820	\$ 192,820	\$ 0
Education	1,170,727	645,000	1,170,727	0
<u>Interest on Debt</u>				
General Government	8,479	8,479	8,479	0
Education	276,268	247,340	276,268	0
<u>Other Debt Service</u>				
General Government	10,750	11,000	12,000	1,250
Education	4,982	352,300	87,703	82,721
Total Expenditures	<u>\$ 1,664,026</u>	<u>\$ 1,456,939</u>	<u>\$ 1,747,997</u>	<u>\$ 83,971</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (565,564)</u>	<u>\$ (686,019)</u>	<u>\$ (687,019)</u>	<u>\$ 121,455</u>
Net Change in Fund Balance	\$ (565,564)	\$ (686,019)	\$ (687,019)	\$ 121,455
Fund Balance, July 1, 2013	4,020,916	4,020,916	4,020,916	0
Fund Balance, June 30, 2014	<u>\$ 3,455,352</u>	<u>\$ 3,334,897</u>	<u>\$ 3,333,897</u>	<u>\$ 121,455</u>

Fiduciary Funds

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

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

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

Exhibit I-1

Grundy 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	\$ 1,666,733	\$ 1,666,733
Due from Other Governments	95,575	0	95,575
Total Assets	<u>\$ 95,575</u>	<u>\$ 1,666,733</u>	<u>\$ 1,762,308</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 95,575	\$ 0	\$ 95,575
Due to Litigants, Heirs, and Others	0	1,666,733	1,666,733
Total Liabilities	<u>\$ 95,575</u>	<u>\$ 1,666,733</u>	<u>\$ 1,762,308</u>

Exhibit I-2

Grundy 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	\$ 549,605	\$ 549,605	\$ 0
Due from Other Governments	98,754	95,575	98,754	95,575
Total Assets	\$ 98,754	\$ 645,180	\$ 648,359	\$ 95,575
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 98,754	\$ 645,180	\$ 648,359	\$ 95,575
Total Liabilities	\$ 98,754	\$ 645,180	\$ 648,359	\$ 95,575
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,638,168	\$ 1,734,969	\$ 1,706,404	\$ 1,666,733
Total Assets	\$ 1,638,168	\$ 1,734,969	\$ 1,706,404	\$ 1,666,733
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,638,168	\$ 1,734,969	\$ 1,706,404	\$ 1,666,733
Total Liabilities	\$ 1,638,168	\$ 1,734,969	\$ 1,706,404	\$ 1,666,733
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,638,168	\$ 1,734,969	\$ 1,706,404	\$ 1,666,733
Equity in Pooled Cash and Investments	0	549,605	549,605	0
Due from Other Governments	98,754	95,575	98,754	95,575
Total Assets	\$ 1,736,922	\$ 2,380,149	\$ 2,354,763	\$ 1,762,308
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 98,754	\$ 645,180	\$ 648,359	\$ 95,575
Due to Litigants, Heirs, and Others	1,638,168	1,734,969	1,706,404	1,666,733
Total Liabilities	\$ 1,736,922	\$ 2,380,149	\$ 2,354,763	\$ 1,762,308

Grundy County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building projects for the county school system.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for savings bond awards given to Grundy County students who win an essay contest and a spelling bee. Money for this fund was provided by a citizen.

Exhibit J-1

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 11,791,344	\$ 0	\$ 1,415,676	\$ (8,798,170)
Support Services	5,554,747	37,745	333,479	(5,183,523)
Operation of Noninstructional Services	1,892,633	258,058	1,255,586	(378,989)
Interest on Long-term Debt	8,331	0	0	(8,331)
Total Governmental Activities	\$ 19,247,055	\$ 295,803	\$ 3,004,741	\$ (14,369,013)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,539,920
Local Option Sales Taxes				417,420
Business Tax				25,882
Other Local Taxes				1,502
Grants and Contributions Not Restricted to Specific Programs				14,767,437
Miscellaneous				93,144
Total General Revenues				\$ 16,845,305
Change in Net Position				\$ 2,476,292
Net Position, July 1, 2013				11,999,739
Net Position, June 30, 2014				\$ 14,476,031

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

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria			
\$	2,644,859	\$ 64,069	\$ 438,652	\$	3,147,580	
	247,418	136,170	0		383,588	
	1,653,647	0	0		1,653,647	
	(74,096)	0	0		(74,096)	
\$	4,471,828	\$ 200,239	\$ 438,652	\$	5,110,719	

ASSETS

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

Total Assets

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:
 Restricted for Education
 Committed:
 Committed for Education
 Assigned:
 Assigned for Education
 Unassigned
 Total Fund Balances

Total Deferred Inflows of Resources and Fund Balances

Exhibit J-3

Grundy County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Grundy 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 J-2)		\$	3,502,363
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	262,199	
Add: construction in progress		21,500	
Add: buildings and improvements net of accumulated depreciation		11,804,407	
Add: other capital assets net of accumulated depreciation		<u>849,765</u>	12,937,871
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for notes	\$	(209,851)	
Less: contributions due on primary government debt for other loans		(1,293,453)	
Less: compensated absences payable		(59,297)	
Less: other postemployment benefits liability		<u>(521,441)</u>	(2,084,042)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>119,839</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>14,476,031</u></u>

Exhibit J-4

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Other Governmental Funds	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 1,969,499	\$ 0	\$ 0	\$ 0	\$ 1,969,499	
Licenses and Permits	461	0	0	0	461	
Charges for Current Services	37,779	0	253,073	0	290,852	
Other Local Revenues	93,699	0	0	0	93,699	
State of Tennessee	14,170,706	0	13,550	0	14,184,256	
Federal Government	101,621	2,385,360	1,041,557	0	3,528,538	
Other Governments and Citizens Groups	58,435	0	1,577,498	0	1,635,933	
Total Revenues	\$ 16,432,200	\$ 2,385,360	\$ 2,885,678	\$ 0	\$ 21,703,238	
<u>Expenditures</u>						
Current:						
Instruction	\$ 9,732,553	\$ 1,685,190	\$ 0	\$ 0	\$ 11,417,743	
Support Services	5,341,857	654,136	0	0	5,995,993	
Operation of Non-instructional Services	523,874	0	1,378,249	0	1,902,123	
Capital Outlay	240,922	0	1,530,292	0	1,771,214	
Debt Service:						
Principal on Debt	281,727	0	0	0	281,727	
Interest on Debt	8,331	0	0	0	8,331	
Total Expenditures	\$ 16,129,264	\$ 2,339,326	\$ 2,908,541	\$ 0	\$ 21,377,131	
Excess (Deficiency) of Revenues Over Expenditures	\$ 302,936	\$ 46,034	\$ (22,863)	\$ 0	\$ 326,107	

(Continued)

Exhibit J-4

Grundy County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Grundy County School Department (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	Other Governmental Funds			
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 75,656	\$ 0	\$ 0	\$ 0	\$ 0	75,656
Transfers In	34,795	0	0	0	0	34,795
Transfers Out	0	(34,795)	0	0	0	(34,795)
Total Other Financing Sources (Uses)	\$ 110,451	\$ (34,795)	\$ 0	\$ 0	\$ 0	75,656
Net Change in Fund Balances	\$ 413,387	\$ 11,239	\$ (22,863)	\$ 401,763		
Fund Balance, July 1, 2013	2,450,085	189,000	461,515	3,100,600		
Fund Balance, June 30, 2014	\$ 2,863,472	\$ 200,239	\$ 438,652	\$ 3,502,363		

Exhibit J-5

Grundy County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Grundy 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 change in fund balances - total governmental funds (Exhibit J-4)		\$	401,763
(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	\$	352,779	
Less: current-year depreciation expense		<u>(718,477)</u>	(365,698)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value on capital assets disposed			(32,727)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$	119,839	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(99,730)</u>	20,109
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on notes to primary government	\$	123,351	
Add: principal contributions on other loans to primary government		<u>158,376</u>	281,727
(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 compensated absences payable	\$	2,169,534	
Change in other postemployment benefits liability		<u>1,584</u>	<u>2,171,118</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 2,476,292</u>

Exhibit J-6

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

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 253,073	\$ 0	\$ 253,073
State of Tennessee	13,550	0	13,550
Federal Government	1,041,557	0	1,041,557
Other Governments and Citizens Groups	0	1,577,498	1,577,498
Total Revenues	<u>\$ 1,308,180</u>	<u>\$ 1,577,498</u>	<u>\$ 2,885,678</u>
<u>Expenditures</u>			
Current:			
Operation of Noninstructional Services	\$ 1,378,249	\$ 0	\$ 1,378,249
Capital Outlay	0	1,530,292	1,530,292
Total Expenditures	<u>\$ 1,378,249</u>	<u>\$ 1,530,292</u>	<u>\$ 2,908,541</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,069)</u>	<u>\$ 47,206</u>	<u>\$ (22,863)</u>
Net Change in Fund Balances	\$ (70,069)	\$ 47,206	\$ (22,863)
Fund Balance, July 1, 2013	508,721	(47,206)	461,515
Fund Balance, June 30, 2014	<u>\$ 438,652</u>	<u>\$ 0</u>	<u>\$ 438,652</u>

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,969,499	\$ 0	\$ 0	\$ 1,969,499	\$ 1,906,025	\$ 1,906,025	\$ 63,474
Licenses and Permits	461	0	0	461	400	400	61
Charges for Current Services	37,779	0	0	37,779	47,500	32,195	5,584
Other Local Revenues	93,699	0	0	93,699	88,334	108,147	(14,448)
State of Tennessee	14,170,706	0	0	14,170,706	13,900,872	14,140,836	29,870
Federal Government	101,621	0	0	101,621	43,097	99,097	2,524
Other Governments and Citizens Groups	58,435	0	0	58,435	0	74,435	(16,000)
Total Revenues	\$ 16,432,200	\$ 0	\$ 0	\$ 16,432,200	\$ 15,986,228	\$ 16,361,135	\$ 71,065

Expenditures

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Instruction</u>							
Regular Instruction Program	\$ 6,987,277	\$ (20,195)	\$ 42,355	\$ 7,009,437	\$ 7,175,769	\$ 7,193,533	\$ 184,096
Alternative Instruction Program	143,423	0	0	143,423	153,975	146,267	2,844
Special Education Program	2,005,396	(132)	542	2,005,806	2,279,683	2,279,683	273,877
Vocational Education Program	596,457	0	2,055	598,512	683,223	619,276	20,764
<u>Support Services</u>							
Attendance	114,377	0	0	114,377	115,446	115,446	1,069
Health Services	233,148	(804)	0	232,344	205,016	232,448	104
Other Student Support	336,842	0	0	336,842	334,221	344,621	7,779
Regular Instruction Program	230,946	0	144	231,090	235,290	232,019	929
Special Education Program	198,137	0	552	198,689	205,680	205,680	6,991
Vocational Education Program	80,194	0	0	80,194	79,739	80,195	1
Other Programs	95,485	0	0	95,485	0	95,485	0
Board of Education	308,257	(15,400)	1,000	293,857	304,089	326,720	32,863
Director of Schools	229,098	0	0	229,098	166,276	230,547	1,449
Office of the Principal	715,769	0	0	715,769	717,668	720,690	4,921
Fiscal Services	140,309	(112)	116	140,313	140,162	140,368	55
Operation of Plant	1,178,359	(15,627)	11,031	1,173,763	1,172,339	1,197,339	23,576
Maintenance of Plant	301,236	(18,551)	7,883	290,568	304,106	295,694	5,126
Transportation	895,872	(38,740)	27,032	884,164	867,674	886,535	2,371

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	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>Support Services (Cont.)</u>							
Central and Other	\$ 283,828	\$ (2,195)	\$ 1,638	\$ 283,271	\$ 87,869	\$ 291,347	\$ 8,076
<u>Operation of Noninstructional Services</u>							
Community Services	67,991	(7,193)	0	60,798	29,612	93,538	32,740
Early Childhood Education	455,883	0	0	455,883	449,698	455,898	15
<u>Capital Outlay</u>							
Regular Capital Outlay	240,922	(32,617)	381,693	589,998	143,000	642,107	52,109
<u>Principal on Debt</u>							
Education	281,727	0	0	281,727	281,726	281,727	0
<u>Interest on Debt</u>							
Education	8,331	0	0	8,331	117,177	8,331	0
Total Expenditures	\$ 16,129,264	\$ (151,566)	\$ 476,041	\$ 16,453,739	\$ 16,249,438	\$ 17,115,494	\$ 661,755
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 302,936	\$ 151,566	\$ (476,041)	\$ (21,539)	\$ (263,210)	\$ (754,359)	\$ 732,820
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,000	\$ 180,000	\$ (180,000)
Other Loans Issued	0	0	0	0	0	171,000	(171,000)
Proceeds from Sale of Capital Assets	75,656	0	0	75,656	0	77,100	(1,444)
Transfers In	34,795	0	0	34,795	62,978	62,978	(28,183)
Transfers Out	0	0	0	0	(1,328)	(3,828)	3,828
Total Other Financing Sources	\$ 110,451	\$ 0	\$ 0	\$ 110,451	\$ 241,650	\$ 487,250	\$ (376,799)
Net Change in Fund Balance	\$ 413,387	\$ 151,566	\$ (476,041)	\$ 88,912	\$ (21,560)	\$ (267,109)	\$ 356,021
Fund Balance, July 1, 2013	2,450,085	(151,566)	0	2,298,519	677,412	677,412	1,621,107
Fund Balance, June 30, 2014	\$ 2,863,472	\$ 0	\$ (476,041)	\$ 2,387,431	\$ 655,852	\$ 410,303	\$ 1,977,128

Exhibit J-8

Grundy County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grundy 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	\$ 2,385,360	\$ 1,898,142	\$ 2,533,830	\$ (148,470)
Total Revenues	\$ 2,385,360	\$ 1,898,142	\$ 2,533,830	\$ (148,470)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,151,959	\$ 912,325	\$ 1,282,790	\$ 130,831
Special Education Program	498,548	525,945	547,412	48,864
Vocational Education Program	34,683	34,281	34,742	59
<u>Support Services</u>				
Other Student Support	108,672	111,299	136,952	28,280
Regular Instruction Program	398,162	140,129	432,618	34,456
Special Education Program	132,150	117,787	151,895	19,745
Vocational Education Program	2,140	2,150	2,150	10
Transportation	13,012	20,976	20,976	7,964
Total Expenditures	\$ 2,339,326	\$ 1,864,892	\$ 2,609,535	\$ 270,209
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,034	\$ 33,250	\$ (75,705)	\$ 121,739
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 104,000	\$ 110,500	\$ (110,500)
Transfers Out	(34,795)	(137,250)	(34,795)	0
Total Other Financing Sources	\$ (34,795)	\$ (33,250)	\$ 75,705	\$ (110,500)
Net Change in Fund Balance	\$ 11,239	\$ 0	\$ 0	\$ 11,239
Fund Balance, July 1, 2013	189,000	0	0	189,000
Fund Balance, June 30, 2014	\$ 200,239	\$ 0	\$ 0	\$ 200,239

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 253,073	\$ 0	\$ 0	\$ 253,073	\$ 360,000	\$ 360,000	\$ (106,927)
State of Tennessee	13,550	0	0	13,550	20,000	20,000	(6,450)
Federal Government	1,041,557	0	0	1,041,557	1,240,000	1,267,064	(225,507)
Total Revenues	\$ 1,308,180	\$ 0	\$ 0	\$ 1,308,180	\$ 1,620,000	\$ 1,647,064	\$ (338,884)
<u>Expenditures</u>							
<u>Operation of Noninstructional Services</u>							
Food Service	\$ 1,378,249	\$ (3,005)	\$ 599	\$ 1,375,843	\$ 1,592,000	\$ 1,619,064	\$ 243,221
Total Expenditures	\$ 1,378,249	\$ (3,005)	\$ 599	\$ 1,375,843	\$ 1,592,000	\$ 1,619,064	\$ 243,221
Excess (Deficiency) of Revenues Over Expenditures	\$ (70,069)	\$ 3,005	\$ (599)	\$ (67,663)	\$ 28,000	\$ 28,000	\$ (95,663)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (28,000)	\$ (28,000)	\$ 28,000
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ (28,000)	\$ (28,000)	\$ 28,000
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (70,069)	\$ 3,005	\$ (599)	\$ (67,663)	\$ 0	\$ 0	\$ (67,663)
	508,721	(3,005)	0	505,716	62,835	62,835	442,881
Fund Balance, June 30, 2014	\$ 438,652	\$ 0	\$ (599)	\$ 438,053	\$ 62,835	\$ 62,835	\$ 375,218

Exhibit J-10

Grundy County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Fund
Discretely Presented Grundy County School Department
June 30, 2014

	<u>Private Purpose Trust Fund</u>	<u>Other Trust Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash with Trustee	\$	21,652
Total Assets	\$	21,652
<u>NET POSITION</u>		
Funds Held in Trust for Scholarships	\$	21,652
Total Net Position	\$	21,652

Exhibit J-11

Grundy County, Tennessee
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2014

	Private Purpose Trust Fund
	<u>Other Trust Fund</u>
<u>ADDITIONS</u>	
Investment Income	\$ 210
Contributions and Gifts	<u>625</u>
Total Additions	<u>\$ 835</u>
<u>DEDUCTIONS</u>	
Awards	<u>\$ 625</u>
Total Deductions	<u>\$ 625</u>
Change in Net Position	\$ 210
Net Position, July 1, 2013	<u>21,442</u>
Net Position, June 30, 2014	<u><u>\$ 21,652</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Grunddy County, Tennessee
 Schedule of Changes in Long-term Other Loans, Bonds, and Notes
 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	Outstanding 6-30-14
GOVERNMENTAL ACTIVITIES								
OTHER LOANS PAYABLE								
Payable through Industrial/Economic Development Fund								
Assumption Agreement - Industrial Building	\$ 427,739	2 to 3 %	9-13-03	6-30-16	\$ 115,512	\$ 0	\$ 39,654	\$ 75,858
Total Payable through Industrial/Economic Development Fund					\$ 115,512	\$ 0	\$ 39,654	\$ 75,858
Payable through General Debt Service Fund	(1)	Various	Various	6-1-17	\$ 941,437	\$ 1,577,498	\$ 244,000	\$ 2,274,935
School Renovations					\$ 941,437	\$ 1,577,498	\$ 244,000	\$ 2,274,935
Total Payable through General Debt Service Fund					\$ 941,437	\$ 1,577,498	\$ 244,000	\$ 2,274,935
Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund								
Energy Efficient Improvements	1,583,809	0	8-22-11	9-11-22	\$ 1,451,829	\$ 0	\$ 158,376	\$ 1,293,453
Total Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 1,451,829	\$ 0	\$ 158,376	\$ 1,293,453
Total Other Loans Payable					\$ 2,508,778	\$ 1,577,498	\$ 442,030	\$ 3,644,246
BONDS PAYABLE								
Payable through General Debt Service Fund								
Public Improvements Series 1998	2,220,000	3.4 to 4.15	11-1-1998	5-1-14	\$ 185,000	\$ 0	\$ 185,000	\$ 0
School Refunding Series 2006	9,405,000	4.15	5-1-06	5-1-21	5,960,000	0	645,000	5,315,000
General Obligation Bond - Convenience Centers	91,000	4.75	9-30-1999	9-30-14	16,864	0	7,820	9,044
Total Bonds Payable					\$ 6,161,864	\$ 0	\$ 837,820	\$ 5,324,044
NOTES PAYABLE								
Payable through General Fund								
Patrol Cars	71,000	2.49	2-5-14	8-5-15	\$ 0	\$ 71,000	\$ 0	\$ 71,000
Total Payable through General Fund					\$ 0	\$ 71,000	\$ 0	\$ 71,000
Payable through General Debt Service Fund	(2)	3.50	5-22-14	5-22-16	\$ 0	\$ 300,000	\$ 0	\$ 300,000
Jail Construction - Other Loans Anticipation					\$ 0	\$ 300,000	\$ 0	\$ 300,000
Total Payable through General Debt Service Fund					\$ 0	\$ 300,000	\$ 0	\$ 300,000

(Continued)

Exhibit K-1

Grundy County, Tennessee
Schedule of Changes in Long-term Other Loans, Bonds, and Notes (Cont.)

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	Outstanding 6-30-14
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>								
<u>NOTES PAYABLE (CONT.)</u>								
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
School Bus	\$ 158,140	3.69 %	10-30-08	8-20-13	\$ 33,727	0 \$	33,727 \$	0
School Bus	155,592	3.49	9-25-09	8-20-14	65,241	0	32,062	33,179
School Bus	151,967	3.25	2-14-11	2-14-16	94,125	0	30,363	63,762
School Bus	140,109	2.69	11-7-12	8-20-17	140,109	0	27,199	112,910
Total Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 333,202	0 \$	123,351 \$	209,851
Total Notes Payable					\$ 333,202	371,000 \$	123,351 \$	580,851
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>OTHER LOANS PAYABLE</u>								
Payable through Waste Water Fund								
Waste Water System	318,980	1.26	Various	12-30-15	\$ 44,345	0 \$	17,592 \$	26,753
Total Other Loans Payable					\$ 44,345	0 \$	17,592 \$	26,753

(1) Total amount approved was \$2,690,000, of which \$171,065 remains available for draws as of June 30, 2014.

(2) This note was issued for a jail construction project. The county intends to retire this note with the issuance of \$7,000,000 in USDA Rural Development loans.

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES:

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2015	\$ 449,237	\$ 29,070	\$ 4,798	\$ 483,105
2016	448,373	24,027	4,491	476,891
2017	418,376	19,646	4,177	442,199
2018	424,376	16,760	3,857	444,993
2019	429,376	13,808	3,530	446,714
2020	435,376	10,800	3,197	449,373
2021	441,376	7,725	2,856	451,957
2022	447,376	4,583	2,508	454,467
2023	150,380	1,376	2,152	153,908
Total	\$ 3,644,246	\$ 127,795	\$ 31,566	\$ 3,803,607

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 679,044	\$ 221,002	\$ 900,046
2016	700,000	192,768	892,768
2017	725,000	163,718	888,718
2018	755,000	133,630	888,630
2019	790,000	102,298	892,298
2020	820,000	69,512	889,512
2021	855,000	35,482	890,482
Total	\$ 5,324,044	\$ 918,410	\$ 6,242,454

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 127,162	\$ 7,173	\$ 134,335
2016	395,738	4,260	399,998
2017	28,589	1,563	30,152
2018	29,362	790	30,152
Total	\$ 580,851	\$ 13,786	\$ 594,637

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2015	\$ 17,820	\$ 240	\$ 18,060
2016	8,933	36	8,969
Total	\$ 26,753	\$ 276	\$ 27,029

Exhibit K-3

Grundy County, Tennessee
Schedule of Transfers
Discretely Presented Grundy County School Department
For the Year Ended June 30, 2014

From Fund	To Fund	Purpose	Amount
School Federal Projects	General Purpose School	Indirect costs	\$ 34,795
Total Transfers Discretely Presented Grundy County School Department			\$ 34,795

Exhibit K-4

Grundy County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grundy 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	\$ 71,184	\$ 50,000	Travelers Casualty and Surety Company of America
Highway Superintendent	Section 8-24-102, TCA	67,795	100,000	Western Surety Company
Director of Schools:				
Joel Hargis (July 1, 2013, through May 31, 2014)	State Board of Education and Grundy County Board of Education	124,892	100,000	Travelers Casualty and Surety Company of America
Dr. David Dickerson (June 1, 2014, through June 30, 2014)	State Board of Education and Grundy County Board of Education	4,901	100,000	Western Surety Company
Trustee	Section 8-24-102, TCA	61,632	637,200	Western Surety Company
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, TCA	61,632	30,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,632	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,632	75,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	15,000	"
Sheriff	Section 8-24-102, TCA	67,795	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments and School Department			150,000	Local Government Property and Casualty Fund

- (1) Includes seven months of salary (\$43,517), insurance premiums (\$4,339), and retirement (\$8,212) plus a bonus payment (\$437).
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Does not include special commissioner fees of \$19,902.

Exhibit K-5

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

	<u>Special Revenue Funds</u>				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,962,157	\$ 0	\$ 357,858	\$ 0	\$ 0
Trustee's Collections - Prior Year	99,695	0	15,064	0	0
Trustee's Collections - Bankruptcy	22	0	6	0	0
Circuit/Clerk and Master Collections - Prior Years	72,847	0	10,927	0	0
Interest and Penalty	20,474	0	2,995	0	0
Payments in-Lieu-of Taxes - T.V.A.	1,310	0	158	0	0
Payments in-Lieu-of Taxes - Other	8,493	0	1,181	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Litigation Tax - General	17,503	0	0	0	0
Litigation Tax - Special Purpose	0	30,410	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	11,793	0	0	0	0
Business Tax	25,883	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	13,923	0	0	0	0
Interstate Telecommunications Tax	727	0	0	0	0
Total Local Taxes	\$ 3,234,827	\$ 30,410	\$ 388,189	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 461	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	40,007	0	0	0	0
<u>Permits</u>					
Beer Permits	1,188	0	0	0	0
Total Licenses and Permits	\$ 41,656	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 3,658	\$ 0	\$ 0	\$ 0	0
Officers Costs	3,055	0	0	0	0
Drug Control Fines	0	0	0	0	4,975
Drug Court Fees	399	0	0	0	0
Data Entry Fee - Circuit Court	742	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	522	0	0	0	0
<u>General Sessions Court</u>					
Fines	13,379	0	0	0	0
Fines for Littering	48	0	0	0	0
Officers Costs	11,598	0	0	0	0
Game and Fish Fines	16	0	0	0	0
Drug Control Fines	0	0	0	0	0
Drug Court Fees	1,929	0	0	0	4,148
Jail Fees	1,883	0	0	0	0
DUI Treatment Fines	4,161	0	0	0	0
Data Entry Fee - General Sessions Court	4,190	0	0	0	0
Courtroom Security Fee	294	0	0	0	0
<u>Juvenile Court</u>					
Fines	208	0	0	0	0
Officers Costs	1,409	0	0	0	0
Data Entry Fee - Juvenile Court	275	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	306	0	0	0	0
Data Entry Fee - Chancery Court	1,672	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,554
Data Entry Fee - Other Courts	204	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 49,948	\$ 0	\$ 0	\$ 0	\$ 22,677
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Work Release Charges for Board	\$ 3,420	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	15,675	0	0	0	0
Service Charges	990	0	0	0	0
<u>Fees</u>					
Archives and Records Management Fee - County Clerk	68	0	0	0	0
Greenbelt Late Application Fee	57	0	9	0	0
Telephone Commissions	3,270	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	4,896	0	0	0	0
Data Processing Fee - Sheriff	2,590	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,350	0	0	0	0
Data Processing Fee - County Clerk	736	0	0	0	0
Total Charges for Current Services	\$ 33,052	\$ 0	\$ 9	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	0	0	0	24,502	0
Sale of Gasoline	0	0	0	0	0
Miscellaneous Refunds	21,042	0	0	0	0

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>Other Local Revenues (Cont.)</u>					
<u>Nonrecurring Items</u>					
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
Other Local Revenues	19,179	0	8,033	0	0
Total Other Local Revenues	\$ 40,221	\$ 0	\$ 8,033	\$ 24,502	\$ 0
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 110,540	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	44,384	0	0	0	0
General Sessions Court Clerk	63,178	0	0	0	0
Clerk and Master	43,250	0	0	0	0
Juvenile Court Clerk	4,974	0	0	0	0
Register	49,486	0	0	0	0
Sheriff	3,727	0	0	0	0
Trustee	183,228	0	0	0	0
Total Fees Received from County Officials	\$ 502,767	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	1,589	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	35,220	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
Litter Program	0	0	33,153	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Beer Tax	\$ 85,990	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	34,724	0	0	0	0
Contracted Prisoner Boarding	156,473	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	14,950	0	0	0	0
Other State Revenues	28,247	0	0	0	0
Total State of Tennessee	\$ 380,648	\$ 0	\$ 33,153	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 656,241	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	4,064	0	0	0	0
Law Enforcement Grants	41,587	0	0	0	0
Other Federal through State	83,211	0	0	0	0
Total Federal Government	\$ 785,103	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 5,072,722	\$ 30,410	\$ 429,384	\$ 24,502	\$ 22,677

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service</u>
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Fund</u>
				<u>Total</u>
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 0	\$ 0	258,410	\$ 3,578,425
Trustee's Collections - Prior Year	0	0	887	115,646
Trustee's Collections - Bankruptcy	0	0	3	31
Circuit/Clerk and Master Collections - Prior Years	0	0	607	84,381
Interest and Penalty	0	0	541	24,010
Payments in-Lieu-of Taxes - T.V.A.	0	0	114	1,582
Payments in-Lieu-of Taxes - Other	0	0	786	10,460
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	462,942	462,942
Litigation Tax - General	0	0	0	17,503
Litigation Tax - Special Purpose	0	0	0	30,410
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	11,793
Business Tax	0	0	0	25,883
<u>Statutory Local Taxes</u>				
Bank Excise Tax	0	0	0	13,923
Interstate Telecommunications Tax	0	0	0	727
Total Local Taxes	\$ 0	\$ 0	724,290	\$ 4,377,716
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	0	0	0	461
Cable TV Franchise	0	0	0	40,007
<u>Permits</u>				
Beer Permits	0	0	0	1,188
Total Licenses and Permits	\$ 0	\$ 0	0	\$ 41,656

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service</u>
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Fund</u>
				<u>Total</u>
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	3,658
Officers Costs	0	0	0	3,055
Drug Control Fines	0	0	0	4,975
Drug Court Fees	0	0	0	399
Data Entry Fee - Circuit Court	0	0	0	742
<u>Criminal Court</u>				
DUI Treatment Fines	0	0	0	522
<u>General Sessions Court</u>				
Fines	0	0	0	13,379
Fines for Littering	0	0	0	48
Officers Costs	0	0	0	11,598
Game and Fish Fines	0	0	0	16
Drug Control Fines	0	0	0	4,148
Drug Court Fees	0	0	0	1,929
Jail Fees	0	0	0	1,883
DUI Treatment Fines	0	0	0	4,161
Data Entry Fee - General Sessions Court	0	0	0	4,190
Courtroom Security Fee	0	0	0	294
<u>Juvenile Court</u>				
Fines	0	0	0	208
Officers Costs	0	0	0	1,409
Data Entry Fee - Juvenile Court	0	0	0	275
<u>Chancery Court</u>				
Officers Costs	0	0	0	306
Data Entry Fee - Chancery Court	0	0	0	1,672

(Continued)

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service</u>
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Fund</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	\$ 0 \$	0 \$	0 \$	13,554
Data Entry Fee - Other Courts	0	0	0	204
Total Fines, Forfeitures, and Penalties	\$ 0 \$	0 \$	0 \$	72,625
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Work Release Charges for Board	\$ 0 \$	0 \$	0 \$	3,420
Other General Service Charges	0	76,228	0	91,903
Service Charges	0	0	0	990
<u>Fees</u>				
Archives and Records Management Fee - County Clerk	0	0	0	68
Greenbelt Late Application Fee	0	0	0	66
Telephone Commissions	0	0	0	3,270
Special Commissioner Fees/Special Master Fees	19,902	0	0	19,902
Data Processing Fee - Register	0	0	0	4,896
Data Processing Fee - Sheriff	0	0	0	2,590
Sexual Offender Registration Fee - Sheriff	0	0	0	1,350
Data Processing Fee - County Clerk	0	0	0	736
Total Charges for Current Services	\$ 19,902 \$	76,228 \$	0 \$	129,191
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0 \$	0 \$	84,114 \$	84,114
Lease/Rentals	0	0	0	24,502
Sale of Gasoline	0	37,460	0	37,460
Miscellaneous Refunds	0	5,621	0	26,663

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service</u>
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Fund</u>
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Sale of Equipment	\$ 0	\$ 590	\$ 0	\$ 590
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	0	27,212
<u>Total Other Local Revenues</u>	<u>0</u>	<u>43,671</u>	<u>84,114</u>	<u>200,541</u>
<u>Fees Received from County Officials</u>				
<u>Fees in-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 110,540
Circuit Court Clerk	0	0	0	44,384
General Sessions Court Clerk	0	0	0	63,178
Clerk and Master	0	0	0	43,250
Juvenile Court Clerk	0	0	0	4,974
Register	0	0	0	49,486
Sheriff	0	0	0	3,727
Trustee	0	0	0	183,228
<u>Total Fees Received from County Officials</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>502,767</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 4,500
Other General Government Grants	0	0	0	1,589
<u>Health and Welfare Grants</u>				
Other Health and Welfare Grants	0	0	0	35,220
<u>Public Works Grants</u>				
Bridge Program	0	181,106	0	181,106
Litter Program	0	0	0	33,153

(Continued)

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service</u>
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Fund</u>
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Beer Tax	\$ 0	\$ 0	\$ 0	\$ 85,990
Alcoholic Beverage Tax	0	0	0	34,724
Contracted Prisoner Boarding	0	0	0	156,473
Gasoline and Motor Fuel Tax	0	1,476,904	0	1,476,904
Petroleum Special Tax	0	9,887	0	9,887
Registrar's Salary Supplement	0	0	0	18,955
Other State Grants	0	0	0	14,950
Other State Revenues	0	0	0	28,247
Total State of Tennessee	\$ 0	\$ 1,667,897	\$ 0	\$ 2,081,698
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$ 0	\$ 0	\$ 0	\$ 656,241
Homeland Security Grants	0	0	0	4,064
Law Enforcement Grants	0	0	0	41,587
Other Federal through State	0	0	0	83,211
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 785,103
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Paving and Maintenance Contributions	\$ 0	\$ 42,719	\$ 0	\$ 42,719
Total Other Governments and Citizens Groups	\$ 0	\$ 42,719	\$ 290,058	\$ 294,558
Total	\$ 19,902	\$ 1,830,515	\$ 1,098,462	\$ 8,528,574

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund</u>
				<u>Total</u>
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,402,404	\$ 0	\$ 0	\$ 1,402,404
Trustee's Collections - Prior Year	60,967	0	0	60,967
Trustee's Collections - Bankruptcy	16	0	0	16
Circuit/Clerk and Master Collections - Prior Years	42,822	0	0	42,822
Interest and Penalty	11,609	0	0	11,609
Payments in-Lieu-of Taxes - T.V.A.	620	0	0	620
Payments in-Lieu-of Taxes - Other	4,264	0	0	4,264
<u>County Local Option Taxes</u>				
Local Option Sales Tax	419,413	0	0	419,413
Business Tax	25,882	0	0	25,882
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,502	0	0	1,502
Total Local Taxes	\$ 1,969,499	\$ 0	\$ 0	\$ 1,969,499

<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 461	\$ 0	\$ 0	\$ 461
Total Licenses and Permits	\$ 461	\$ 0	\$ 0	\$ 461

<u>Charges for Current Services</u>				
<u>Fees</u>				
Greenbelt Late Application Fee	\$ 34	\$ 0	\$ 0	\$ 34
<u>Education Charges</u>				
Tuition - Other	37,745	0	0	37,745

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund</u>
				<u>Education Capital Projects</u>
				<u>Total</u>
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 90,611	\$ 0
Lunch Payments - Adults	0	0	49,096	0
Income from Breakfast	0	0	14,668	0
A la carte Sales	0	0	98,698	0
<u>Total Charges for Current Services</u>	<u>\$ 37,779</u>	<u>\$ 0</u>	<u>\$ 253,073</u>	<u>\$ 0</u>
				<u>\$ 290,852</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
E-Rate Funding	\$ 62,092	\$ 0	\$ 0	\$ 0
Miscellaneous Refunds	31,052	0	0	0
<u>Nonrecurring Items</u>				
Contributions and Gifts	555	0	0	0
<u>Total Other Local Revenues</u>	<u>\$ 93,699</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
				<u>\$ 93,699</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 95,485	\$ 0	\$ 0	\$ 0
<u>State Education Funds</u>				
Basic Education Program	12,646,001	0	0	0
Early Childhood Education	321,098	0	0	0
School Food Service	0	0	13,550	0
Driver Education	22,445	0	0	0
Other State Education Funds	336,487	0	0	0
Career Ladder Program	76,671	0	0	0
Career Ladder - Extended Contract	17,320	0	0	0
				<u>\$ 12,646,001</u>
				<u>\$ 321,098</u>
				<u>\$ 13,550</u>
				<u>\$ 22,445</u>
				<u>\$ 336,487</u>
				<u>\$ 76,671</u>
				<u>\$ 17,320</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Capital
	General Purpose School	School Federal Projects	Central Cafeteria	Projects Fund
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 445,855	\$ 0	\$ 0	\$ 0
Other State Grants	13,436	0	0	0
Other State Revenues	195,908	0	0	0
Total State of Tennessee	\$ 14,170,706	\$ 0	\$ 13,550	\$ 0
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 683,419	\$ 0
USDA - Commodities	0	0	92,064	0
Breakfast	0	0	266,074	0
Vocational Education - Basic Grants to States	0	44,396	0	0
Title I Grants to Local Education Agencies	0	1,348,549	0	0
Special Education - Grants to States	68,788	574,476	0	0
Special Education Preschool Grants	0	54,869	0	0
Rural Education	0	47,926	0	0
Eisenhower Professional Development State Grants	0	190,621	0	0
Race-to-the-Top - ARRA	0	99,523	0	0
Other Federal through State	32,833	25,000	0	0
Total Federal Government	\$ 101,621	\$ 2,385,360	\$ 1,041,557	\$ 0
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>	\$ 0	\$ 0	\$ 0	\$ 1,577,498
Contributions				

(Continued)

Exhibit K-6

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

	Special Revenue Funds		Capital Projects Fund
	General Purpose School	School Federal Projects	Education Capital Projects
		Central Cafeteria	Total
Other Governments and Citizens Groups (Cont.)			
Other	\$ 58,435	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 58,435	\$ 0	\$ 1,577,498
Total	\$ 16,432,200	\$ 2,385,360	\$ 1,308,180
			\$ 1,577,498
			\$ 21,703,238

Exhibit K-7

Grundy 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	\$	13,250	
Social Security		821	
Unemployment Compensation		159	
Employer Medicare		192	
Audit Services		4,111	
Dues and Memberships		1,750	
Printing, Stationery, and Forms		1,784	
Total County Commission			\$ 22,067

Board of Equalization

Board and Committee Members Fees	\$	2,000	
Total Board of Equalization			2,000

Beer Board

Board and Committee Members Fees	\$	36	
Total Beer Board			36

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Assistant(s)		26,686	
Part-time Personnel		22,616	
Social Security		7,470	
Unemployment Compensation		252	
Employer Medicare		1,747	
Communication		4,544	
Data Processing Services		9,943	
Maintenance and Repair Services - Vehicles		610	
Postal Charges		1,506	
Printing, Stationery, and Forms		74	
Travel		860	
Office Supplies		2,237	
Total County Mayor/Executive			149,729

County Attorney

County Official/Administrative Officer	\$	4,199	
Legal Services		14,508	
Total County Attorney			18,707

Election Commission

County Official/Administrative Officer	\$	55,468	
Clerical Personnel		20,446	
Board and Committee Members Fees		4,900	
Election Workers		14,615	
In-service Training		3,513	
Social Security		5,002	
Unemployment Compensation		275	
Employer Medicare		1,170	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Communication	\$	3,900	
Data Processing Services		41,289	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		4,848	
Maintenance and Repair Services - Equipment		18,297	
Postal Charges		2,452	
Printing, Stationery, and Forms		3,124	
Travel		4,658	
Office Supplies		2,221	
Office Equipment		1,774	
Total Election Commission			\$ 188,102

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		21,831	
Part-time Personnel		2,103	
Social Security		5,305	
Unemployment Compensation		131	
Employer Medicare		1,241	
Communication		890	
Data Processing Services		5,428	
Dues and Memberships		507	
Postal Charges		322	
Travel		900	
Other Contracted Services		638	
Office Supplies		1,004	
Total Register of Deeds			101,932

County Buildings

Custodial Personnel	\$	23,101	
Social Security		1,432	
Unemployment Compensation		240	
Employer Medicare		335	
Communication		2,984	
Maintenance and Repair Services - Buildings		31,768	
Maintenance and Repair Services - Vehicles		849	
Other Contracted Services		400	
Custodial Supplies		4,005	
Duplicating Supplies		9,188	
Electricity		40,898	
Natural Gas		16,483	
Water and Sewer		14,691	
Other Supplies and Materials		1,059	
Total County Buildings			147,433

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Secretary(ies)		22,257	
Part-time Personnel		52,340	
Social Security		8,446	
Unemployment Compensation		520	
Employer Medicare		1,975	
Audit Services		3,305	
Communication		3,028	
Data Processing Services		7,663	
Dues and Memberships		1,350	
Postal Charges		3,497	
Printing, Stationery, and Forms		1,239	
Travel		9,696	
Office Supplies		1,274	
Total Property Assessor's Office			\$ 178,222

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		21,831	
Part-time Personnel		4,297	
Social Security		5,441	
Unemployment Compensation		189	
Employer Medicare		1,272	
Communication		1,279	
Data Processing Services		6,142	
Dues and Memberships		832	
Postal Charges		2,239	
Printing, Stationery, and Forms		264	
Travel		800	
Other Contracted Services		5,633	
Office Supplies		753	
Total County Trustee's Office			112,604

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		66,050	
Part-time Personnel		2,537	
Social Security		8,074	
Unemployment Compensation		378	
Employer Medicare		1,888	
Communication		3,866	
Data Processing Services		6,600	
Dues and Memberships		867	
Postal Charges		4,310	
Travel		1,433	
Office Supplies		3,644	
Total County Clerk's Office			161,279

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		88,997	
Jury and Witness Expense		23,344	
Social Security		9,339	
Unemployment Compensation		634	
Employer Medicare		2,184	
Communication		4,371	
Data Processing Services		10,946	
Dues and Memberships		467	
Postal Charges		1,687	
Printing, Stationery, and Forms		217	
Travel		130	
Office Supplies		7,838	
Other Charges		825	
Total Circuit Court			\$ 212,611

General Sessions Judge

Judge(s)	\$	88,019	
Youth Service Officer(s)		31,500	
Social Security		7,410	
Unemployment Compensation		16	
Employer Medicare		1,733	
Communication		1,994	
Office Supplies		100	
In Service/Staff Development		1,133	
Total General Sessions Judge			131,905

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		21,831	
Part-time Personnel		672	
Social Security		5,216	
Unemployment Compensation		145	
Employer Medicare		1,220	
Communication		1,380	
Data Processing Services		13,290	
Dues and Memberships		492	
Postal Charges		794	
Office Supplies		2,013	
Total Chancery Court			108,685

Juvenile Court

Part-time Personnel	\$	14,175	
Social Security		879	
Unemployment Compensation		241	
Employer Medicare		206	
Communication		2,548	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Postal Charges	\$	1,324	
Rentals		4,500	
Travel		628	
Office Supplies		5,643	
Other Charges		2,509	
Total Juvenile Court			\$ 32,653

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Deputy(ies)		384,537	
School Resource Officer		4,412	
In-service Training		7,994	
Social Security		28,258	
Unemployment Compensation		2,486	
Employer Medicare		6,628	
Communication		2,470	
Maintenance and Repair Services - Vehicles		30,487	
Postal Charges		1,508	
Printing, Stationery, and Forms		77	
Towing Services		5,200	
Other Contracted Services		65,035	
Gasoline		96,691	
Office Supplies		9,691	
Tires and Tubes		7,910	
Uniforms		818	
Other Supplies and Materials		994	
Liability Insurance		15,770	
Vehicle and Equipment Insurance		22,543	
Workers' Compensation Insurance		42,608	
Other Charges		3,205	
Motor Vehicles		117,104	
Other Equipment		758	
Total Sheriff's Department			924,979

Administration of the Sexual Offender Registry

Communication	\$	50	
Total Administration of the Sexual Offender Registry			50

Jail

Accountants/Bookkeepers	\$	26,959	
Guards		248,309	
Cafeteria Personnel		18,974	
Social Security		18,243	
Unemployment Compensation		3,455	
Employer Medicare		4,266	
Communication		10,035	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	228,415	
Other Contracted Services		40,757	
Electricity		15,496	
Food Supplies		98,252	
Natural Gas		7,637	
Water and Sewer		10,412	
Other Supplies and Materials		4,787	
Total Jail			\$ 735,997

Fire Prevention and Control

Contracts with Other Public Agencies	\$	3,580	
Contributions		2,540	
Total Fire Prevention and Control			6,120

Rescue Squad

Contributions	\$	3,000	
Total Rescue Squad			3,000

Other Emergency Management

Assistant(s)	\$	10,800	
Social Security		826	
Unemployment Compensation		128	
Communication		314	
Maintenance and Repair Services - Vehicles		172	
Rentals		6,000	
Gasoline		2,091	
Office Supplies		113	
Other Charges		290	
Total Other Emergency Management			20,734

County Coroner/Medical Examiner

Pauper Burials	\$	2,400	
Total County Coroner/Medical Examiner			2,400

Other Public Safety

Deputy(ies)	\$	15,998	
Social Security		992	
Employer Medicare		232	
Contributions		2,000	
Other Supplies and Materials		710	
Other Equipment		28,006	
Total Other Public Safety			47,938

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	9,030	
Social Security		560	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Unemployment Compensation	\$	126	
Employer Medicare		126	
Communication		6,325	
Contracts with Government Agencies		12,816	
Dues and Memberships		200	
Maintenance and Repair Services - Equipment		600	
Postal Charges		50	
Other Contracted Services		1,200	
Electricity		6,047	
Natural Gas		5,872	
Office Supplies		1,004	
Water and Sewer		639	
Other Supplies and Materials		7,880	
Total Local Health Center			\$ 52,475

Ambulance/Emergency Medical Services

Contributions	\$	125,000	
Total Ambulance/Emergency Medical Services			125,000

Other Local Health Services

Medical Personnel	\$	21,286	
Social Security		1,320	
Unemployment Compensation		283	
Employer Medicare		309	
Travel		2,028	
Total Other Local Health Services			25,226

Regional Mental Health Center

Contributions	\$	3,500	
Total Regional Mental Health Center			3,500

Other Local Welfare Services

Other Charges	\$	9,995	
Total Other Local Welfare Services			9,995

Other Public Health and Welfare

Other Charges	\$	11,156	
Total Other Public Health and Welfare			11,156

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	41,856	
Social Security		2,574	
Unemployment Compensation		586	
Employer Medicare		607	
Total Libraries			45,623

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	60,042	
Social Security		288	
Unemployment Compensation		65	
Employer Medicare		67	
Communication		3,584	
Duplicating Supplies		724	
Other Supplies and Materials		279	
Other Charges		1,755	
Total Agricultural Extension Service			\$ 66,804

Soil Conservation

Clerical Personnel	\$	20,789	
Part-time Personnel		15,826	
Social Security		2,270	
Unemployment Compensation		257	
Employer Medicare		531	
Communication		1,362	
Travel		810	
Other Supplies and Materials		998	
Other Charges		414	
Total Soil Conservation			43,257

Other Operations

Tourism

Other Supplies and Materials	\$	5,241	
Other Charges		15,000	
Total Tourism			20,241

Other Economic and Community Development

Contracts with Government Agencies	\$	217,456	
Other Charges		438,785	
Total Other Economic and Community Development			656,241

Veterans' Services

Supervisor/Director	\$	10,394	
Social Security		644	
Employer Medicare		151	
Dues and Memberships		25	
Postal Charges		184	
Travel		3,630	
Total Veterans' Services			15,028

Other Charges

Building and Contents Insurance	\$	12,216	
Liability Insurance		24,150	
Premiums on Corporate Surety Bonds		2,600	
Trustee's Commission		66,172	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	7,033	
Workers' Compensation Insurance		43,027	
Total Other Charges			\$ 155,198

Contributions to Other Agencies

Contributions	\$	26,894	
Total Contributions to Other Agencies			26,894

Employee Benefits

State Retirement	\$	107,106	
Medical Insurance		53,579	
Unemployment Compensation		10	
Total Employee Benefits			160,695

Miscellaneous

Refunds	\$	112,331	
Other Charges		29,287	
Total Miscellaneous			141,618

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	19,199	
Social Security		1,190	
Unemployment Compensation		235	
Employer Medicare		278	
Communication		129	
Postal Charges		32	
Travel		1,284	
Other Supplies and Materials		7,595	
Other Charges		14,433	
Total Community Services			44,375

Total General Fund \$ 4,912,509

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	16,172	
Total County Buildings			\$ 16,172

Other Operations

Other Charges

Trustee's Commission	\$	304	
Total Other Charges			304

Total Courthouse and Jail Maintenance Fund 16,476

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Laborers	\$	24,752	
Social Security		1,893	
Unemployment Compensation		126	
Gasoline		1,385	
Instructional Supplies and Materials		4,996	
Total Waste Pickup			\$ 33,152

Convenience Centers

Truck Drivers	\$	66,897	
Maintenance Personnel		38,000	
Part-time Personnel		146,453	
Social Security		19,228	
Unemployment Compensation		1,709	
Communication		8,111	
Maintenance and Repair Services - Vehicles		19,762	
Disposal Fees		195,494	
Diesel Fuel		52,139	
Electricity		8,962	
Water and Sewer		1,912	
Other Supplies and Materials		30,387	
Other Charges		1,000	
Solid Waste Equipment		370	
Total Convenience Centers			590,424

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	11,070	
Total Landfill Operation and Maintenance			11,070

Other Operations

Other Charges

Trustee's Commission	\$	7,851	
Total Other Charges			7,851

Total Solid Waste/Sanitation Fund \$ 642,497

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Charges	\$	20	
Total Industrial Development			\$ 20

Principal on Debt

General Government

Principal on Other Loans	\$	39,654	
Total General Government			39,654

(Continued)

Exhibit K-7

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

Industrial/Economic Development Fund (Cont.)

Interest on Debt

General Government

Interest on Other Loans

\$ 2,924

Total General Government

\$ 2,924

Total Industrial/Economic Development Fund

\$ 42,598

Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials

\$ 4,025

Trustee's Commission

997

Total Drug Enforcement

\$ 5,022

Total Drug Control Fund

5,022

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees

\$ 19,902

Total Chancery Court

\$ 19,902

Total Constitutional Officers - Fees Fund

19,902

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer

\$ 67,795

Accountants/Bookkeepers

33,295

Advertising

267

Communication

4,562

Data Processing Services

4,366

Dues and Memberships

483

Evaluation and Testing

645

Maintenance and Repair Services - Office Equipment

260

Postal Charges

282

Rentals

50

Travel

1,411

Electricity

3,241

Office Supplies

248

Water and Sewer

301

Other Charges

3,173

Office Equipment

99

Total Administration

\$ 120,478

Highway and Bridge Maintenance

Supervisor/Director

\$ 8,324

Foremen

25,809

Equipment Operators - Heavy

61,570

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Truck Drivers	\$	177,100	
Laborers		74,704	
Overtime Pay		148	
Asphalt - Liquid		224,064	
Crushed Stone		287,645	
Ice		49	
Pipe		37,464	
Road Signs		717	
Small Tools		80	
Other Supplies and Materials		216	
Other Charges		294	
Total Highway and Bridge Maintenance			\$ 898,184

Operation and Maintenance of Equipment

Mechanic(s)	\$	46,610	
Nightwatchmen		10,452	
Overtime Pay		177	
Maintenance and Repair Services - Equipment		11,487	
Towing Services		1,100	
Diesel Fuel		137,846	
Equipment and Machinery Parts		45,167	
Garage Supplies		1,488	
Gasoline		20,382	
Lubricants		53	
Propane Gas		1,185	
Tires and Tubes		19,170	
Other Supplies and Materials		438	
Other Charges		2,050	
Total Operation and Maintenance of Equipment			297,605

Other Charges

Liability Insurance	\$	32,637	
Trustee's Commission		16,400	
Workers' Compensation Insurance		67,155	
Total Other Charges			116,192

Employee Benefits

Social Security	\$	31,376	
State Retirement		45,716	
Employee and Dependent Insurance		128,196	
Unemployment Compensation		1,598	
Employer Medicare		7,338	
Total Employee Benefits			214,224

Capital Outlay

Engineering Services	\$	7,821	
Bridge Construction		181,106	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Building Improvements	\$	750	
Highway Construction		2,644	
Highway Equipment		54,880	
Total Capital Outlay			\$ 247,201

Total Highway/Public Works Fund

\$ 1,893,884

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	192,820	
Total General Government			\$ 192,820

Education

Principal on Bonds	\$	645,000	
Principal on Notes		123,351	
Principal on Other Loans		402,376	
Total Education			1,170,727

Interest on Debt

General Government

Interest on Bonds	\$	8,479	
Total General Government			8,479

Education

Interest on Bonds	\$	247,340	
Interest on Notes		8,331	
Interest on Other Loans		20,597	
Total Education			276,268

Other Debt Service

General Government

Trustee's Commission	\$	10,750	
Total General Government			10,750

Education

Other Debt Service	\$	4,982	
Total Education			4,982

Total General Debt Service Fund

1,664,026

General Capital Projects Fund

Capital Projects

Public Safety Projects

Building Construction	\$	256,349	
Total Public Safety Projects			\$ 256,349

Total General Capital Projects Fund

256,349

(Continued)

Exhibit K-7

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$	<u>1,577,498</u>	
Total Capital Projects Donated to School Department			<u>\$ 1,577,498</u>
 Total Education Capital Projects Fund			 <u>\$ 1,577,498</u>
 Total Governmental Funds - Primary Government			 <u>\$ 11,030,761</u>

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,589,714	
Career Ladder Program		38,415	
Career Ladder Extended Contracts		11,867	
Homebound Teachers		7,385	
Clerical Personnel		1,625	
Educational Assistants		134,173	
Other Salaries and Wages		143,800	
Non-certified Substitute Teachers		158,372	
Social Security		299,583	
State Retirement		432,315	
Life Insurance		501	
Medical Insurance		668,943	
Employer Medicare		70,104	
Communication		1,914	
Travel		1,809	
Other Contracted Services		45,206	
Instructional Supplies and Materials		102,604	
Textbooks		59,567	
Other Charges		13,438	
Regular Instruction Equipment		205,942	
Total Regular Instruction Program			\$ 6,987,277

Alternative Instruction Program

Teachers	\$	82,336	
Career Ladder Program		1,667	
Educational Assistants		22,532	
Social Security		6,135	
State Retirement		9,823	
Life Insurance		61	
Medical Insurance		19,094	
Employer Medicare		1,435	
Other Charges		340	
Total Alternative Instruction Program			143,423

Special Education Program

Teachers	\$	1,246,169	
Career Ladder Program		17,699	
Homebound Teachers		2,650	
Educational Assistants		185,338	
Speech Pathologist		148,570	
Certified Substitute Teachers		675	
Non-certified Substitute Teachers		1,461	
Social Security		96,535	
State Retirement		129,271	
Life Insurance		702	
Medical Insurance		145,993	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	22,577	
Other Contracted Services		76	
Instructional Supplies and Materials		1,010	
Other Supplies and Materials		3,033	
Special Education Equipment		3,637	
Total Special Education Program			\$ 2,005,396

Vocational Education Program

Teachers	\$	438,003	
Educational Assistants		19,036	
Social Security		27,547	
State Retirement		40,660	
Life Insurance		35	
Medical Insurance		51,887	
Employer Medicare		6,442	
Instructional Supplies and Materials		11,930	
Vocational Instruction Equipment		917	
Total Vocational Education Program			596,457

Support Services

Attendance

Supervisor/Director	\$	56,755	
Career Ladder Program		1,000	
Clerical Personnel		10,650	
Social Security		4,206	
State Retirement		6,246	
Life Insurance		32	
Medical Insurance		6,005	
Employer Medicare		984	
Postal Charges		2,758	
Travel		1,394	
Other Contracted Services		21,465	
Other Supplies and Materials		2,862	
Other Charges		20	
Total Attendance			114,377

Health Services

Medical Personnel	\$	47,973	
Other Salaries and Wages		129,652	
Social Security		10,764	
State Retirement		14,879	
Life Insurance		105	
Medical Insurance		8,958	
Employer Medicare		2,517	
Travel		1,279	
Other Contracted Services		7,443	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Drugs and Medical Supplies	\$	5,851	
Other Charges		3,727	
Total Health Services			\$ 233,148

Other Student Support

Guidance Personnel	\$	126,559	
Social Workers		50,255	
Secretary(ies)		25,985	
School Resource Officer		19,179	
Other Salaries and Wages		10,805	
Social Security		12,800	
State Retirement		16,743	
Life Insurance		29	
Medical Insurance		22,773	
Employer Medicare		2,994	
Evaluation and Testing		8,728	
Travel		11,228	
Other Supplies and Materials		12,437	
Other Charges		13,447	
Other Equipment		2,880	
Total Other Student Support			336,842

Regular Instruction Program

Supervisor/Director	\$	70,756	
Career Ladder Program		2,000	
Librarians		94,947	
Social Security		10,133	
State Retirement		15,183	
Medical Insurance		28,892	
Employer Medicare		2,370	
Travel		786	
Library Books/Media		2,982	
In Service/Staff Development		2,897	
Total Regular Instruction Program			230,946

Special Education Program

Supervisor/Director	\$	59,730	
Career Ladder Program		1,000	
Psychological Personnel		46,854	
Secretary(ies)		28,827	
Social Security		8,400	
State Retirement		12,577	
Medical Insurance		12,118	
Employer Medicare		1,965	
Communication		10,319	
Postal Charges		215	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	10,476	
Other Contracted Services		358	
Other Supplies and Materials		2,518	
In Service/Staff Development		2,164	
Other Charges		616	
Total Special Education Program			\$ 198,137

Vocational Education Program

Supervisor/Director	\$	60,331	
Career Ladder Program		1,000	
Social Security		3,636	
State Retirement		5,446	
Medical Insurance		7,878	
Employer Medicare		850	
Travel		1,053	
Total Vocational Education Program			80,194

Other Programs

On-behalf Payments to OPEB	\$	95,485	
Total Other Programs			95,485

Board of Education

Board and Committee Members Fees	\$	10,275	
Social Security		637	
State Retirement		99	
Unemployment Compensation		29,703	
Employer Medicare		149	
Audit Services		25,100	
Dues and Memberships		6,866	
Legal Services		35,037	
Other Contracted Services		5,500	
Liability Insurance		43,286	
Premiums on Corporate Surety Bonds		850	
Trustee's Commission		74,997	
Workers' Compensation Insurance		72,833	
Refund to Applicant for Criminal Investigation		258	
Other Charges		2,667	
Total Board of Education			308,257

Director of Schools

County Official/Administrative Officer	\$	128,793	
Career Ladder Program		1,000	
Secretary(ies)		572	
Clerical Personnel		18,460	
Social Security		9,024	
State Retirement		8,164	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Life Insurance	\$	846	
Medical Insurance		14,938	
Employer Medicare		2,111	
Communication		39,001	
Dues and Memberships		4,921	
Postal Charges		500	
Travel		350	
Other Charges		418	
Total Director of Schools			\$ 229,098

Office of the Principal

Principals	\$	412,296	
Career Ladder Program		83	
Assistant Principals		59,785	
Secretary(ies)		35,113	
Clerical Personnel		49,256	
Social Security		32,304	
State Retirement		50,045	
Life Insurance		271	
Medical Insurance		69,061	
Employer Medicare		7,555	
Total Office of the Principal			715,769

Fiscal Services

Accountants/Bookkeepers	\$	56,686	
Secretary(ies)		8,403	
Clerical Personnel		33,752	
Other Salaries and Wages		1,831	
Social Security		6,242	
State Retirement		9,935	
Life Insurance		105	
Employer Medicare		1,460	
Postal Charges		992	
Travel		2,378	
Other Contracted Services		11,407	
Office Supplies		6,795	
Other Charges		323	
Total Fiscal Services			140,309

Operation of Plant

Custodial Personnel	\$	273,118	
Other Salaries and Wages		261	
Social Security		16,293	
State Retirement		22,453	
Life Insurance		528	
Employer Medicare		3,811	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Maintenance and Repair Services - Equipment	\$	8,103	
Other Contracted Services		27,538	
Custodial Supplies		119,601	
Electricity		423,205	
Natural Gas		137,394	
Water and Sewer		48,230	
Boiler Insurance		275	
Building and Contents Insurance		55,939	
Other Charges		30,368	
Plant Operation Equipment		11,242	
Total Operation of Plant			\$ 1,178,359

Maintenance of Plant

Maintenance Personnel	\$	143,725	
Social Security		8,448	
State Retirement		12,970	
Life Insurance		149	
Employer Medicare		1,976	
Communication		2,692	
Maintenance and Repair Services - Equipment		30,164	
Other Contracted Services		1,350	
Other Supplies and Materials		99,262	
Other Charges		500	
Total Maintenance of Plant			301,236

Transportation

Supervisor/Director	\$	40,034	
Mechanic(s)		51,381	
Bus Drivers		260,506	
Social Security		21,191	
State Retirement		34,125	
Life Insurance		709	
Employer Medicare		5,103	
Communication		2,250	
Medical and Dental Services		1,125	
Travel		897	
Other Contracted Services		4,386	
Diesel Fuel		122,010	
Gasoline		31,886	
Tires and Tubes		10,096	
Vehicle Parts		89,604	
Other Supplies and Materials		5,244	
Vehicle and Equipment Insurance		23,293	
Other Charges		7,248	
Transportation Equipment		184,784	
Total Transportation			895,872

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	20,160	
Other Salaries and Wages		178,247	
Social Security		12,301	
State Retirement		13,902	
Life Insurance		70	
Employer Medicare		2,877	
Communication		929	
Travel		20,965	
Other Contracted Services		35	
Other Supplies and Materials		32,382	
Other Charges		1,960	
Total Central and Other			\$ 283,828

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	20,255	
Other Salaries and Wages		1,830	
Social Security		1,081	
State Retirement		1,964	
Employer Medicare		253	
Communication		625	
Travel		1,401	
Other Contracted Services		3,777	
Other Supplies and Materials		2,858	
Other Charges		31,238	
Other Equipment		2,709	
Total Community Services			67,991

Early Childhood Education

Supervisor/Director	\$	42,621	
Teachers		153,936	
Clerical Personnel		4,157	
Educational Assistants		44,310	
Other Salaries and Wages		400	
Non-certified Substitute Teachers		4,212	
Social Security		14,623	
State Retirement		22,564	
Life Insurance		140	
Medical Insurance		34,105	
Employer Medicare		3,420	
Communication		2,498	
Travel		9,966	
Instructional Supplies and Materials		88,741	
Other Charges		6,299	
Other Equipment		23,891	
Total Early Childhood Education			455,883

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	20,570	
Building Improvements		133,202	
Land		30,027	
Site Development		41,123	
Other Capital Outlay		16,000	
Total Regular Capital Outlay			\$ 240,922

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	281,727	
Total Education			281,727

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	8,331	
Total Education			8,331

Total General Purpose School Fund \$ 16,129,264

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	492,804	
Educational Assistants		127,068	
Other Salaries and Wages		1,600	
Non-certified Substitute Teachers		10,349	
Social Security		38,197	
State Retirement		53,704	
Life Insurance		338	
Medical Insurance		67,582	
Employer Medicare		8,844	
Other Contracted Services		169,090	
Instructional Supplies and Materials		154,263	
Other Supplies and Materials		321	
Regular Instruction Equipment		27,799	
Total Regular Instruction Program			\$ 1,151,959

Special Education Program

Teachers	\$	3,896	
Educational Assistants		201,605	
Other Salaries and Wages		153,289	
Social Security		22,162	
State Retirement		33,867	
Medical Insurance		12,253	
Employer Medicare		5,183	
Instructional Supplies and Materials		15,501	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	3,560	
Fee Waivers		351	
Other Charges		1,483	
Special Education Equipment		45,398	
Total Special Education Program			\$ 498,548

Vocational Education Program

Instructional Supplies and Materials	\$	1,545	
Vocational Instruction Equipment		33,138	
Total Vocational Education Program			34,683

Support Services

Other Student Support

Guidance Personnel	\$	40,531	
Other Salaries and Wages		32,233	
Social Security		4,511	
State Retirement		6,918	
Employer Medicare		1,055	
Travel		7,411	
Other Supplies and Materials		4,017	
In Service/Staff Development		3,167	
Other Charges		8,829	
Total Other Student Support			108,672

Regular Instruction Program

Supervisor/Director	\$	53,575	
Other Salaries and Wages		194,990	
Social Security		14,561	
State Retirement		22,387	
Life Insurance		32	
Medical Insurance		39,556	
Employer Medicare		3,405	
Communication		2,032	
Operating Lease Payments		986	
Travel		2,622	
Other Supplies and Materials		2,376	
In Service/Staff Development		60,010	
Other Charges		50	
Other Equipment		1,580	
Total Regular Instruction Program			398,162

Special Education Program

Clerical Personnel	\$	13,835	
Other Salaries and Wages		796	
Social Security		1,144	
State Retirement		1,797	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	268	
Postal Charges		57	
Travel		4,643	
Other Contracted Services		84,847	
Other Supplies and Materials		1,087	
In Service/Staff Development		18,215	
Other Charges		970	
Other Equipment		4,491	
Total Special Education Program			\$ 132,150

Vocational Education Program

Travel	\$	2,140	
Total Vocational Education Program			2,140

Transportation

Other Salaries and Wages	\$	11,176	
Social Security		693	
State Retirement		981	
Employer Medicare		162	
Total Transportation			<u>13,012</u>

Total School Federal Projects Fund \$ 2,339,326

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	37,502	
Clerical Personnel		25,067	
Cafeteria Personnel		489,690	
Social Security		33,672	
State Retirement		43,433	
Life Insurance		1,237	
Medical Insurance		4,187	
Employer Medicare		7,998	
Communication		5,362	
Maintenance and Repair Services - Equipment		1,506	
Postal Charges		300	
Travel		1,754	
Other Contracted Services		8,561	
Food Preparation Supplies		1,342	
Food Supplies		613,957	
Office Supplies		2,113	
USDA - Commodities		92,064	
In Service/Staff Development		557	
Other Charges		2,406	
Food Service Equipment		5,541	
Total Food Service			<u>\$ 1,378,249</u>

Total Central Cafeteria Fund 1,378,249

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>			
<u>Capital Outlay</u>			
<u>Regular Capital Outlay</u>			
Architects	\$	167,726	
Building Construction		<u>1,362,566</u>	
Total Regular Capital Outlay			<u>\$ 1,530,292</u>
Total Education Capital Projects Fund			<u>\$ 1,530,292</u>
Total Governmental Funds - Grundy County School Department			<u>\$ 21,377,131</u>

Exhibit K-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 549,605
Total Cash Receipts	<u>\$ 549,605</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 544,107
Trustee's Commission	5,498
Total Cash Disbursements	<u>\$ 549,605</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>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Grundy County Mayor and
Board of County Commissioners
Grundy 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Grundy County's basic financial statements, and have issued our report thereon dated October 9, 2014. Our report includes a reference to other auditors who audited the financial statements of the Grundy County Emergency Communications District, as described in our report on Grundy 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 Grundy 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 Grundy County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weaknesses: 2014-010.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-001(A), 2014-002, 2014-003, 2014-004, 2014-005, 2014-006(A), 2014-007, 2014-008, 2014-009(A), 2014-012, and 2014-013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grundy 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(B), 2014-006(B), 2014-009(B), 2014-011, and 2014-014.

Grundy County's Responses to Findings

Grundy County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Grundy 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 Grundy 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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 9, 2014

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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Grundy 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 Grundy County's major federal programs for the year ended June 30, 2014. Grundy 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 Grundy 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 Grundy 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 Grundy County's compliance.

Opinion on Each Major Federal Program

In our opinion, Grundy 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 Grundy 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 Grundy 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 Grundy 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grundy County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Grundy County's basic financial statements. We issued our report thereon dated October 9, 2014, 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

October 9, 2014

JPW/kp

Grundy 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 Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 92,064 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	266,074
National School Lunch Program	10.555	N/A	683,419 (3)
Total U.S. Department of Agriculture			\$ 1,041,557
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 244,001
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-10-19	217,456
Total U.S. Department of Housing and Urban Development			\$ 461,457
U.S. Department of Labor:			
Passed-through Workforce Solutions:			
WIA Youth Activities	17.259	(2)	\$ 32,833
Total U.S. Department of Labor			\$ 32,833
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	\$ 41,587
Total U.S. Department of Transportation			\$ 41,587
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	(2)	\$ 194,784
Total Appalachian Regional Commission			\$ 194,784
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,337,526
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	599,261
Special Education - Preschool Grants	84.173	N/A	54,869
Career and Technical Education - Basic Grants to States	84.048	N/A	44,396
Special Education - Grants for Infants and Families	84.181	N/A	68,788
Rural Education	84.358	N/A	47,926
Improving Teacher Quality State Grants	84.367	N/A	190,621
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	99,522
Total U.S. Department of Education			\$ 2,442,909
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 30,193
Total U.S. Election Assistance Commission			\$ 30,193

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 4,985
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(2)	43,876
Total U.S. Department of Health and Human Services			\$ 48,861
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 9,142
Homeland Security Grant Program	97.067	(2)	4,604
Total U.S. Department of Homeland Security			\$ 13,746
Total Expenditures of Federal Awards			\$ 4,307,927

State Grants		Contract Number	
Early Childhood Education - State Department of Education	N/A	(2)	\$ 321,098
Lottery Education Afterschool Programs - State Department of Education	N/A	(2)	200,479
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools Act - State Department of Education	N/A	(2)	13,436
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	4,500
Litter Program - State Department of Transportation	N/A	(2)	33,153
Rural Local Health Services - State Department of Health	N/A	(2)	35,220
Help America Vote Act State Grant - State Division of Elections	N/A	(2)	1,512
State Computer HAVA Grant - State Division of Elections	N/A	(2)	77
Three Star Grant - State Department of Economic and Community Development	N/A	(2)	14,950
Total State Grants			\$ 754,037

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 \$775,483.

Grundy 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 Grundy County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-002(B,E)	155	The office had deficiencies in purchasing procedures
2013-003	156	Authorizations were not on file to support gross salary amounts for some employees

OFFICE OF HIGHWAY SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-004	157	The office did not maintain adequate controls over fuel
2013-006(B)	158	The office had deficiencies in purchasing procedures
2013-007	159	The office had deficiencies related to employee travel
2013-008	159	Deficiencies exist related to work performed for other governmental entities
2013-011	161	The office did not implement adequate controls to protect its information resources

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-015	163	Deficiencies were noted in the administration of the Little Jackets Daycare

OFFICES OF TRUSTEE AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
2013-020	167	Multiple employees operated from the same cash drawer

OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, DIRECTOR OF SCHOOLS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND SHERIFF

Finding Number	Page Number	Subject
2013-021	168	Duties were not segregated adequately

GRUNDY COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Grundy County is unmodified.
2. The audit of the financial statements of Grundy County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Grundy County.
4. Our 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 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228), the Appalachian Area Development (CFDA No. 23.002), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Grundy County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2014-001

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 36 disbursements totaling \$264,317 from a population of 2,771 vendor checks totaling \$6,102,250. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management's failure to correct the deficiencies noted in the prior-year audit report.

- A. Purchase orders were issued after the purchases were made in seven of 13 applicable purchases. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than approval of the purchase.
- B. Competitive bids were not solicited in two of four applicable purchases. Competitive bids were not solicited for the purchase of food at the jail (\$96,316) and for four patrol cars (\$91,738). Section 5-14-201, *Tennessee Code Annotated*, requires competitive bids to be solicited through public advertisement for purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute.

FINDING 2014-002

AUTHORIZATIONS WERE NOT ON FILE TO SUPPORT GROSS SALARY AMOUNTS FOR SOME EMPLOYEES

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

During our examination of payroll transactions, we selected a sample of 15 disbursements from a population of 2,465 payroll checks to obtain reasonable assurance that payroll was properly documented. Management was unable to provide supporting documentation for the gross salary of four employees in our sample from either the employee's personnel file or an approved salary schedule. Sound business practices dictate that documentation should be on file to support the determination of employees' salaries. This deficiency is the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Documentation should be on file to support gross salaries for all employees.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2014-003

THE OFFICE DID NOT MAINTAIN ADEQUATE CONTROLS OVER FUEL

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

The Highway Department dispenses gasoline from a pump located at its Tracy City facility. The Highway Department did not maintain inventory records documenting the receipt, usage, and storage of fuel. Generally accepted accounting principles require accountability for all consumable assets. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The failure to maintain adequate records of a consumable asset such as fuel weakens controls over assets and increases the risk of inventory loss.

RECOMMENDATION

The office should maintain inventory records documenting the receipt, usage, and storage of fuel. Furthermore, personnel independent of maintaining the inventory should periodically verify these records.

FINDING 2014-004

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 33 disbursements totaling \$368,698 from a population of 357 vendor checks totaling \$1,503,971. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and management’s failure to correct the deficiencies noted in the prior-year audit report.

- A. In four of ten applicable instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. Invoices were paid without documentation that goods had been received and/or services had been rendered in 13 of 24 applicable purchases. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the Highway Department should issue purchase orders for all applicable purchases before purchases are made. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid.

FINDING 2014-005

THE OFFICE HAD DEFICIENCIES RELATED TO EMPLOYEE TRAVEL

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

In September 2013, the Highway Department adopted formal policies and procedures governing employee business-related travel. The travel policy provides that meals will be reimbursed at the rate of \$8 for breakfast, \$14 for lunch, and \$18 for dinner. In one instance, the Highway Superintendent was reimbursed for the actual cost of the meals, which also included reimbursement for the meal of another person who was not an employee of the Highway Department. This deficiency can be attributed to the failure of management to follow its own travel policy.

RECOMMENDATION

The Highway Department should adhere to its travel policy regarding employee business-related travel. Reimbursement for travel should be limited to employees of the department.

FINDING 2014-006

DEFICIENCIES EXIST RELATED TO WORK PERFORMED FOR OTHER GOVERNMENTAL ENTITIES

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

The Highway Department performs road repairs for the cities of Coalmont, Gruetli-Laager, and Palmer, Tennessee. We noted the following deficiencies related to this work, which are the result of management’s failure to correct the finding noted in the prior-year audit report.

- A. The Highway Department did not have formal written contracts with the cities for the repair work performed. Without formal written contracts, the Highway Department and the cities have no formal guidance of their responsibilities.
- B. The Highway Department is reimbursed only the costs of the materials used on the city projects. Section 54-7-202(d), *Tennessee Code Annotated*, provides that the County Commission has the authority to authorize the Highway Department to perform work for other governmental entities; provided, the cost of the projects so authorized is reimbursed to the Highway Department. Without charging the cities for the Highway Department’s costs of providing personnel and equipment, the department is not recovering its actual costs.

RECOMMENDATION

The Highway Department should enter into formal written contracts approved by the County Commission with all cities that have work performed. The Highway Department should recover the actual costs of performing work for other governmental entities.

FINDING 2014-007

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 is a result of management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The office should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2014-008

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 43 disbursements totaling \$227,540 from a population of 4,332 vendor checks totaling \$17,969,827. Our examination revealed the following deficiencies, which are the result of a lack of management oversight.

- A. Purchase orders were issued after the purchases were made in three of 29 applicable purchases. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than approval of the purchase.
- B. Expenditures were coded to accounts that did not reflect the true nature of the expenditures in six of 43 applicable purchases. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

RECOMMENDATION

The School Department should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. Expenditures should be properly classified to reflect the true nature of the transactions.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Purchase orders will be issued after a purchase order request has been submitted with signatures. Expenditures will be coded to the account that reflects the true nature of the expenditure.

FINDING 2014-009

DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE LITTLE JACKETS DAYCARE

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

The School Department operates a child care program known as the Little Jackets Daycare. The daycare’s financial transactions are channeled through the General Purpose School Fund. Our examination revealed the following deficiencies, which can be attributed to the failure of management to adequately monitor and review the daycare operations and the failure to correct the finding noted in the prior-year audit report.

- A. The duties of the daycare employees were not segregated adequately. The site director took roll, calculated tuition, collected funds, and prepared the deposit. These duties were performed without effective monitoring or review by supervisory personnel. 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.

- B. As part of our audit procedures for obtaining reasonable assurance that Little Jackets Daycare funds were deposited to the bank within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected the months of July 2013 through April 2014 to examine receipts and deposits. The program office did not deposit some funds with the bank within three days of collections in 13 of 29 deposits made during this time period. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources. The Little Jackets Daycare should deposit all funds with the bank within three days of collection as required by state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Daycare employees will implement a system of segregating duties more adequately. Little Jackets Daycare deposits will be made within three days of collection.

FINDING 2014-010

THE ACTUAL FUND BALANCE EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The General Purpose Schools Fund’s actual beginning fund balance (\$2,298,519) at July 1, 2013, exceeded the estimated fund balance (\$677,412) presented to the County Commission by \$1,621,107. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2013, and resulted in a materially inaccurate estimate of the beginning fund balance.

RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

This deficiency has been corrected by providing the appropriate amounts in the budget process.

FINDING 2014-011

BOARD POLICY WAS NOT FOLLOWED IN THE RECRUITMENT AND SELECTION OF THE DIRECTOR OF SCHOOLS

(Noncompliance Under Government Auditing Standards)

Grundy County Board of Education Policy No. 5.801, *Director of Schools Recruitment and Selection*, adopted December 12, 2013, states that “selection procedures which shall include, but not limited to, the following:

- A. The board shall invite the community, including board employees, to participate in the process of selecting a director of schools by suggesting selection criteria, participating in sessions with and asking questions of the candidates, and by attending board interviews with the candidates. Resumes of persons interviewed by the board shall be available in the central office for public inspection.
- B. The interview process for each finalist shall include meetings with various staff and community groups and an interview with the entire board.

- C. Candidates shall be interviewed by the board in an open session. Only board members will be allowed to ask questions during the interview.
- D. The board will attempt to select a director by unanimous vote, but only a majority vote of the membership of the board shall be required for the appointment of a director of schools.

Our review of Board of Education minutes revealed that at the March 13, 2014, meeting, Director of Schools Joel Hargis submitted his letter of retirement to be effective on December 29, 2014. Also at this same meeting, the board approved a resolution to have a new director of schools in place by June 1, 2014, but then approved a motion to hire Dr. David Dickerson as the new director of schools effective June 1, 2014. The April 10, 2014, Board of Education minutes reflected approval of a contract buy-out agreement with Mr. Hargis (relieving him of his duties on May 31, 2014, and paying him for the remaining seven months of his contract), and the approval of Dr. Dickerson's four-year contract effective June 1, 2014. Through our review of the minutes of board meetings and work sessions, we were unable to determine that selection procedures A. through C. noted above were followed in the recruitment and selection of the current director of schools. This deficiency is the result of the Board of Education not following its own policy.

RECOMMENDATION

The Board of Education should follow its own policies and procedures when recruiting and selecting a director of schools.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Board of Education's attorney advised the chairman of the board in March 2013 that Board Policy No. 5.801, as it then read, was inconsistent with provisions of Tennessee law. Specifically, *Tennessee Code Annotated*, Sections 49-2-202(g) and 49-2-203(a)(14), which authorize a local board of education, by majority vote, to extend an offer to hire a new director of schools upon 15-days' notice. Premises considered, the attorney advised that this policy could not be read to constrain the board beyond that which the General Assembly had itself established in the code.

Accordingly, the board determined that it was in the best interest of the Grundy County School System to dispense with the other requirements of this board policy and, for the efficient operation of the system, to enter into a contract with me.

Subsequently, on the advice of council, the board amended Board Policy No. 5.801. While this policy continues to provide for the more elaborate selection process, it also specifically states that the board has the authority under Tennessee law to select a director of schools upon a majority vote for the efficient operation of the system.

AUDITOR'S COMMENT

We reviewed the revised Board Policy No. 5.801, which was adopted August 14, 2014. The following new section was added to the policy: "5. Notwithstanding the provisions of this

policy to the contrary, the board reserves the right to forego a formal search and selection process and, for the efficient operation of the school system, to appoint a new director of schools upon 15 days public notice.”

OFFICES OF TRUSTEE AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2014-012

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

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

RECOMMENDATION

Management should assign each employee their own cash drawer.

OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, DIRECTOR OF SCHOOLS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND SHERIFF

FINDING 2014-013

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 Mayor, Highway Superintendent, Director of Schools, County Clerk, Circuit and General Sessions Courts Clerk, and Sheriff. Officials and employees responsible for maintaining the accounting records in 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 control that increases the risk of unauthorized transactions. Also, this

deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Office of Director of Schools will implement internal controls to segregate duties more appropriately.

GRUNDY COUNTY

FINDING 2014-014

THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE

(Noncompliance Under *Government Auditing Standards*)

Grundy County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. Grundy County created an Audit Committee on May 20, 2013, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has ever met or conducted any business. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

The county's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Grundy County Board of Education is willing to participate in an Audit Committee when the committee becomes a functioning committee.

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

There were no findings and questioned costs for federal programs.

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 item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Grundy County.

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

Grundy 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 Grundy 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.

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

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 2013-022 and 2013-023

The American Recovery and Reinvestment Act (ARRA) Race-to-the-Top Grants, Recovery Act (CFDA No. 84.395) concluded at the end of fiscal year 2014.

The Prevention and Treatment of Substance Abuse (CFDA No. 93.959) - During the period, the director of schools designated an official from the School Department to collaborate with grantor agencies. Clearly defined guidelines for communication and accountability were enacted to make sure time sheets and travel didn't have conflicting workloads. The School Department followed the travel policy of the system. The department also maintained invoice documentation to support all purchases that were consistent with its policy.