

ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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State Auditors

This financial report is available at www.comptroller.state.tn.us

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Audit Highlights

Annual Financial Report
Carroll County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2005.

Results

Our report on Carroll County's aggregate remaining fund information expresses an adverse opinion because the financial statements did not include the Carroll County Indigent Care Board (Fiduciary Fund). Our report on the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund was unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Amounts withheld from contractor payments were not deposited to an escrow account as required by state statute.

OFFICE OF HIGHWAY COMMISSION

- ◆ General ledger payroll liability accounts were not reconciled with payroll reports and payments.
 - ◆ The Highway Department did not maintain a system to account for materials used on certain types of road projects.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not maintain formal user documentation for the accounting software and operating system.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*

INTRODUCTORY SECTION

Carroll County Officials

June 30, 2005

Officials:

Kenny McBride, County Mayor
Charlotte Tucker, Director of Schools
Patricia B. Rich, Trustee
Johnny Radford, Assessor of Property
Carolyn Halter Lutz, County Clerk
Paul R. Newmon, Circuit, General Sessions, and Juvenile Courts Clerk
Kenneth Todd, Clerk and Master
Judy M. Baker, Register
Bendell Bartholomew, Sheriff

Board of County Commissioners:

Kenny McBride, Chairman
Johnny Blount, Chairman Pro Tempore
Bobby Argo
Harold Baker
Marsha Bunn Barger
Walter Butler
Virgil Coleman
Mike Creasy
T. Richard Goodwin
Roger Hollowell
Bill Kirk

Wayne Kirk
John Mann
Ronnie Murphy
Steve Parker
LaRenda Scarbrough
Billy J. Smith
Larry Spencer
Ben T. Surber
Gaylon Sydnor
Harold Vinson
Jerry White

Highway Commission:

Kenny McBride, Chairman
Scotty Bailey
Dennis Parker
Nolan Robinson
Ricky Scott

Budget Committee:

Billy Smith, Chairman
Marsha Bunn Barger, Secretary
Johnny Blount
Wayne Kirk
Ben T. Surber

Board of Education:

Harold H. McLain, Chairman
Janet Brown
James Knolton
Amanda McMackin
Jimmy Simmons
Antoinette Stokes

Purchasing Committee:

Billy Smith, Chairman
Pat Rich, Secretary
Bill Kirk
Carolyn Lutz
Kenny McBride
Steve Parker

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

November 16, 2005

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

To the County Mayor and Board of County Commissioners:

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 Carroll County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Carroll County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carroll County Board of Public Utilities (a major fund and the entire business-type activities). Nor did we audit the financial statements of the discretely presented Carroll County Emergency Communications District, which represent 8.8 percent and 6.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carroll County Board of Public Utilities and the discretely presented Carroll County Emergency Communications District, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The financial statements of the Carroll County Indigent Care Board (Fiduciary Fund) were not available for inclusion. Accounting principles generally accepted in the United States of America require the financial statements of the Carroll County Indigent Care Board (Fiduciary Fund) to be included with the financial statements of the aggregate remaining fund information. The amounts by which this departure would effect the financial statements of the aggregate remaining fund information are not reasonably determinable.

In our opinion, because of the omission of the Carroll County Indigent Care Board (Fiduciary Fund), as described above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate remaining fund information of Carroll County, Tennessee, as of June 30, 2005, or the changes in financial position for the year then ended.

In addition, in our opinion, based on our audit and the reports 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, and each major fund of Carroll County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2005, on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Carroll County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management of Carroll County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The budgetary comparison information on pages 67 through 71 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain

limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Carroll County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables 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, combining and individual fund financial statements of the Carroll County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Carroll County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 69,483	\$ 2,332,006	\$ 2,401,489	\$ 0	\$ 83,673
Equity in Pooled Cash and Investments	4,030,470	0	4,030,470	2,412,664	0
Inventories	0	421,611	421,611	0	0
Investments	0	0	0	0	367,486
Accounts Receivable	41,385	2,519,338	2,560,723	83,667	18,211
Due from Other Governments	699,404	0	699,404	63,718	0
Property Taxes Receivable	2,688,805	0	2,688,805	513,593	0
Allowance for Uncollectible Property Taxes	(202,670)	0	(202,670)	(38,714)	0
Prepaid Items	0	124,118	124,118	0	0
Accrued Interest Receivable	12,817	0	12,817	0	351
Other Current Assets	0	0	0	0	50
Other Restricted Assets	0	4,220,101	4,220,101	0	0
Deferred Charges - Debt Issuance Costs	17,876	21,788	39,664	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,691,243	220,415	1,911,658	176,489	0
Construction in Progress	112,641	44,305	156,946	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	2,691,740	270,392	2,962,132	1,950,550	55,548
Infrastructure	1,042,213	0	1,042,213	0	0
Other Capital Assets	1,562,140	17,692,266	19,254,406	1,720,251	137,502
Total Assets	\$ 14,457,547	\$ 27,866,340	\$ 42,323,887	\$ 6,882,218	\$ 662,821
<u>LIABILITIES</u>					
Accounts Payable	\$ 56,200	\$ 2,762,394	\$ 2,818,594	\$ 218,007	\$ 2,757
Payroll Deductions Payable	0	0	0	15,753	0
Accrued Leave	0	793,271	793,271	0	0
Accrued Interest Payable	18,264	0	18,264	359	0
Contracts Payable	172,393	0	172,393	0	0
Retainage Payable	1,410	0	1,410	0	0
Due to State of Tennessee	17,019	0	17,019	0	0
Deferred Revenue - Current Property Taxes	2,401,296	0	2,401,296	458,674	0
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	0	675,727	675,727	0	0
Accrued Interest Payable	0	11,724	11,724	0	0
Noncurrent Liabilities:					
Due Within One Year	398,785	115,000	513,785	5,805	0
Due In More Than One Year (net of unamortized discount on debt)	1,536,021	1,435,397	2,971,418	12,137	0
Total Liabilities	\$ 4,601,388	\$ 5,793,513	\$ 10,394,901	\$ 710,735	\$ 2,757
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 5,389,269	\$ 16,652,378	\$ 22,041,647	\$ 3,829,348	\$ 0
Invested in Capital Assets	0	0	0	0	193,050
Restricted for:					
Capital Projects	22,622	0	22,622	0	0
Debt Service	416,305	249,045	665,350	0	0
Other Purposes	1,284,559	0	1,284,559	368,983	0
Unrestricted	2,743,404	5,171,404	7,914,808	1,973,152	467,014
Total Net Assets	\$ 9,856,159	\$ 22,072,827	\$ 31,928,986	\$ 6,171,483	\$ 660,064

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

Exhibit B

Carroll County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Net (Expense) Revenue and Changes in Net Assets

Functions/Programs	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Carroll County School Department	Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	\$ 663,216	\$ 155,070	\$ 12,285	\$ 0	\$ (495,861)	\$ 0	\$ (495,861)	\$ 0	\$ 0
Finance	545,542	444,304	11,008	0	(90,230)	0	(90,230)	0	0
Administration of Justice	822,473	585,884	0	0	(236,589)	0	(236,589)	0	0
Public Safety	3,716,698	526,920	1,144,254	338,509	(1,707,015)	0	(1,707,015)	0	0
Public Health and Welfare	1,852,408	682,147	114,512	352,056	(703,693)	0	(703,693)	0	0
Social, Cultural and Rec Services	648,407	45,665	79,693	2,500	(520,549)	0	(520,549)	0	0
Agriculture & Natural Resources	92,761	6,188	9,376	0	(77,197)	0	(77,197)	0	0
Other Operations	496,964	84,737	24,854	262,492	(124,881)	0	(124,881)	0	0
Highways/Public Works	3,078,685	13,166	1,911,915	489,087	(664,517)	0	(664,517)	0	0
Interest on Long-term Debt	52,954	0	0	0	(52,954)	0	(52,954)	0	0
Other Debt Service	5,925	0	0	0	(5,925)	0	(5,925)	0	0
Total Governmental Activities	\$ 11,976,033	\$ 2,544,081	\$ 3,307,897	\$ 1,444,644	\$ (4,679,411)	\$ 0	\$ (4,679,411)	\$ 0	\$ 0
Business-type Activities:									
Public Utility	\$ 27,371,089	\$ 28,040,435	\$ 0	\$ 0	\$ 0	\$ 669,346	\$ 669,346	\$ 0	\$ 0
Total Primary Government	\$ 39,347,122	\$ 30,584,516	\$ 3,307,897	\$ 1,444,644	\$ (4,679,411)	\$ 669,346	\$ (4,010,065)	\$ 0	\$ 0
Component Unit:									
Carroll County School Department	\$ 3,270,097	\$ 753,557	\$ 276,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,239,738)	\$ 0
Emergency Communications District	230,940	194,452	50,000	0	0	0	0	0	13,512
Total Component Units	\$ 3,501,037	\$ 948,009	\$ 326,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,239,738)	\$ 13,512

(Continued)

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Net (Expense) Revenue and Changes in Net Assets

Functions/Programs	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
General Revenues:									
Taxes:									
Property taxes levied for general purposes					\$ 2,322,322	\$ 0	\$ 2,322,322	\$ 480,400	\$ 0
Property taxes levied for debt service					199,776	0	199,776	0	0
Local option sales tax					197,007	0	197,007	101,359	0
Other local taxes					1,022,057	0	1,022,057	223	0
Grants & Contributions not restricted for specific programs					563,143	0	563,143	2,020,639	0
Unrestricted Investment Income					100,754	121,504	222,258	0	7,961
Miscellaneous					109,306	0	109,306	14,024	0
Total General Revenues					\$ 4,514,365	\$ 121,504	\$ 4,635,869	\$ 2,616,645	\$ 7,961
Change in net assets					\$ (165,046)	\$ 790,850	\$ 625,804	\$ 376,907	\$ 21,473
Prior Period Adjustment					0	0	0	0	(2,960)
Net assets, July 1, 2004					10,021,205	21,281,977	31,303,182	5,794,576	641,551
Net assets, June 30, 2005					\$ 9,856,159	\$ 22,072,827	\$ 31,928,986	\$ 6,171,483	\$ 660,064

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

Exhibit C-1

Carroll County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
ASSETS				
Cash	\$ 450	\$ 0	\$ 69,033	\$ 69,483
Equity in Pooled Cash and Investments	2,729,624	480,193	820,653	4,030,470
Accounts Receivable	14,706	0	26,679	41,385
Due from Other Governments	178,614	473,378	47,412	699,404
Due from Other Funds	360	0	0	360
Property Taxes Receivable	1,963,735	271,901	453,169	2,688,805
Allowance for Uncollectible Property Taxes	(148,018)	(20,495)	(34,157)	(202,670)
Accrued Interest Receivable	12,817	0	0	12,817
Total Assets	\$ 4,752,288	\$ 1,204,977	\$ 1,382,789	\$ 7,340,054
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u>				
Accounts Payable	\$ 50,114	\$ 0	\$ 6,086	\$ 56,200
Contracts Payable	0	143,056	29,337	172,393
Retainage Payable	0	0	1,410	1,410
Due to Other Funds	0	0	360	360
Due to State of Tennessee	11,828	5,191	0	17,019
Deferred Revenue - Current Property Taxes	1,753,756	242,827	404,713	2,401,296
Deferred Revenue - Delinquent Property Taxes	53,473	7,404	11,859	72,736
Other Deferred Revenues	30,903	163,700	0	194,603
Total Liabilities	\$ 1,900,074	\$ 562,178	\$ 453,765	\$ 2,916,017
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 22,103	\$ 38,948	\$ 61,051
Reserved for Alcohol and Drug Treatment	52,255	0	0	52,255
Reserved for Sexual Offender Registration	355	0	0	355
Reserved for Computer System - Register	41,219	0	0	41,219
Reserved for Automation Purposes - General Sessions Court	9,141	0	0	9,141
Reserved for Other General Purposes	5,146	0	0	5,146
Unreserved, Reported In:				
General Fund	2,744,098	0	0	2,744,098
Special Revenue Funds	0	620,696	478,170	1,098,866
Debt Service Funds	0	0	428,232	428,232
Capital Projects Funds (Deficit)	0	0	(16,326)	(16,326)
Total Fund Balances	\$ 2,852,214	\$ 642,799	\$ 929,024	\$ 4,424,037
Total Liabilities and Fund Balances	\$ 4,752,288	\$ 1,204,977	\$ 1,382,789	\$ 7,340,054

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

Exhibit C-2

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 4,424,037
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,099,977
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(1,935,194)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>267,339</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 9,856,159</u>

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

Exhibit D-1

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,060,996	\$ 658,812	\$ 519,823	\$ 4,239,631
Licenses and Permits	5,872	0	0	5,872
Fines, Forfeitures, and Penalties	184,758	0	82,123	266,881
Charges for Current Services	123,334	91	936,458	1,059,883
Other Local Revenues	367,134	113,120	93,921	574,175
Fees Received from County Officials	586,487	0	0	586,487
State of Tennessee	1,782,515	2,393,294	129,509	4,305,318
Federal Government	435,550	1,983	283,675	721,208
Other Governments and Citizens Groups	49,097	4,257	333	53,687
Total Revenues	<u>\$ 6,595,743</u>	<u>\$ 3,171,557</u>	<u>\$ 2,045,842</u>	<u>\$ 11,813,142</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 791,978	\$ 0	\$ 108,749	\$ 900,727
Finance	395,382	0	137,851	533,233
Administration of Justice	647,522	0	74,101	721,623
Public Safety	3,437,786	0	81,830	3,519,616
Public Health and Welfare	145,811	0	1,009,970	1,155,781
Social, Cultural, and Recreational Services	519,104	0	0	519,104
Agricultural and Natural Resources	85,124	0	0	85,124
Other Operations	657,702	0	0	657,702
Highways	0	2,989,706	29,639	3,019,345
Debt Service:				
Principal	0	142,950	242,229	385,179
Interest	0	5,812	49,691	55,503
Other Debt Service	0	0	4,708	4,708
Capital Projects	0	0	1,498,681	1,498,681
Total Expenditures	<u>\$ 6,680,409</u>	<u>\$ 3,138,468</u>	<u>\$ 3,237,449</u>	<u>\$ 13,056,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (84,666)</u>	<u>\$ 33,089</u>	<u>\$ (1,191,607)</u>	<u>\$ (1,243,184)</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 192,475	\$ 0	\$ 0	\$ 192,475
Other Loans Issued	0	0	807,448	807,448
Transfers In	0	80,200	36,092	116,292
Transfers Out	(116,292)	0	0	(116,292)
Total Other Financing Sources (Uses)	<u>\$ 76,183</u>	<u>\$ 80,200</u>	<u>\$ 843,540</u>	<u>\$ 999,923</u>
Net Change in Fund Balances	\$ (8,483)	\$ 113,289	\$ (348,067)	\$ (243,261)
Fund Balance, July 1, 2004	2,860,697	529,510	1,277,091	4,667,298
Fund Balance, June 30, 2005	<u>\$ 2,852,214</u>	<u>\$ 642,799</u>	<u>\$ 929,024</u>	<u>\$ 4,424,037</u>

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

Carroll 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, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ (243,261)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	715,867
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(22,141)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,907)
(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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(615,961)
(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 governmental funds.	<u>4,357</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (165,046)</u>

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

Carroll County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2005

	<u>Business-type Activities</u>
	<u>Major Fund</u>
	<u>Public Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 2,332,006
Accounts Receivable	2,519,338
Inventories	421,611
Prepaid Items	124,118
Total Current Assets	<u>\$ 5,397,073</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 4,220,101
Deferred Charges - Debt Issuance Costs	21,788
Capital Assets (Net of Accumulated Depreciation):	
Land	220,415
Construction in Progress	44,305
Buildings and Improvements	270,392
Other Capital Assets	17,692,266
Total Noncurrent Assets	<u>\$ 22,469,267</u>
Total Assets	<u>\$ 27,866,340</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 2,762,394
Accrued Leave	793,271
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	675,727
Revenue Bonds Payable	115,000
Accrued Interest Payable	11,724
Total Current Liabilities	<u>\$ 4,358,116</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 1,460,000
Unamortized Discount on Bonds Payable	(24,603)
Total Noncurrent Liabilities	<u>\$ 1,435,397</u>
Total Liabilities	<u>\$ 5,793,513</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 16,652,378
Restricted for Debt Service	249,045
Unrestricted	5,171,404
Total Net Assets	<u>\$ 22,072,827</u>

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

Carroll County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2005

	<u>Business-type Activities</u>
	<u>Major Fund</u>
	<u>Public Utility</u>
<u>Operating Revenues</u>	
Sales of Electric Energy	\$ 27,514,841
Forfeited Discounts	165,874
Rent from Electric Property	208,491
Other Electric Revenue	17,611
Miscellaneous Service Revenue	133,618
Total Operating Revenues	<u>\$ 28,040,435</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 22,460,837
Distribution Expenses:	
Supervision and Engineering	115,963
Station Expense	18,391
Overhead Line Expense	599,545
Underground Line Expense	1,558
Street Lighting and Signal System	8,215
Meter Expense	129,511
Consumer Installations	12,807
Rent Expense	24,552
Miscellaneous Expense	69,279
Customer Accounts Expenses:	
Supervision	70,218
Meter Reading	149,526
Consumer Records and Collection Expense	476,734
Sales Expenses:	
Customer Assistance	4,200
Sales Expense	20,378
Administrative Expenses:	
Salaries	133,503
Office Supplies and Expense	29,556
Outside Services	9,210
Property Insurance	23,132
Injuries and Damages	114,384
Employee Benefits	516,540
Miscellaneous Expense	46,594

(Continued)

Carroll County, Tennessee
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund (Cont.)

	Business-type Activities
	Major Fund
	Public Utility
<u>Operating Expenses (Cont.)</u>	
Maintenance Expenses:	
Supervision and Engineering	\$ 40,187
Station Equipment	20,247
Overhead and Underground Lines	589,793
Line Transformers	25,649
Street Lighting and Signal System	20,739
Meters	3,894
Miscellaneous Expense	10,178
Security Lights	36,524
General Plant and Equipment	19,234
Depreciation and Amortization	949,509
Amortization of Acquisition Adjustment	(24,318)
Taxes and Tax Equivalents	558,602
Total Operating Expenses	<u>\$ 27,284,871</u>
Operating Income (Loss)	<u>\$ 755,564</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 121,504
Interest Expense	(73,874)
Donations	(9,000)
Amortization of Debt Expense	(3,344)
Total Nonoperating Revenues (Expenses)	<u>\$ 35,286</u>
Change in Net Assets	\$ 790,850
Net Assets, July 1, 2004	<u>21,281,977</u>
Net Assets, June 30, 2005	<u>\$ 22,072,827</u>

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

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2005

	Business-type Activities
	Major Fund
	Public Utility
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers and Users	\$ 28,151,302
Payments to Suppliers and Employees	(26,376,005)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,775,297</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Construction and Acquisition of Plant	\$ (1,343,738)
Plant Removal Cost	(102,791)
Materials Salvaged from Retirements	146,817
Principal Paid on Bonds	(110,000)
Interest Paid on Bonds	(74,580)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,484,292)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Investment	\$ (8,547,282)
Proceeds from Sale of Investments	8,852,256
Interest Earned	121,504
Net Cash Provided By (Used In) Investing Activities	<u>\$ 426,478</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 717,483
Cash and Cash Equivalents, July 1, 2004	<u>1,361,973</u>
Cash and Cash Equivalents, June 30, 2005	<u>\$ 2,079,456</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 755,564
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	949,509
Amortization and Acquisition Adjustment	(24,318)
Donations	(9,000)
(Increase) Decrease in Accounts Receivable	111,724
(Increase) Decrease in Materials and Supplies	11,975
(Increase) Decrease in Prepayments and Other Current Assets	(45,906)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(5,720)
Increase (Decrease) in Customer Deposits	31,469
Net Cash Provided by Operating Activities	<u>\$ 1,775,297</u>

(Continued)

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund (Cont.)

	Business-type Activities
	Major Fund
	Public Utility
<u>RECONCILIATION OF CASH</u>	
Cash per Balance Sheet	\$ 1,634,483
Add: Restricted Cash included as a part of the Other Restricted Assets	<u>444,973</u>
Cash and Cash Equivalents Per Statement of Cash Flows	<u><u>\$ 2,079,456</u></u>

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

Carroll County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Other Trust Fund	
	<u>Endowment Principal</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Equity in Pooled Cash and Investments	\$ 84,873	\$ 303,847
Cash	0	716,394
Investments	0	61,216
Accounts Receivable	0	21,932
Due from Other Governments	0	737,544
Taxes Receivable	0	5,064,360
Allowance for Uncollectible Taxes	0	(385,257)
Accrued Interest Receivable	220	0
	<hr/>	<hr/>
Total Assets	\$ 85,093	\$ 6,520,036
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 5,715,471
Due to Litigants, Heirs, and Others	0	776,350
Due to Joint Ventures	0	28,215
	<hr/>	<hr/>
Total Liabilities	\$ 0	\$ 6,520,036
<u>NET ASSETS</u>		
Held in Trust for Underprivileged Children	<u>\$ 85,093</u>	

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

Carroll County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2005

	<u>Other Trust Fund Endowment Principal</u>
<u>ADDITIONS</u>	
Investment Income:	
Interest	\$ 1,440
Total Additions	<u>\$ 1,440</u>
<u>DEDUCTIONS</u>	
Donations	\$ 2,000
Total Deductions	<u>\$ 2,000</u>
Change in Net Assets	\$ (560)
Net Assets, July 1, 2004	<u>85,653</u>
Net Assets, June 30, 2005	<u><u>\$ 85,093</u></u>

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

CARROLL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll 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 Carroll County:

A. Reporting Entity

Carroll County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Carroll 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. Although required by GAAP, the financial statements of the Carroll County Indigent Care Board (Indigent Care Trust Fund) were not available from other auditors in time for inclusion in this report. The omission of this fund is considered to have a material effect on the financial statements of Carroll County. Complete financial statements of the Carroll County Indigent Care Board can be obtained from its administrative office at the following address:

Carroll County Indigent Care Board
631 R.B. Wilson Drive
Huntingdon, TN 38344

Blended Component Units – There are no legally separate component units of Carroll County that meet the criteria for being reported as part of the primary government by the blending method.

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 Carroll County School Department operates the Carroll County Vocational Center, the Carroll County Special Learning Center, and three adult and community education programs in the county. The Carroll County School Department's board is elected by the voters of Carroll County. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes

are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

Carroll County Emergency Communications District
P. O. Box 523
Huntingdon, TN 38344

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 Carroll 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.

Carroll County issues all debt for the discretely presented Carroll County School Department.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 Carroll County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/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. Carroll County reports only one proprietary fund, a major enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major individual 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 are reported in total 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. Carroll County considers grant 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 fund and fiduciary fund financial statements are reported using the economic resources 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.

Carroll County reports the following major governmental funds:

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

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

Carroll County reports the following major proprietary fund:

Public Utility Fund – This fund is used to account for the operations of the Carroll County Board of Public Utilities.

Additionally, Carroll County reports the following fund types:

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

Capital Project Funds – These funds are used to account for the acquisition or construction of major capital facilities.

Private-purpose Trust Fund – The Endowment Principal Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned on the principal is to be expended to benefit Carroll County’s underprivileged children.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, and local sales taxes

received by the state to be forwarded to the various cities and special school districts 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 Carroll 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 Transportation Fund – This fund is used to account for transportation of all students in the county school system and the special school districts.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 proprietary fund (enterprise) used to account for public utility operations. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's proprietary fund are charges for sales and services to customers. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows of the Carroll County Board of Public Utilities, cash includes cash on hand, demand

deposits, and cash equivalents. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Carroll County Board of Public Utilities) and the discretely presented Carroll County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. In addition, investments are held separately by the county's Constitutional Officers – Agency Fund. Carroll County and the Carroll County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to four percent of total taxes levied.

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

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

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

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

Trade receivables of the Carroll County Board of Public Utilities result from unpaid billings for electric service to customers and from unpaid billings to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the utility is based on past history of uncollectible accounts and management's analysis of current accounts.

3. Inventory and Prepaid Items

Material and supplies inventory of the Carroll County Board of Public Utilities is valued at the lower of average cost or market, using the first-in/first-out (FIFO) method.

Certain payments to vendors by the Carroll County Board of Public Utilities reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

4. Restricted Assets

Certain proceeds of the bond issues of the Carroll County Board of Public Utilities, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The Board of Public Utilities elects to use restricted assets before unrestricted assets when the situation arises that either can be used.

5. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Carroll County Board of Public Utilities) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5-15
Infrastructure:	
Roads	10-20
Bridges	15-30

Carroll County has recognized infrastructure assets acquired after July 1, 2002, in the financial statements of this report, and plans to retroactively report infrastructure assets acquired between July 1, 1980, and June 30, 2002, by the fiscal year ending June 30, 2007.

Capital assets of the Carroll County Board of Public Utilities, which include property, plant, equipment, and construction in progress, are defined by the utility as assets with an initial, individual cost of more than \$500 and an estimated useful life exceeding five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their 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 by the Carroll County Board of Public Utilities. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Carroll County Board of Public Utilities are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
General Plant	5-40
Transmission Plant	28-33
Distribution Plant	16-40

6. Compensated Absences

The policy of Carroll County (with the exception of the Carroll County Board of Public Utilities) provides for employees to accumulate a limited amount of earned but unused vacation and sick leave benefits. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Accumulated vacation benefits will be paid to employees upon separation from county service. All vacation leave 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.

It is the policy of the Carroll County Board of Public Utilities to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick leave pay has been accrued and is reflected as a current liability on the proprietary fund financial statements.

The general policy of the discretely presented Carroll County School Department permits the unlimited accumulation of unused sick leave days for all professional personnel (teachers) and the limited accumulation of sick leave days for noncertified employees. The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording.

7. 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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

For the Carroll County Board of Public Utilities, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

8. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Library purposes	\$ 88,702
Self-insurance expense	992,094
Highway/Public Works:	
Bridge construction	26,000

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are

not due and payable in the current period and therefore are not reported in the funds. The details of the \$1,935,194 difference are as follows:

Notes payable	\$ (799,891)
Other loans payable	(775,796)
Capital leases payable	(152,897)
Accrued interest payable	(18,264)
Compensated absences	(206,222)
Deferred charges - issuance costs (to be amortized over life of debt)	<u>17,876</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (1,935,194)</u></u>

Discretely Presented Carroll County School Department

An explanation of the nature and the related individual amounts to reconcile the total fund balances of the governmental funds of the discretely presented Carroll County School Department with net assets reported in the Carroll County School Department column of the Statement of Net Assets (Exhibit A) is presented on Exhibit J-3.

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 D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$715,867 difference are as follows:

Capital outlay	\$ 1,469,612
Depreciation expense	<u>(753,745)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 715,867</u></u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. The details of this \$22,141 difference are as follows:

Donations of capital assets	\$ (16,841)
Capital asset disposals	<u>(5,300)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (22,141)</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, notes, other loans, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$615,961 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (192,475)
Issuance of other loans	(807,448)
Related items:	
Current debt issuance costs	(1,217)
Principal repayments:	
Notes	232,102
Other loans	61,000
Capital leases	<u>92,077</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (615,961)</u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$4,357 difference are as follows:

Net change in accrued interest on notes	\$ 4,725
Net change in accrued interest on capital leases	(2,176)
Net change in accrued compensated absences	<u>1,808</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,357</u>

Discretely Presented Carroll County School Department

The discretely presented Carroll County School Department's Exhibit J-5 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$4,782 difference are as follows:

Capital outlay	\$ 293,782
Depreciation expense	<u>(298,564)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,782)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Deficit

The Other Capital Projects Fund had a fund deficit of \$16,326 at June 30, 2005. This fund deficit resulted from unperformed portions of construction projects of \$38,948 being reserved as encumbrances. These future expenditures will be funded from a Community Development Block Grant.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Carroll County (excluding the Carroll County Board of Public Utilities) and the Carroll 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, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent 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. Public fund accounts covered by the pool are considered to be insured for the purposes of custodial 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Carroll County had the following investments carried at fair value or cost. The county had no pooled investments as of June 30, 2005. Nonpooled investments represent amounts held by the Constitutional Officers – Agency Fund.

NONPOOLED INVESTMENTS

Investment	Maturities	Fair Value or Cost
Carroll County Constitutional Officers - Agency Fund:		
Circuit Court Clerk:		
Bedford Money Funds	On Demand	\$ 322
U.S. Treasury Securities	8-15-13	60,894
Total		\$ 61,216

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Carroll County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Carroll County has no investment policy that would further limit its investment choices.

B. Receivables

Accounts receivable of the Carroll County Board of Public Utilities at June 30, 2005, consisted of the following:

	<u>Receivables</u>
Billed Services for Utility Customers	\$ 2,416,004
Other Receivables for Utility Service	115,334
Allowance for Doubtful Accounts	(12,000)
Total Accounts Receivable	\$ 2,519,338

C. Restricted Assets

Restricted assets of the Carroll County Board of Public Utilities at June 30, 2005, consisted of the following:

Electric System Revenue Bonds Funds:	
Interest and Sinking Fund	\$ 51,371
Reserve Fund	<u>4,168,730</u>
Total Other Restricted Assets	<u>\$ 4,220,101</u>

The total of these funds is represented by certificates of deposit and savings accounts.

All deposits required by the 2001 Electric System Revenue Bond have been made. Transactions in funds, other than the 2001 Electric System Revenue Bond Fund and other special funds set aside to repair and replace plant, are at the discretion of the Board of Directors and there are no applicable legal requirements or restrictions on these funds.

D. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,436,543	\$ 260,000	\$ 5,300	\$ 1,691,243
Construction in Progress	<u>159,324</u>	<u>68,194</u>	<u>114,877</u>	<u>112,641</u>
Total Capital Assets Not Depreciated	<u>\$ 1,595,867</u>	<u>\$ 328,194</u>	<u>\$ 120,177</u>	<u>\$ 1,803,884</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,090,242	\$ 636,196	\$ 22,965	\$ 5,703,473
Infrastructure	2,731,571	91,439	0	2,823,010
Other Capital Assets	<u>4,677,768</u>	<u>528,660</u>	<u>43,099</u>	<u>5,163,329</u>
Total Capital Assets Depreciated	<u>\$ 12,499,581</u>	<u>\$ 1,256,295</u>	<u>\$ 66,064</u>	<u>\$ 13,689,812</u>

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,888,733	\$ 129,124	\$ 6,124	\$ 3,011,733
Infrastructure	1,636,376	144,421	0	1,780,797
Other Capital Assets	3,164,088	480,200	43,099	3,601,189
Total Accumulated Depreciation	\$ 7,689,197	\$ 753,745	\$ 49,223	\$ 8,393,719
Total Capital Assets Depreciated, Net	\$ 4,810,384	\$ 502,550	\$ 16,841	\$ 5,296,093
Governmental Activities Capital Assets, Net	\$ 6,406,251	\$ 830,744	\$ 137,018	\$ 7,099,977

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

Governmental Activities:

General Government	\$ 14,088
Finance	11,777
Administration of Justice	12,193
Public Safety	239,926
Public Health and Welfare	32,243
Social, Cultural, and Recreational Services	110,142
Agriculture and Natural Resources	6,702
Other Operations	138,941
Highway/Public Works	187,733
Total Depreciation Expense - Governmental Activities	\$ 753,745

Business-type Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 219,515	\$ 900	\$ 0	\$ 220,415
Construction in Progress	74,839	1,224,864	1,255,398	44,305
Total Capital Assets Not Depreciated	<u>\$ 294,354</u>	<u>\$ 1,225,764</u>	<u>\$ 1,255,398</u>	<u>\$ 264,720</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 509,505	\$ 0	\$ 0	\$ 509,505
Other Capital Assets	29,666,721	1,471,608	804,709	30,333,620
Total Capital Assets Depreciated	<u>\$ 30,176,226</u>	<u>\$ 1,471,608</u>	<u>\$ 804,709</u>	<u>\$ 30,843,125</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 235,275	\$ 10,235	\$ 6,397	\$ 239,113
Other Capital Assets	12,382,450	1,022,861	763,957	12,641,354
Total Accumulated Depreciation	<u>\$ 12,617,725</u>	<u>\$ 1,033,096</u>	<u>\$ 770,354</u>	<u>\$ 12,880,467</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,558,501</u>	<u>\$ 438,512</u>	<u>\$ 34,355</u>	<u>\$ 17,962,658</u>
Business-type Activities Capital Assets, Net	<u>\$ 17,852,855</u>	<u>\$ 1,664,276</u>	<u>\$ 1,289,753</u>	<u>\$ 18,227,378</u>

Discretely Presented Carroll County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Balance 6-30-05
	<u> </u>		<u> </u>
Capital Assets Not Depreciated:			
Land	\$ 163,001	\$ 13,488	\$ 176,489
	<u> </u>		<u> </u>
Total Capital Assets Not Depreciated	\$ 163,001	\$ 13,488	\$ 176,489
	<u> </u>		<u> </u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,751,979	\$ 88,250	\$ 2,840,229
Other Capital Assets	2,839,858	192,044	3,031,902
	<u> </u>		<u> </u>
Total Capital Assets Depreciated	\$ 5,591,837	\$ 280,294	\$ 5,872,131
	<u> </u>		<u> </u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 783,565	\$ 106,114	\$ 889,679
Other Capital Assets	1,119,201	192,450	1,311,651
	<u> </u>		<u> </u>
Total Accumulated Depreciation	\$ 1,902,766	\$ 298,564	\$ 2,201,330
	<u> </u>		<u> </u>
Total Capital Assets Depreciated, Net	\$ 3,689,071	\$ (18,270)	\$ 3,670,801
	<u> </u>		<u> </u>
Governmental Activities Capital Assets, Net	\$ 3,852,072	\$ (4,782)	\$ 3,847,290
	<u> </u>		<u> </u>

Capital assets were restated from the prior period because certain assets had been omitted. This restatement had a net effect of \$0 as these assets were fully depreciated.

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

Governmental Activities:

Instruction	\$ 80,740
Support Services	<u>217,824</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 298,564</u></u>

E. Construction Commitments

At June 30, 2005, the Other Capital Projects Fund had uncompleted construction contracts of \$38,948 for the construction of the health department. Funding for these future expenditures will be received from a Community Development Block Grant.

F. Interfund Receivables and Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 360

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	Highway/ Public Works	Nonmajor Governmental Funds
General Fund	<u>\$ 80,200</u>	<u>\$ 36,092</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Operating Lease

In September 2001, the Carroll County Board of Public Utilities entered into a lease agreement with the Tennessee Valley Authority for the rental of a substation. Rental expenses for the year ended June 30, 2005, were \$2,708.

H. Capital Leases

On July 2, 2001, Carroll County entered into a four-year lease-purchase agreement for a trackhoe. The terms of the agreement require total lease payments of \$130,948 plus interest of 0.46 percent. Title to the equipment transfers to Carroll County at the end of the lease period.

On October 13, 2004, Carroll County entered into a two-year lease-purchase agreement for the purchase of nine patrol cars. The terms of the agreement require total lease payments of \$192,475 plus interest of 3.1 percent. Title to the leased patrol cars transfers to Carroll County at the end of the lease period. The lease payments are made by the General Debt Service Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2006	\$ 92,798
2007	<u>66,127</u>
Total Minimum Lease Payments	\$ 158,925
Amounts Representing Interest	<u>(6,028)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 152,897</u></u>

I. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay

notes are also issued to fund capital facilities 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. Capital outlay notes and other loans outstanding were issued for original terms of up to eight years for notes, and up to 24 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. Capital outlay notes and other loans included in long-term debt as of June 30, 2005, will be retired from the Highway/Public Works and the General Debt Service Funds.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Capital Outlay Notes	3.16 %	\$ 350,000	\$ 120,000
Capital Outlay Note - Refunding	4.82	1,007,504	679,891
Other Loans	variable	880,796	775,796
Capital Leases	.46 to 3.1	323,423	152,897

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$2,200,000 available for loan to Carroll County on an as-needed basis for various capital projects. As of June 30, 2005, Carroll County had borrowed \$880,796. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2005, the variable interest rate was 2.28 percent based on the LIBOR rate and other fees amounted to approximately .21 percent (letter of credit), .08 percent (remarketing fee), and .15 percent (administrative fee) of the outstanding loan principal.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2006	\$ 241,643	\$ 31,735
2007	128,426	23,812
2008	135,588	17,450
2009	143,104	10,733
2010	151,130	3,642
Total	<u>\$ 799,891</u>	<u>\$ 87,372</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2006	\$ 63,000	\$ 1,436	\$ 277	\$ 64,713
2007	65,000	1,482	286	66,768
2008	67,000	1,528	295	68,823
2009	69,000	1,573	304	70,877
2010	72,000	1,642	317	73,959
2011-2016	439,796	10,027	1,936	451,759
Total	<u>\$ 775,796</u>	<u>\$ 17,688</u>	<u>\$ 3,415</u>	<u>\$ 796,899</u>

There is \$428,232 available in the General Debt Service Fund to service long-term debt. Total debt per capita including notes, other loans, and capital leases amounted to \$59, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:
Governmental Activities:

	Notes		Other Loans	
Balance, July 1, 2004	\$ 1,031,993	\$	29,348	
Additions	0		807,448	
Deductions	(232,102)		(61,000)	
Balance, June 30, 2005	<u>\$ 799,891</u>	<u>\$</u>	<u>775,796</u>	
Balance Due Within One Year	<u>\$ 241,643</u>	<u>\$</u>	<u>63,000</u>	

Governmental Activities: (Cont.)

	Capital Leases	Compensated Absences
Balance, July 1, 2004	\$ 52,499	\$ 208,030
Additions	192,475	148,829
Deductions	(92,077)	(150,637)
Balance, June 30, 2005	<u>\$ 152,897</u>	<u>\$ 206,222</u>
Balance Due Within One Year	<u>\$ 88,759</u>	<u>\$ 5,383</u>

Business-type Activities

The following is a summary of changes in long-term debt of the Carroll County Board of Public Utilities for the year ended June 30, 2005:

	Revenue Bonds
Balance, July 1, 2004	\$ 1,685,000
Deductions	(110,000)
Balance, June 30, 2005	<u>\$ 1,575,000</u>
Balance Due Within One Year	<u>\$ 115,000</u>

During 2001, the Carroll County Board of Public Utilities issued \$2,000,000 Electric System Revenue Bonds, Series 2001, for the purpose of financing the construction and equipping of extensions and improvements to the utility. The bonds bear interest at rates from 3.2 percent to 4.75 percent and mature serially in varying amounts from \$115,000 in fiscal year 2006 to \$175,000 in fiscal year 2016. The bonds are secured by a pledge of revenues by the utility. Expenses incurred in the issuance of the bonds are amortized by equal charges to operations over the life of the bonds. The utility complied with all significant debt covenants and restrictions as set forth in the bond agreements.

Revenue bonds outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Electric Plant Revenue Bonds	3.2 to 4.75 %	\$ 2,000,000	\$ 1,575,000

The scheduled annual requirements for long-term debt at June 30, 2005, including interest, are as follows:

Year Ending June 30	Revenue Bonds	
	Principal	Interest
2006	\$ 115,000	\$ 70,345
2007	120,000	65,803
2008	125,000	60,882
2009	130,000	55,633
2010	135,000	50,042
2011-2015	775,000	153,520
2016	175,000	8,313
Total	<u>\$ 1,575,000</u>	<u>\$ 464,538</u>

Debt expense associated with these bond issues was recorded as other assets and is amortized on a straight-line basis over the life of the issue.

Discretely Presented Carroll County School Department

Long-term liability activity for the discretely presented Carroll County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Notes
Balance, July 1, 2004	\$ 23,578
Deductions	<u>(5,636)</u>
Balance, June 30, 2005	<u>\$ 17,942</u>
Balance Due Within One Year	<u>\$ 5,805</u>

Carroll County issues capital outlay notes to fund capital facilities and other capital purchases such as renovations.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to seven years. Repayment terms are generally structured with

increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding as of June 30, 2005, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Capital Outlay Note	3%	\$ 39,519	\$ 17,942

The annual requirements to amortize the note outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2006	\$ 5,805	\$ 538
2007	5,979	364
2008	6,158	185
Total	<u>\$ 17,942</u>	<u>\$ 1,087</u>

J. Net Assets

Restricted net assets of the Carroll County Board of Public Utilities at June 30, 2005, were as follows:

	<u>June 30, 2005</u>
Invested in Capital Assets, Net of Related Debt:	
Net Property, Plant, and Equipment in Service	\$ 18,227,378
Less: Revenue Bonds Payable	<u>(1,575,000)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 16,652,378</u>
Restricted for Debt Service:	
Restricted Cash and Cash Equivalents	\$ 51,371
Restricted Investments	209,398
Less: Current Liabilities Payable from Restricted Assets	<u>(11,724)</u>
Total Restricted for Debt Service	<u>\$ 249,045</u>
Unrestricted	<u>\$ 5,171,404</u>
Total Net Assets	<u><u>\$ 22,072,827</u></u>

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

Carroll County (excluding the Carroll County Board of Public Utilities) participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were 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 this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Workers' Compensation Insurance

Carroll County (excluding the Carroll County Board of Public Utilities) participates in the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association. The county pays an annual premium to the TSB-RMT for its worker's compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

Liability, Property, and Casualty

Carroll County (excluding the Carroll County Board of Public Utilities) purchases commercial insurance for general liability on Solid Waste/Sanitation vehicles. Carroll County was self-insured for risks of loss from general liability, except for vehicles of the Solid Waste/Sanitation Fund. Carroll County carries commercial insurance for risks of loss from property and casualty. Settled claims have not exceeded the self-insurance or commercial coverage in any of the past three years.

The Carroll County Board of Public Utilities is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2005, the utility purchased commercial insurance for all of the risks mentioned above. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

Discretely Presented Carroll County School Department

Employee Health Insurance

The discretely presented Carroll County 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. The School Department offers this coverage to professional personnel (teachers) only. In accordance with Section 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums. The School Department also provides commercial health insurance coverage for nonprofessional 12-month employees.

Liability, Property, Casualty, and Workers' Compensation Insurance

The discretely presented Carroll County School Department participates in the Tennessee School Boards Risk Management (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school boards. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Change

During the year, Carroll County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

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

D. Joint Ventures

The Twenty-Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Fourth Judicial District; Benton, Carroll, Decatur, Hardin, and Henry Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2005, 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:

District Attorney General's Office
P. O. Box 686
Huntingdon, TN 38344

The Carroll-Henry County Railroad Authority was jointly created in November 1988 by Carroll and Henry Counties. The authority was established as a conduit for payment of funds between the Tennessee Department of Transportation and the Kentucky-West Tennessee Railroad Company to rehabilitate the railroad between the Kentucky state line and Bruceton, Tennessee, including a lead to Spinks, Tennessee. The authority comprises four members. One member from each county is appointed by the County Commission, and the county mayor of each county serves as a member and rotates every two years as chairman. Complete financial statements for the Carroll-Henry County Railroad Authority can be obtained from the Carroll County Mayor's Office.

E. Power Contract

The Carroll County Board of Public Utilities has a power contract with the Tennessee Valley Authority (TVA) whereby the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging or otherwise diverting utility funds, revenues, or property to other operations of the county and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

F. Allocation of Excess Collections

The Central Services Association (CSA) had excess collections during the year ended June 30, 2005. Of these excess collections, \$18,044 is the Carroll County Board of Public Utilities share. The 2003 allocation will be accounted for separately from previous allocations and will be reduced as project expenses are recognized by CSA in future years. Principal repayment of the 2003 allocation, which remains after recognition of project expenses, will not be required to begin repayment until all project expenses are fully recognized. Repayment of the 2003 allocation will be in the form of credit memos. This allocation will not be recorded on the utility's books.

G. Retirement Commitments

Plan Description

Employees of Carroll 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 Carroll County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Carroll County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 5.61 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Carroll County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Carroll County's annual pension cost of \$264,696 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Carroll 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, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$264,696	100%	\$0
6-30-04	213,428	100	0
6-30-03	205,177	100	0

Required Supplementary Information

Schedule of Funding Progress for Carroll County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$8,397	\$8,715	\$318	96.35%	\$4,422	7.19%
6-30-01	7,342	7,803	461	94.09	4,173	11.05
6-30-99	6,085	6,457	372	94.24	4,100	9.07

SCHOOL TEACHERS

Plan Description

The Carroll 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.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/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 Carroll County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Carroll County 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, 2005, 2004, and 2003, were \$48,654, \$29,430, and \$27,978, respectively, equal to the required contributions for each year.

Board of Public Utilities

The Carroll County Board of Public Utilities terminated its defined benefit pension plan effective December 31, 1996. Effective on January 1, 1997, the utility adopted a profit-sharing plan. All employees were immediately vested in the defined benefit plan and were given the option of receiving their share of benefits or rolling their benefits into the new profit-sharing plan or another qualified plan. Three employees did not roll all of their benefits into the new plan; however, all others did completely roll their benefits into a new profit – sharing plan.

H. Purchasing Laws

Offices of County Mayor and Highway Commission

Purchasing procedures for Carroll County are governed by provisions of Chapter 23, Private Acts of 1975, as amended, and Section 54-7-113, Tennessee Code Annotated (Highway Department purchases only). This act provides for the county mayor to act as purchasing agent for the Carroll County Highway Department, the School Transportation Department, and all other county departments and agencies, except for the Board of Education. The act also provides for the establishment of a Purchasing Commission, consisting of the county clerk, county trustee, and three members of the County Commission. Requisitions and purchase orders are required for all purchases. In addition, public advertisement and sealed bids are required on purchases exceeding \$5,000 for the Office of County Mayor and \$10,000 for the Office of Highway Commission. Purchases of less than \$250 may be made by employees of the Highway Department and School Transportation Department.

Office of Director of Schools

Purchasing procedures for the discretely presented Carroll County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This

statute also requires competitive bids to be solicited through newspaper advertisements on all purchases estimated to exceed \$5,000.

VI. OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Reporting Entity

The Carroll County Emergency Communications District was created by the legislative body of Carroll County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a municipality or public corporation in perpetuity under its corporate name and shall be a body politic and corporate with power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts developed by the Office of the Comptroller of the Treasury, Division of County Audit, pursuant to Section 7-86-304, Tennessee Code Annotated.

In evaluating how to define the Carroll County Emergency Communications District for financial reporting purposes, management has considered whether the district is a primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. The district must obtain the approval of the Carroll County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the district, and has, therefore, included the district as a component unit of Carroll County.

The district is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Carroll County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board. Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash

flows. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

The district's board of directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as fixed assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

3. Assets, Liabilities, and Net Assets

Deposits and Investments

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception.

State statutes authorize the district to invest in certificates of deposit; obligations of the U.S. Treasury, agencies, and instrumentalities; obligations by the U.S. government or its agencies; repurchase agreements, as approved by the state director of local finance; and the state's local government investment pool.

Accounts Receivable

Accounts receivable represent amounts due from various phone companies for emergency telephone surcharges and monthly reimbursable wireless fees.

Capital Assets

All capital assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful

lives of the assets, which range from five to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

Compensated Absences

Employees are entitled to paid vacation based on term of employment and other factors. Full-time employees with fewer than five years of service are given ten days of vacation each year. After five years of service, employees are given twelve days of vacation, and after ten years of service, they are given fifteen days of vacation. One-half of each year's vacation is credited to the employee(s) at the end of each six-month period. Employees may accumulate up to thirty days of vacation. The cost of accumulated vacation is immaterial; thus no accrual has been recorded in the financial statements.

Full-time employees shall accrue sick leave at the rate of one day per month. Sick leave can be accumulated up to sixty days. In the event of separation, all unused sick days shall be forfeited.

It is the district's practice to expense these costs when paid to the employees.

Net Assets

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

Invested in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted – All other net assets that do not meet the description of the above category.

B. Detailed Notes on Accounts

1. Deposits and Investments

The district has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures, for financial reporting of deposit risk.

Custodial Credit Risk. The district's policies limit investments to those instruments allowed by applicable state laws as described in Note VI.3. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits

must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the utility's agent in the utility's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2005, all bank deposits were fully collateralized or insured.

2. Capital assets

Capital asset activity during the year was as follows:

Description	Balance 7-1-04	Additions	Disposals	Balance 6-30-05
Capital Assets Depreciated:				
Office Equipment	\$ 21,591	\$ 200	\$ 0	\$ 21,791
Vehicles	39,985	0	0	39,985
Communications Equipment	121,749	860	450	122,159
Buildings and Improvements	67,542	0	0	67,542
Total Capital Assets				
Depreciated	<u>\$ 250,867</u>	<u>\$ 1,060</u>	<u>\$ 450</u>	<u>\$ 251,477</u>
Less Accumulated Depreciation For:				
Office Equipment	\$ 11,082	\$ 1,944	\$ 0	\$ 13,026
Vehicles	14,806	4,237	0	19,043
Communications Equipment	4,368	9,996	0	14,364
Buildings and Improvements	9,582	2,412	0	11,994
Total Accumulated				
Depreciation	<u>\$ 39,838</u>	<u>\$ 18,589</u>	<u>\$ 0</u>	<u>\$ 58,427</u>
Total Capital Assets, Net	<u><u>\$ 211,029</u></u>	<u><u>\$ (17,529)</u></u>	<u><u>\$ 450</u></u>	<u><u>\$ 193,050</u></u>

C. Other Information

1. Risk Management

The district is exposed to various risks related to general and public official's liability, property and casualty losses and workers' compensation. To cover these risks, the district has purchased insurance policies to provide insurance coverage for these risks. The district pays annual premiums for its insurance coverage. There were no settlements in any of the prior three years in excess of insurance coverage.

2. **Unemployment Taxes**

Effective with the beginning of operations, the Carroll County Emergency Communications District agreed with the Tennessee Department of Labor and Workforce Development to be a reimbursing employer. Under this agreement, the district elected to reimburse the department for all disbursements made on valid claims for unemployment insurance charged to the district during the effective period of the election. Thus far, there have not been any claims filed.

3. **Employees' Retirement Plan**

Plan Description

Employees of the Carroll County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). 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 became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Carroll County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The Carroll County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 17.02 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Carroll County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, the Carroll County Emergency Communications District's annual pension cost of \$9,860 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Carroll County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 18 years.

<u>Fiscal Year Ended</u>	<u>Percentage Annual Pension Cost (APC)</u>	<u>Net of APC Contributed</u>	<u>Pension Obligation</u>
6-30-05	\$9,860	100 %	\$ 0
6-30-04	6,429	100	0
6-30-03	5,180	100	0

4. Prior Period Adjustment

A prior period adjustment was made in the amount of \$2,960 to correct an overstatement of the prior year's accounts receivable and revenue.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit G-1

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,060,996	\$ 3,091,753	\$ 3,091,753	\$ (30,757)
Licenses and Permits	5,872	6,400	6,400	(528)
Fines, Forfeitures, and Penalties	184,758	157,570	158,045	26,713
Charges for Current Services	123,334	139,200	143,765	(20,431)
Other Local Revenues	367,134	301,790	319,049	48,085
Fees Received from County Officials	586,487	590,500	590,500	(4,013)
State of Tennessee	1,782,515	1,428,770	1,729,098	53,417
Federal Government	435,550	246,354	594,617	(159,067)
Other Governments and Citizens Groups	49,097	60,100	60,100	(11,003)
Total Revenues	\$ 6,595,743	\$ 6,022,437	\$ 6,693,327	\$ (97,584)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 54,799	\$ 58,035	\$ 58,035	\$ 3,236
Board of Equalization	10,598	13,046	13,046	2,448
Beer Board	481	600	600	119
Other Boards and Committees	504	1,500	1,500	996
County Mayor	228,684	223,208	240,958	12,274
County Attorney	4,418	15,000	15,000	10,582
Election Commission	131,415	124,604	141,060	9,645
Register of Deeds	29,077	32,591	32,591	3,514
County Buildings	332,002	370,314	370,314	38,312
<u>Finance</u>				
Property Assessor's Office	190,607	193,904	193,904	3,297
Reappraisal Program	19,206	20,654	20,654	1,448
County Trustee's Office	154,479	158,814	158,813	4,334
County Clerk's Office	31,090	31,542	31,542	452
<u>Administration of Justice</u>				
Circuit Court	276,354	296,275	296,275	19,921
General Sessions Judge	87,277	87,720	87,720	443
Chancery Court	122,005	126,993	126,993	4,988
Juvenile Court	156,718	149,560	158,249	1,531
Judicial Commissioners	5,168	5,225	5,225	57
<u>Public Safety</u>				
Sheriff's Department	980,519	794,874	1,041,149	60,630
Administration of the Sexual Offender Registry	245	0	245	0
Jail	866,523	838,866	883,103	16,580
Juvenile Services	1,056,704	1,034,848	1,056,704	0
Fire Prevention and Control	78,146	78,143	86,393	8,247
Civil Defense	380,589	189,190	512,516	131,927
County Coroner/Medical Examiner	38,188	28,600	38,600	412
Other Public Safety	36,872	27,166	36,872	0

(Continued)

Exhibit G-1

Carroll County, Tennessee
Schedule 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>Public Health and Welfare</u>				
Local Health Center	\$ 106,200	\$ 124,578	\$ 133,121	\$ 26,921
Rabies and Animal Control	18,137	18,500	18,500	363
General Welfare Assistance	674	2,400	2,400	1,726
Other Local Welfare Services	20,800	18,387	21,629	829
<u>Social, Cultural and Recreational Services</u>				
Senior Citizens Assistance	105,873	91,964	106,164	291
Libraries	73,022	64,022	74,440	1,418
Parks and Fair Boards	89,699	92,894	92,894	3,195
Other Social, Cultural and Recreational	250,510	300,000	300,000	49,490
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	45,807	46,146	46,146	339
Forest Service	2,000	2,000	2,000	0
Soil Conservation	22,879	23,181	23,181	302
Flood Control	14,438	16,500	16,500	2,062
<u>Other Operations</u>				
Industrial Development	10,000	10,000	10,000	0
Other Economic and Community Development	17,000	17,000	17,000	0
Airport	427,493	154,145	430,373	2,880
Veterans' Services	18,516	20,082	20,082	1,566
Other Charges	132,493	118,856	140,684	8,191
Contributions to Other Agencies	52,200	22,200	52,200	0
Total Expenditures	\$ 6,680,409	\$ 6,044,127	\$ 7,115,375	\$ 434,966
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (84,666)	\$ (21,690)	\$ (422,048)	\$ 337,382
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 192,475	\$ 0	\$ 192,475	\$ 0
Transfers Out	(116,292)	0	(116,292)	0
Total Other Financing Sources (Uses)	\$ 76,183	\$ 0	\$ 76,183	\$ 0
Net Change in Fund Balance	\$ (8,483)	\$ (21,690)	\$ (345,865)	\$ 337,382
Fund Balance, July 1, 2004	2,860,697	2,542,352	2,542,352	318,345
Fund Balance, June 30, 2005	\$ 2,852,214	\$ 2,520,662	\$ 2,196,487	\$ 655,727

Exhibit G-2

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 658,812	\$ 0	\$ 658,812	\$ 564,518	\$ 564,518	\$ 94,294
Charges for Current Services	91	0	91	100	100	(9)
Other Local Revenues	113,120	0	113,120	2,800	84,400	28,720
State of Tennessee	2,393,294	0	2,393,294	2,156,725	2,371,725	21,569
Federal Government	1,983	0	1,983	0	0	1,983
Other Governments and Citizens Groups	4,257	0	4,257	2,000	2,000	2,257
Total Revenues	\$ 3,171,557	\$ 0	\$ 3,171,557	\$ 2,726,143	\$ 3,022,743	\$ 148,814
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 192,551	\$ 0	\$ 192,551	\$ 199,484	\$ 199,484	\$ 6,933
Highway and Bridge Maintenance	664,372	0	664,372	800,080	800,080	135,708
Operation and Maintenance of Equipment	360,064	0	360,064	385,300	385,300	25,236
Other Charges	117,611	0	117,611	123,555	123,555	5,944
Employee Benefits	405,905	0	405,905	421,200	421,200	15,295
Capital Outlay	1,249,203	22,103	1,271,306	953,900	1,330,700	59,394
<u>Principal</u>						
Highways and Streets	142,950	0	142,950	142,950	142,950	0
<u>Interest</u>						
Highways and Streets	5,812	0	5,812	6,121	6,121	309
Total Expenditures	\$ 3,138,468	\$ 22,103	\$ 3,160,571	\$ 3,032,590	\$ 3,409,390	\$ 248,819
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,089	\$ (22,103)	\$ 10,986	\$ (306,447)	\$ (386,647)	\$ 397,633
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 80,200	\$ 0	\$ 80,200	\$ 0	\$ 80,200	\$ 0
Total Other Financing Sources (Uses)	\$ 80,200	\$ 0	\$ 80,200	\$ 0	\$ 80,200	\$ 0

(Continued)

Exhibit G-2

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 113,289	\$ (22,103)	\$ 91,186	\$ (306,447)	\$ (306,447)	\$ 397,633
Fund Balance, July 1, 2004	529,510	0	529,510	375,323	375,323	154,187
Fund Balance, June 30, 2005	\$ 642,799	\$ (22,103)	\$ 620,696	\$ 68,876	\$ 68,876	\$ 551,820

CARROLL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 State 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 governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

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

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of debt principal, interest, and related costs.

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Capital Projects Fund – The General Capital Projects Fund is used to account for renovations and equipment at the county courthouse and jail.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for financial resources to be used for the construction of a county health department.

Exhibit H-1

Carroll County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Total
<u>ASSETS</u>					
Cash	\$ 400	\$ 0	\$ 0	\$ 68,633	\$ 69,033
Equity in Pooled Cash and Investments	216,285	62,638	66,943	0	345,866
Accounts Receivable	26,679	0	0	0	26,679
Due from Other Governments	35,907	0	0	0	35,907
Property Taxes Receivable	241,690	0	0	0	241,690
Allowance for Uncollectible Property Taxes	(18,217)	0	0	0	(18,217)
Total Assets	\$ 502,744	\$ 62,638	\$ 66,943	\$ 68,633	\$ 700,958
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracts Payable	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Due to Other Funds	0	0	0	360	360
Deferred Revenue - Current Property Taxes	215,847	0	0	0	215,847
Deferred Revenue - Delinquent Property Taxes	6,581	0	0	0	6,581
Total Liabilities	\$ 222,428	\$ 0	\$ 0	\$ 360	\$ 222,788
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved (Deficit)	280,316	62,638	66,943	68,273	478,170
Total Fund Balances	\$ 280,316	\$ 62,638	\$ 66,943	\$ 68,273	\$ 478,170
Total Liabilities and Fund Balances	\$ 502,744	\$ 62,638	\$ 66,943	\$ 68,633	\$ 700,958

(Continued)

Exhibit H-1

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

	Debt	Capital Projects Funds			Total Nonmajor Governmental Funds
	Service Fund	General Capital Projects	Other Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,033
Equity in Pooled Cash and Investments	426,837	6,086	41,864	47,950	820,653
Accounts Receivable	0	0	0	0	26,679
Due from Other Governments	0	0	11,505	11,505	47,412
Property Taxes Receivable	211,479	0	0	0	453,169
Allowance for Uncollectible Property Taxes	(15,940)	0	0	0	(34,157)
Total Assets	\$ 622,376	\$ 6,086	\$ 53,369	\$ 59,455	\$ 1,382,789
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 6,086	\$ 0	\$ 6,086	\$ 6,086
Contracts Payable	0	0	29,337	29,337	29,337
Retainage Payable	0	0	1,410	1,410	1,410
Due to Other Funds	0	0	0	0	360
Deferred Revenue - Current Property Taxes	188,866	0	0	0	404,713
Deferred Revenue - Delinquent Property Taxes	5,278	0	0	0	11,859
Total Liabilities	\$ 194,144	\$ 6,086	\$ 30,747	\$ 36,833	\$ 453,765
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 38,948	\$ 38,948	\$ 38,948
Unreserved (Deficit)	428,232	0	(16,326)	(16,326)	890,076
Total Fund Balances	\$ 428,232	\$ 0	\$ 22,622	\$ 22,622	\$ 929,024
Total Liabilities and Fund Balances	\$ 622,376	\$ 6,086	\$ 53,369	\$ 59,455	\$ 1,382,789

Exhibit H-2

Carroll County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds				Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 259,078	\$ 0	\$ 0	\$ 0	\$ 259,078
Fines, Forfeitures, and Penalties	0	65,549	16,574	0	82,123
Charges for Current Services	620,250	0	0	316,208	936,458
Other Local Revenues	60,096	443	550	0	61,089
State of Tennessee	78,990	519	0	0	79,509
Federal Government	0	0	0	0	0
Other Governments and Citizens Groups	0	333	0	0	333
Total Revenues	\$ 1,018,414	\$ 66,844	\$ 17,124	\$ 316,208	\$ 1,418,590
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 108,749	\$ 108,749
Finance	0	0	0	137,851	137,851
Administration of Justice	0	0	12,283	61,818	74,101
Public Safety	0	81,830	0	0	81,830
Public Health and Welfare	1,009,970	0	0	0	1,009,970
Highways	29,639	0	0	0	29,639
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Other Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 1,039,609	\$ 81,830	\$ 12,283	\$ 308,418	\$ 1,442,140
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,195)	\$ (14,986)	\$ 4,841	\$ 7,790	\$ (23,550)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (21,195)	\$ (14,986)	\$ 4,841	\$ 7,790	\$ (23,550)
Fund Balance, July 1, 2004	301,511	77,624	62,102	60,483	501,720
Fund Balance, June 30, 2005	\$ 280,316	\$ 62,638	\$ 66,943	\$ 68,273	\$ 478,170

(Continued)

Exhibit H-2

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

	Debt Service Fund		Capital Projects Funds			Total Nonmajor Governmental Funds
	General Debt Service	General Capital Projects	Other Capital Projects	Total		
<u>Revenues</u>						
Local Taxes	\$ 260,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 519,823
Fines, Forfeitures, and Penalties	0	0	0	0	0	82,123
Charges for Current Services	0	0	0	0	0	936,458
Other Local Revenues	30,000	1,491	1,341	2,832		93,921
State of Tennessee	0	0	50,000	50,000		129,509
Federal Government	0	0	283,675	283,675		283,675
Other Governments and Citizens Groups	0	0	0	0		333
Total Revenues	\$ 290,745	\$ 1,491	\$ 335,016	\$ 336,507	\$ 0	\$ 2,045,842
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 108,749
Finance	0	0	0	0	0	137,851
Administration of Justice	0	0	0	0	0	74,101
Public Safety	0	0	0	0	0	81,830
Public Health and Welfare	0	0	0	0	0	1,009,970
Highways	0	0	0	0	0	29,639
Debt Service:						
Principal	242,229	0	0	0	0	242,229
Interest	49,691	0	0	0	0	49,691
Other Debt Service	4,708	0	0	0	0	4,708
Capital Projects	0	825,939	672,742	1,498,681		1,498,681
Total Expenditures	\$ 296,628	\$ 825,939	\$ 672,742	\$ 1,498,681	\$ 0	\$ 3,237,449
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,883)	\$ (824,448)	\$ (337,726)	\$ (1,162,174)	\$ 0	\$ (1,191,607)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 807,448	\$ 0	\$ 807,448	\$ 0	\$ 807,448
Transfers In	0	17,000	19,092	36,092		36,092
Total Other Financing Sources (Uses)	\$ 0	\$ 824,448	\$ 19,092	\$ 843,540	\$ 0	\$ 843,540
Net Change in Fund Balances	\$ (5,883)	\$ 0	\$ (318,634)	\$ (318,634)	\$ 0	\$ (348,067)
Fund Balance, July 1, 2004	434,115	0	341,256	341,256		1,277,091
Fund Balance, June 30, 2005	\$ 428,232	\$ 0	\$ 22,622	\$ 22,622	\$ 0	\$ 929,024

Exhibit H-3

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 259,078	\$ 260,663	\$ 260,663	\$ (1,585)
Charges for Current Services	620,250	678,920	678,920	(58,670)
Other Local Revenues	60,096	35,000	35,000	25,096
State of Tennessee	78,990	269,123	283,756	(204,766)
Total Revenues	<u>\$ 1,018,414</u>	<u>\$ 1,243,706</u>	<u>\$ 1,258,339</u>	<u>\$ (239,925)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 633,390	\$ 624,133	\$ 642,533	\$ 9,143
Recycling Center	376,580	636,296	666,938	290,358
<u>Highways</u>				
Litter and Trash Collection	29,639	46,693	36,833	7,194
Total Expenditures	<u>\$ 1,039,609</u>	<u>\$ 1,307,122</u>	<u>\$ 1,346,304</u>	<u>\$ 306,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,195)</u>	<u>\$ (63,416)</u>	<u>\$ (87,965)</u>	<u>\$ 66,770</u>
Net Change in Fund Balance	\$ (21,195)	\$ (63,416)	\$ (87,965)	\$ 66,770
Fund Balance, July 1, 2004	<u>301,511</u>	<u>240,923</u>	<u>240,923</u>	<u>60,588</u>
Fund Balance, June 30, 2005	<u>\$ 280,316</u>	<u>\$ 177,507</u>	<u>\$ 152,958</u>	<u>\$ 127,358</u>

Exhibit H-4

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 65,549	\$ 34,200	\$ 34,200	\$ 31,349
Other Local Revenues	443	0	0	443
State of Tennessee	519	0	0	519
Other Governments and Citizens Groups	333	0	0	333
Total Revenues	<u>\$ 66,844</u>	<u>\$ 34,200</u>	<u>\$ 34,200</u>	<u>\$ 32,644</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 81,830	\$ 79,954	\$ 81,887	\$ 57
Total Expenditures	<u>\$ 81,830</u>	<u>\$ 79,954</u>	<u>\$ 81,887</u>	<u>\$ 57</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,986)</u>	<u>\$ (45,754)</u>	<u>\$ (47,687)</u>	<u>\$ 32,701</u>
Net Change in Fund Balance	\$ (14,986)	\$ (45,754)	\$ (47,687)	\$ 32,701
Fund Balance, July 1, 2004	<u>77,624</u>	<u>76,285</u>	<u>76,285</u>	<u>1,339</u>
Fund Balance, June 30, 2005	<u>\$ 62,638</u>	<u>\$ 30,531</u>	<u>\$ 28,598</u>	<u>\$ 34,040</u>

Exhibit H-5

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 260,745	\$ 262,930	\$ 262,930	\$ (2,185)
Other Local Revenues	30,000	40,000	40,000	(10,000)
Total Revenues	<u>\$ 290,745</u>	<u>\$ 302,930</u>	<u>\$ 302,930</u>	<u>\$ (12,185)</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 242,229	\$ 239,102	\$ 242,229	\$ 0
<u>Interest</u>				
General Government	49,691	100,441	100,441	50,750
<u>Other Debt Service</u>				
General Government	4,708	5,500	5,500	792
Total Expenditures	<u>\$ 296,628</u>	<u>\$ 345,043</u>	<u>\$ 348,170</u>	<u>\$ 51,542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,883)</u>	<u>\$ (42,113)</u>	<u>\$ (45,240)</u>	<u>\$ 39,357</u>
Net Change in Fund Balance	\$ (5,883)	\$ (42,113)	\$ (45,240)	\$ 39,357
Fund Balance, July 1, 2004	434,115	408,966	408,966	25,149
Fund Balance, June 30, 2005	<u>\$ 428,232</u>	<u>\$ 366,853</u>	<u>\$ 363,726</u>	<u>\$ 64,506</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 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.

Special School District Fund – The Special School District Fund is used to account for property taxes collected for the five area special school districts and the districts' share of education revenues collected by the county which must be apportioned between various school systems on an average daily attendance basis. These collections are remitted to the districts on a monthly basis.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Twenty-Fourth Judicial District.

Carroll County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	Agency Funds				
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 276,892	\$ 0	\$ 26,955	\$ 303,847
Cash	0	0	715,134	1,260	716,394
Investments	0	0	61,216	0	61,216
Accounts Receivable	0	21,932	0	0	21,932
Due from Other Governments	359,247	378,297	0	0	737,544
Taxes Receivable	0	5,064,360	0	0	5,064,360
Allowance for Uncollectible Taxes	0	(385,257)	0	0	(385,257)
Total Assets	\$ 359,247	\$ 5,356,224	\$ 776,350	\$ 28,215	\$ 6,520,036
<u>LIABILITIES</u>					
<u>Liabilities</u>					
Due to Other Taxing Units	\$ 359,247	\$ 5,356,224	\$ 0	\$ 0	\$ 5,715,471
Due to Litigants, Heirs, and Others	0	0	776,350	0	776,350
Due to Joint Ventures	0	0	0	28,215	28,215
Total Liabilities	\$ 359,247	\$ 5,356,224	\$ 776,350	\$ 28,215	\$ 6,520,036

Carroll County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,044,358	\$ 2,044,358	\$ 0
Due from Other Governments	339,124	359,247	339,124	359,247
Total Assets	\$ 339,124	\$ 2,403,605	\$ 2,383,482	\$ 359,247
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 339,124	\$ 2,403,605	\$ 2,383,482	\$ 359,247
Total Liabilities	\$ 339,124	\$ 2,403,605	\$ 2,383,482	\$ 359,247
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 297,306	\$ 7,149,984	\$ 7,170,398	\$ 276,892
Accounts Receivable	29,507	21,932	29,507	21,932
Due from Other Governments	361,593	378,297	361,593	378,297
Taxes Receivable	5,128,337	5,064,360	5,128,337	5,064,360
Allowance for Uncollectible Taxes	(439,218)	(385,257)	(439,218)	(385,257)
Total Assets	\$ 5,377,525	\$ 12,229,316	\$ 12,250,617	\$ 5,356,224
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,377,525	\$ 12,229,316	\$ 12,250,617	\$ 5,356,224
Total Liabilities	\$ 5,377,525	\$ 12,229,316	\$ 12,250,617	\$ 5,356,224
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,262,063	\$ 5,964,231	\$ 6,511,160	\$ 715,134
Investments	69,405	0	8,189	61,216
Total Assets	\$ 1,331,468	\$ 5,964,231	\$ 6,519,349	\$ 776,350
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,331,468	\$ 5,964,231	\$ 6,519,349	\$ 776,350
Total Liabilities	\$ 1,331,468	\$ 5,964,231	\$ 6,519,349	\$ 776,350
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 21,980	\$ 229,963	\$ 224,988	\$ 26,955
Cash	1,418	0	158	1,260
Total Assets	\$ 23,398	\$ 229,963	\$ 225,146	\$ 28,215

(Continued)

Carroll County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Judicial District Drug Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Joint Ventures	\$ 23,398	\$ 229,963	\$ 225,146	\$ 28,215
Total Liabilities	\$ 23,398	\$ 229,963	\$ 225,146	\$ 28,215
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 319,286	\$ 9,424,305	\$ 9,439,744	\$ 303,847
Cash	1,263,481	5,964,231	6,511,318	716,394
Investments	69,405	0	8,189	61,216
Accounts Receivable	29,507	21,932	29,507	21,932
Due from Other Governments	700,717	737,544	700,717	737,544
Taxes Receivable	5,128,337	5,064,360	5,128,337	5,064,360
Allowance for Uncollectible Taxes	(439,218)	(385,257)	(439,218)	(385,257)
Total Assets	\$ 7,071,515	\$ 20,827,115	\$ 21,378,594	\$ 6,520,036
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,716,649	\$ 14,632,921	\$ 14,634,099	\$ 5,715,471
Due to Litigants, Heirs, and Others	1,331,468	5,964,231	6,519,349	776,350
Due to Joint Ventures	23,398	229,963	225,146	28,215
Total Liabilities	\$ 7,071,515	\$ 20,827,115	\$ 21,378,594	\$ 6,520,036

Carroll County School Department

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

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

School Transportation Fund – The School Transportation Fund is used to account for transportation of all students in the county school system and the special school districts.

Exhibit J-1

Carroll County, Tennessee
Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:				
Governmental Activities:				
Instruction	\$ 1,311,618	\$ 705,291	\$ 125,772	\$ (480,555)
Support Services	1,946,434	41,837	144,847	(1,759,750)
Operation of Noninstructional Services	11,451	6,429	6,183	1,161
Interest on Long-term Debt	594	0	0	(594)
Total Governmental Activities	\$ 3,270,097	\$ 753,557	\$ 276,802	\$ (2,239,738)
General Revenues:				
Taxes:				
Property taxes levied for general purposes				\$ 480,400
Local option sales tax				101,359
Other local taxes				223
Grants & Contributions not restricted for specific programs				2,020,639
Miscellaneous				14,024
Total General Revenues				\$ 2,616,645
Change in net assets				\$ 376,907
Net assets, July 1, 2004				5,794,576
Net assets, June 30, 2005				\$ 6,171,483

Exhibit J-2

Carroll County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Carroll County School Department
June 30, 2005

	<u>Major Funds</u>		Total Govern- mental Funds
	General Purpose School	School Transpor- tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,070,344	\$ 342,320	\$ 2,412,664
Accounts Receivable	78,868	4,799	83,667
Due from Other Governments	63,718	0	63,718
Property Taxes Receivable	0	513,593	513,593
Allowance for Uncollectible Property Taxes	0	(38,714)	(38,714)
Total Assets	<u>\$ 2,212,930</u>	<u>\$ 821,998</u>	<u>\$ 3,034,928</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 218,007	\$ 0	\$ 218,007
Payroll Deductions Payable	14,825	928	15,753
Deferred Revenue - Current Property Taxes	0	458,674	458,674
Deferred Revenue - Delinquent Property Taxes	0	13,985	13,985
Other Deferred Revenues	8,660	0	8,660
Total Liabilities	<u>\$ 241,492</u>	<u>\$ 473,587</u>	<u>\$ 715,079</u>
<u>Fund Balances</u>			
Reserved for Food Service	\$ 1,428	\$ 0	\$ 1,428
Reserved for Career Ladder Program	5,159	0	5,159
Unreserved, Reported In:			
General Fund	1,964,851	0	1,964,851
Special Revenue Funds	0	348,411	348,411
Total Fund Balances	<u>\$ 1,971,438</u>	<u>\$ 348,411</u>	<u>\$ 2,319,849</u>
Total Liabilities and Fund Balances	<u>\$ 2,212,930</u>	<u>\$ 821,998</u>	<u>\$ 3,034,928</u>

Exhibit J-3

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Carroll County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$ 2,319,849
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,847,290
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(18,301)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>22,645</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 6,171,483</u></u>

Exhibit J-4

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2005

	<u>Major Funds</u>		
	General Purpose School	School Transpor- tation	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 99,909	\$ 547,623	\$ 647,532
Licenses and Permits	104	0	104
Charges for Current Services	745,364	0	745,364
Other Local Revenues	17,693	4,829	22,522
State of Tennessee	1,623,282	455,360	2,078,642
Federal Government	172,634	0	172,634
Total Revenues	<u>\$ 2,658,986</u>	<u>\$ 1,007,812</u>	<u>\$ 3,666,798</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,139,011	\$ 0	\$ 1,139,011
Support Services	1,019,541	987,286	2,006,827
Operation of Non-Instructional Services	10,404	0	10,404
Capital Outlay	107,432	0	107,432
Debt Service:			
Principal	5,636	0	5,636
Interest	707	0	707
Total Expenditures	<u>\$ 2,282,731</u>	<u>\$ 987,286</u>	<u>\$ 3,270,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 376,255</u>	<u>\$ 20,526</u>	<u>\$ 396,781</u>
Net Change in Fund Balances	\$ 376,255	\$ 20,526	\$ 396,781
Fund Balance, July 1, 2004	<u>1,595,183</u>	<u>327,885</u>	<u>1,923,068</u>
Fund Balance, June 30, 2005	<u>\$ 1,971,438</u>	<u>\$ 348,411</u>	<u>\$ 2,319,849</u>

Exhibit J-5

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2005

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)	\$ 396,781
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was less than depreciation in the current period.	(4,782)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(20,841)
(3) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	5,636
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>113</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 376,907</u>

Exhibit J-6

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carroll County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 99,909	\$ 70,200	\$ 70,200	\$ 29,709
Licenses and Permits	104	60	60	44
Charges for Current Services	745,364	688,194	688,194	57,170
Other Local Revenues	17,693	8,860	8,860	8,833
State of Tennessee	1,623,282	1,588,719	1,588,719	34,563
Federal Government	172,634	269,014	269,014	(96,380)
Total Revenues	\$ 2,658,986	\$ 2,625,047	\$ 2,625,047	\$ 33,939
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 16,187	\$ 69,886	\$ 69,886	\$ 53,699
Alternative Instruction Program	70,258	74,124	74,124	3,866
Special Education Program	497,066	534,386	534,386	37,320
Vocational Education Program	489,411	501,735	501,735	12,324
Adult Education Program	66,089	94,727	94,727	28,638
<u>Support Services</u>				
Health Services	11,812	12,680	12,680	868
Other Student Support	93,488	111,086	111,086	17,598
Regular Instruction Program	22,660	30,431	30,431	7,771
Special Education Program	66,115	76,684	76,684	10,569
Vocational Education Program	53,140	40,679	53,418	278
Adult Programs	49,532	51,991	51,991	2,459
Board of Education	22,770	26,602	26,602	3,832
Director of Schools	93,853	99,136	99,136	5,283
Office of the Principal	72,277	82,387	82,387	10,110
Fiscal Services	58,468	60,658	60,658	2,190
Operation of Plant	102,926	160,600	160,600	57,674
Maintenance of Plant	78,806	84,272	84,272	5,466
Transportation	245,962	283,037	283,037	37,075
Central and Other	47,732	42,465	48,035	303
<u>Operation of Non-Instructional Services</u>				
Food Service	10,404	14,980	15,080	4,676
<u>Capital Outlay</u>				
Regular Capital Outlay	107,432	168,057	149,748	42,316
<u>Principal</u>				
Education	5,636	5,636	5,636	0
<u>Interest</u>				
Education	707	708	708	1
Total Expenditures	\$ 2,282,731	\$ 2,626,947	\$ 2,627,047	\$ 344,316
Excess (Deficiency) of Revenues Over Expenditures	\$ 376,255	\$ (1,900)	\$ (2,000)	\$ 378,255

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 376,255	\$ (1,900)	\$ (2,000)	\$ 378,255
Fund Balance, July 1, 2004	1,595,183	1,364,118	1,364,118	231,065
Fund Balance, June 30, 2005	\$ 1,971,438	\$ 1,362,218	\$ 1,362,118	\$ 609,320

Exhibit J-7

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carroll County School Department
School Transportation Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 547,623	\$ 536,653	\$ 536,653	\$ 10,970
Other Local Revenues	4,829	0	0	4,829
State of Tennessee	455,360	422,000	422,000	33,360
Total Revenues	<u>\$ 1,007,812</u>	<u>\$ 958,653</u>	<u>\$ 958,653</u>	<u>\$ 49,159</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 89,540	\$ 102,000	\$ 102,000	\$ 12,460
Transportation	897,746	962,681	962,681	64,935
Total Expenditures	<u>\$ 987,286</u>	<u>\$ 1,064,681</u>	<u>\$ 1,064,681</u>	<u>\$ 77,395</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,526</u>	<u>\$ (106,028)</u>	<u>\$ (106,028)</u>	<u>\$ 126,554</u>
Net Change in Fund Balance	\$ 20,526	\$ (106,028)	\$ (106,028)	\$ 126,554
Fund Balance, July 1, 2004	<u>327,885</u>	<u>296,569</u>	<u>296,569</u>	<u>31,316</u>
Fund Balance, June 30, 2005	<u>\$ 348,411</u>	<u>\$ 190,541</u>	<u>\$ 190,541</u>	<u>\$ 157,870</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Carroll County, Tennessee
Schedule of Changes in Long-term Notes,
Capital Leases, and Other Loans
Primary Government and Discretely Presented
Carroll County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Equipment	\$ 350,000	3.16 %	12-31-02	12-31-05	\$ 237,000	\$ 0	\$ 117,000	\$ 120,000
<u>Payable through General Debt Service Fund</u>								
County Office Building Renovation - Refunding	1,007,504	4.82	8-20-01	8-1-09	794,993	0	115,102	679,891
Total Notes Payable					<u>\$ 1,031,993</u>	<u>\$ 0</u>	<u>\$ 232,102</u>	<u>\$ 799,891</u>
CAPITAL LEASES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Trackhoe	130,948	0.46	7-2-01	7-2-05	\$ 52,499	\$ 0	\$ 25,950	\$ 26,549
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicles	192,475	3.1	10-13-04	10-15-06	0	192,475	66,127	126,348
Total Capital Leases Payable					<u>\$ 52,499</u>	<u>\$ 192,475</u>	<u>\$ 92,077</u>	<u>\$ 152,897</u>
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	(1)	Variable	1-15-04	5-25-28	\$ 29,348	\$ 807,448	\$ 61,000	\$ 775,796
Total Other Loans Payable					<u>\$ 29,348</u>	<u>\$ 807,448</u>	<u>\$ 61,000</u>	<u>\$ 775,796</u>
DISCRETELY PRESENTED CARROLL COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
Energy Efficient Lights	39,519	3	9-22-00	11-1-07	\$ 23,578	\$ 0	\$ 5,636	\$ 17,942
Total Notes Payable					<u>\$ 23,578</u>	<u>\$ 0</u>	<u>\$ 5,636</u>	<u>\$ 17,942</u>

(1) Amount available under a loan agreement with the Montgomery Public Building Authority is \$2,200,000 of which \$880,796 has been received as of June 30, 2005.

Carroll County, Tennessee
Schedule of Investments - All Funds
June 30, 2005

<u>Fund and Type</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>	
<u>Constitutional Officers - Agency Fund</u>	
<u>Circuit Court Clerk</u>	
Bedford Money Funds	\$ 322
U.S. Government Securities	<u>60,894</u>
Total Constitutional Officers - Agency Fund	<u>\$ 61,216</u>
 Total Investments	 <u><u>\$ 61,216</u></u>

Exhibit K-3

Carroll County, Tennessee
Schedule of Transfers - All Funds
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Highway/Public Works	To provide funds for bridge repair	\$ 80,200
General	General Capital Projects	To provide funds for jail renovation	17,000
General	Other Capital Projects	To provide funds for health department construction	<u>19,092</u>
Total Transfers			<u><u>\$ 116,292</u></u>

Exhibit K-4

Carroll County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 70,023 (1)	\$ 75,000	RLI Insurance Company
Road Supervisors (4)	Section 8-24-102, <u>TCA</u> , and County Commission	115,654 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	64,751 (4)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	51,969	496,200	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	51,969	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	51,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	51,969	60,000	Auto Owners Mutual Insurance Company
Register	Section 8-24-102, <u>TCA</u>	51,969	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	57,684 (5)	25,000	"
Employee Bonds:				
Employee Blanket Bond - All County Employees (excluding				
Board of Education)				
Board of Education				
			100,000	RLI Insurance Company
			150,000	Tennessee School Boards Risk Management Trust

(1) Includes purchasing agent salary of \$10,000.

(2) Four road supervisors at \$28,913.50 each.

(3) Four road supervisors at \$5,000 each.

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

(5) Includes law enforcement training supplement of \$519.

Exhibit K-5

Carroll County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>										
<u>County Property Taxes</u>										
Current Property Tax	\$ 1,685,379	\$ 207,425	\$ 0	\$ 0	\$ 0	\$ 233,371	\$ 182,004	\$ 0	\$ 0	\$ 2,308,179
Trustee's Collections - Prior Year	50,373	6,195	0	0	0	6,973	6,201	0	0	69,742
Trustee's Collections - Bankruptcy	3,927	522	0	0	0	582	430	0	0	5,461
Circuit/Clerk & Master Collections - Prior Years	93,195	11,788	0	0	0	13,217	11,425	0	0	129,625
Interest and Penalty	11,008	1,561	0	0	0	1,756	1,502	0	0	15,827
Payments in Lieu of Taxes - T.V.A.	72	0	0	0	0	0	0	0	0	72
Payments in Lieu of Taxes - Local Utilities	190,448	23,440	0	0	0	26,370	20,546	0	0	260,804
Payments in Lieu of Taxes - Other	66,191	8,147	0	0	0	9,165	7,128	0	0	90,631
<u>County Local Option Taxes</u>										
Local Option Sales Tax	197,983	0	0	0	0	0	0	0	0	197,983
Wheel Tax	250,510	0	0	0	0	336,879	0	0	0	587,389
Litigation Tax - General	96,680	0	0	0	0	0	0	0	0	96,680
Litigation Tax - Special Purpose	26,831	0	0	0	0	0	0	0	0	26,831
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	31,509	0	0	31,509
Business Tax	159,603	0	0	0	0	0	0	0	0	159,603
Mineral Severance Tax	0	0	0	0	0	30,499	0	0	0	30,499
<u>Statutory Local Taxes</u>										
Bank Excise Tax	139,296	0	0	0	0	0	0	0	0	139,296
Wholesale Beer Tax	85,451	0	0	0	0	0	0	0	0	85,451
Interstate Telecommunications Tax	2,536	0	0	0	0	0	0	0	0	2,536
Other Statutory Local Taxes	1,513	0	0	0	0	0	0	0	0	1,513
Total Local Taxes	\$ 3,060,996	\$ 259,078	\$ 0	\$ 0	\$ 0	\$ 658,812	\$ 260,745	\$ 0	\$ 0	\$ 4,239,631
<u>Licenses and Permits</u>										
<u>Licenses</u>										
Animal Registration	\$ 1,801	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,801
<u>Permits</u>										
Beer Permits	4,026	0	0	0	0	0	0	0	0	4,026
Building Permits	45	0	0	0	0	0	0	0	0	45
Total Licenses and Permits	\$ 5,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,872

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures and Penalties</u>										
<u>Circuit Court</u>										
Fines	\$ 2,665	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,665
Officers Costs	3,811	0	0	0	0	0	0	0	0	3,811
Drug Control Fines	4,453	0	3,398	0	0	0	0	0	0	7,851
Drug Court Fees	671	0	0	0	0	0	0	0	0	671
Jail Fees	3,517	0	0	0	0	0	0	0	0	3,517
DUI Treatment Fines	594	0	0	0	0	0	0	0	0	594
Data Entry Fee - Circuit Court	520	0	0	0	0	0	0	0	0	520
<u>General Sessions Court</u>										
Fines	29,162	0	0	0	0	0	0	0	0	29,162
Officers Costs	69,567	0	0	0	0	0	0	0	0	69,567
Game and Fish Fines	558	0	0	0	0	0	0	0	0	558
Drug Control Fines	14,162	0	10,973	0	0	0	0	0	0	25,135
Drug Court Fees	11,157	0	0	0	0	0	0	0	0	11,157
Jail Fees	14,813	0	0	0	0	0	0	0	0	14,813
District Attorney General Fees	0	0	0	2,753	0	0	0	0	0	2,753
Judicial Commissioner Fees	1,765	0	0	0	0	0	0	0	0	1,765
DUI Treatment Fines	8,261	0	0	0	0	0	0	0	0	8,261
Data Entry Fee - General Sessions Court	5,624	0	0	0	0	0	0	0	0	5,624
<u>Juvenile Court</u>										
Fines	285	0	0	0	0	0	0	0	0	285
Drug Control Fines	475	0	0	0	0	0	0	0	0	475
Data Entry Fee - Juvenile Court	104	0	0	0	0	0	0	0	0	104
<u>Chancery Court</u>										
Officers Costs	4,427	0	0	0	0	0	0	0	0	4,427
Data Entry Fee - Chancery Court	2,392	0	0	0	0	0	0	0	0	2,392
<u>Courts in Other District Counties</u>										
District Attorney General Fees	0	0	0	13,821	0	0	0	0	0	13,821
<u>Judicial District Drug Program</u>										
Drug Task Force Forfeitures and Seizures	0	0	47,128	0	0	0	0	0	0	47,128
<u>Other Fines, Forfeitures, and Penalties</u>										
Proceeds from Confiscated Property	5,775	0	4,050	0	0	0	0	0	0	9,825
Total Fines, Forfeitures and Penalties	\$ 184,758	\$ 0	\$ 65,549	\$ 16,574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 266,881

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Residential Waste Collection Charge	\$ 0	\$ 620,062	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 620,062
Solid Waste Disposal Fee	0	171	0	0	0	0	0	0	0	171
Other General Service Charges	1,058	0	0	0	0	0	0	0	0	1,058
<u>Fees</u>										
Copy Fees	365	0	0	0	0	0	0	0	0	365
Library Fees	3,392	0	0	0	0	0	0	0	0	3,392
Telephone Commissions	20,274	0	0	0	0	0	0	0	0	20,274
Vending Machine Collections	369	17	0	0	0	91	0	0	0	477
Constitutional Officers' Fees and Commissions	0	0	0	0	316,208	0	0	0	0	316,208
Data Processing Fee - Register	10,866	0	0	0	0	0	0	0	0	10,866
Data Processing Fee - Sheriff	5,720	0	0	0	0	0	0	0	0	5,720
Sexual Offender Registration Fee	600	0	0	0	0	0	0	0	0	600
<u>Education Charges</u>										
Tuition - Other Governments	5,000	0	0	0	0	0	0	0	0	5,000
Tuition - Other	1,000	0	0	0	0	0	0	0	0	1,000
Contract for Administrative Services with Other LEA's	12,000	0	0	0	0	0	0	0	0	12,000
Contract for Student Support Services with Other LEA's	62,690	0	0	0	0	0	0	0	0	62,690
Total Charges for Current Services	\$ 123,334	\$ 620,250	\$ 0	\$ 0	\$ 316,208	\$ 91	\$ 0	\$ 0	\$ 0	\$ 1,059,883
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 100,754	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,341	\$ 102,095
Lease/Rentals	59,700	0	0	0	0	0	30,000	0	0	89,700
Sale of Materials and Supplies	67	0	0	0	0	40	0	0	0	107
Commissary Sales	23,185	0	0	0	0	0	0	0	0	23,185
Sale of Gasoline	55,453	0	0	0	0	0	0	0	0	55,453
Sale of Recycled Materials	0	60,096	0	0	0	0	0	0	0	60,096
Miscellaneous Refunds	33,327	0	443	550	0	8,778	0	1,491	0	44,589
<u>Nonrecurring Items</u>										
Insurance Recovery	0	0	0	0	0	17,200	0	0	0	17,200
Sale of Equipment	4,347	0	0	0	0	87,102	0	0	0	91,449
Sale of Property	2,723	0	0	0	0	0	0	0	0	2,723

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>										
<u>Nonrecurring Items (Cont.)</u>										
Damages Recovered from Individuals	\$ 957	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	957
Contributions & Gifts	6,496	0	0	0	0	0	0	0	0	6,496
<u>Other Local Revenues</u>										
Other Local Revenues	80,125	0	0	0	0	0	0	0	0	80,125
Total Other Local Revenues	\$ 367,134	\$ 60,096	\$ 443	\$ 550	\$ 0	\$ 113,120	\$ 30,000	\$ 1,491	\$ 1,341	\$ 574,175
<u>Fees Received from County Officials</u>										
<u>Excess Fees</u>										
County Clerk	\$ 46,632	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	46,632
Clerk and Master	44,656	0	0	0	0	0	0	0	0	44,656
Register	11,797	0	0	0	0	0	0	0	0	11,797
<u>Fees In Lieu of Salary</u>										
Circuit Court Clerk	56,443	0	0	0	0	0	0	0	0	56,443
General Sessions Court Clerk	144,021	0	0	0	0	0	0	0	0	144,021
Juvenile Court Clerk	13,429	0	0	0	0	0	0	0	0	13,429
Sheriff	10,143	0	0	0	0	0	0	0	0	10,143
Trustee	259,366	0	0	0	0	0	0	0	0	259,366
Total Fees Received from County Officials	\$ 586,487	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 586,487
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Airport Maintenance Program	24,854	0	0	0	0	0	0	0	0	24,854
Aging Programs	66,526	0	0	0	0	0	0	0	0	66,526
Alternative School Program	863,491	0	0	0	0	0	0	0	0	863,491
State Reappraisal Grant	11,008	0	0	0	0	0	0	0	0	11,008
Solid Waste Grants	0	20,030	0	0	0	0	0	0	0	20,030
Other General Government Grants	262,492	0	0	0	0	0	0	0	0	262,492
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	7,780	0	519	0	0	0	0	0	0	8,299
Other Public Safety Grants	36,872	0	0	0	0	0	0	0	0	36,872

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>										
<u>Health and Welfare Grants</u>										
Health Department Programs	\$ 54,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,774
<u>Public Works Grants</u>										
Bridge Program	0	0	0	0	0	305,500	0	0	0	305,500
State Aid Program	0	0	0	0	0	183,587	0	0	0	183,587
Litter Program	0	41,920	0	0	0	0	0	0	0	41,920
<u>Other State Revenues</u>										
Income Tax	11,836	0	0	0	0	0	0	0	0	11,836
Beer Tax	7,692	0	0	0	0	0	0	0	0	7,692
Alcoholic Beverage Tax	50,516	0	0	0	0	0	0	0	0	50,516
Mixed Drink Tax	2,050	0	0	0	0	0	0	0	0	2,050
Contracted Prisoner Boarding	256,412	0	0	0	0	0	0	0	0	256,412
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,880,498	0	0	0	1,880,498
Petroleum Special Tax	0	0	0	0	0	23,709	0	0	0	23,709
Registrar's Salary Supplement	12,285	0	0	0	0	0	0	0	0	12,285
Other State Grants	2,500	17,040	0	0	0	0	0	0	0	19,540
Other State Revenues	102,427	0	0	0	0	0	0	0	50,000	152,427
Total State of Tennessee	\$ 1,782,515	\$ 78,990	\$ 519	\$ 0	\$ 0	\$ 2,393,294	\$ 0	\$ 0	\$ 50,000	\$ 4,305,318
<u>Federal Government</u>										
<u>Federal Through State</u>										
USDA School Lunch Program	\$ 54,547	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,547
Community Development	0	0	0	0	0	0	0	0	283,675	283,675
Civil Defense Reimbursement	38,150	0	0	0	0	0	0	0	0	38,150
Disaster Relief	0	0	0	0	0	1,983	0	0	0	1,983
Homeland Security Grants	173,525	0	0	0	0	0	0	0	0	173,525
Law Enforcement Grants	41,043	0	0	0	0	0	0	0	0	41,043
Other Federal through State	117,445	0	0	0	0	0	0	0	0	117,445
<u>Direct Federal Revenue</u>										
Other Direct Federal Revenue	10,840	0	0	0	0	0	0	0	0	10,840
Total Federal Government	\$ 435,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,983	\$ 0	\$ 0	\$ 283,675	\$ 721,208

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	\$ 11,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,034
Paving and Maintenance	0	0	0	0	0	4,257	0	0	0	4,257
Contributions	521	0	333	0	0	0	0	0	0	854
<u>Citizens Groups</u>										
Donations	13,167	0	0	0	0	0	0	0	0	13,167
<u>Other</u>										
Other	24,375	0	0	0	0	0	0	0	0	24,375
Total Other Governments and Citizens Groups	\$ 49,097	\$ 0	\$ 333	\$ 0	\$ 0	\$ 4,257	\$ 0	\$ 0	\$ 0	\$ 53,687
Total	\$ 6,595,743	\$ 1,018,414	\$ 66,844	\$ 17,124	\$ 316,208	\$ 3,171,557	\$ 290,745	\$ 1,491	\$ 335,016	\$ 11,813,142

Exhibit K-6

Carroll County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Transpor- tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 440,712	\$ 440,712
Trustee's Collections - Prior Year	0	12,408	12,408
Trustee's Collections - Bankruptcy	5	1,030	1,035
Circuit/Clerk & Master Collections - Prior Years	0	23,214	23,214
Interest and Penalty	0	3,175	3,175
Payments in Lieu of Taxes - Local Utilities	0	49,773	49,773
Payments in Lieu of Taxes - Other	0	17,311	17,311
<u>County Local Option Taxes</u>			
Local Option Sales Tax	99,687	0	99,687
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	217	0	217
Total Local Taxes	\$ 99,909	\$ 547,623	\$ 647,532
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 104	\$ 0	\$ 104
Total Licenses and Permits	\$ 104	\$ 0	\$ 104
<u>Charges for Current Services</u>			
<u>Fees</u>			
Telephone Commissions	\$ 7,045	\$ 0	\$ 7,045
<u>Education Charges</u>			
Lunch Payments - Children	2,463	0	2,463
Lunch Payments - Adults	3,966	0	3,966
Transportation - Other State Systems	25,342	0	25,342
Contract for Instructional Services with Other LEA's	639,331	0	639,331
Contract for Student Support Services with Other LEA's	1,750	0	1,750
<u>Other Charges for Services</u>			
Other Charges for Services	65,467	0	65,467
Total Charges for Current Services	\$ 745,364	\$ 0	\$ 745,364
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 5	\$ 0	\$ 5
Lease/Rentals	7,700	0	7,700
Sale of Materials and Supplies	493	0	493
Miscellaneous Refunds	3,760	30	3,790
<u>Nonrecurring Items</u>			
Insurance Recovery	1,525	4,799	6,324
Sale of Equipment	3,684	0	3,684
Damages Recovered from Individuals	226	0	226
<u>Other Local Revenues</u>			
Other Local Revenues	300	0	300
Total Other Local Revenues	\$ 17,693	\$ 4,829	\$ 22,522
<u>State of Tennessee</u>			
<u>State Education Funds</u>			
Basic Education Program	\$ 1,498,000	\$ 0	\$ 1,498,000

(Continued)

Exhibit K-6

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

	General Purpose School	School Transpor - tation	Total
<u>State of Tennessee (Cont.)</u>			
<u>State Education Funds (Cont.)</u>			
School Food Service	\$ 149	\$ 0	\$ 149
Other State Education Funds	100,248	0	100,248
Career Ladder Program	24,794	0	24,794
<u>Other State Revenues</u>			
Mixed Drink Tax	91	0	91
State Revenue Sharing - T.V.A.	0	455,360	455,360
Total State of Tennessee	<u>\$ 1,623,282</u>	<u>\$ 455,360</u>	<u>\$ 2,078,642</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,982	\$ 0	\$ 4,982
Adult Education State Grant Program	102,674	0	102,674
Other Federal through State	64,978	0	64,978
Total Federal Government	<u>\$ 172,634</u>	<u>\$ 0</u>	<u>\$ 172,634</u>
Total	<u>\$ 2,658,986</u>	<u>\$ 1,007,812</u>	<u>\$ 3,666,798</u>

Exhibit K-7

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	37,000	
Social Security		2,234	
Unemployment Compensation		35	
Employer Medicare		522	
Audit Services		6,680	
Consultants		1,250	
Dues and Memberships		3,025	
Legal Notices, Recording and Court Costs		2,146	
Periodicals		337	
Other Charges		1,570	
Total County Commission			\$ 54,799

Board of Equalization

Board and Committee Members Fees	\$	1,176	
Data Processing Services		9,422	
Total Board of Equalization			10,598

Beer Board

Legal Notices, Recording and Court Costs	\$	481	
Total Beer Board			481

Other Boards and Committees

Board and Committee Members Fees	\$	504	
Total Other Boards and Committees			504

County Mayor

County Official/Administrative Officer	\$	60,023	
Assistant(s)		36,000	
Purchasing Personnel		10,000	
Secretary(s)		22,900	
Other Salaries & Wages		20,675	
Social Security		8,694	
State Retirement		7,108	
Employee and Dependent Insurance		24,605	
Unemployment Compensation		294	
Employer Medicare		2,033	
Communication		4,242	
Data Processing Services		4,790	
Dues and Memberships		1,500	
Maintenance Agreements		3,172	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor (Cont.)

Postal Charges	\$	3,340	
Printing, Stationery and Forms		3,418	
Travel		3,170	
Gasoline		1,082	
Office Supplies		4,352	
Data Processing Equipment		5,985	
Office Equipment		1,301	
Total County Mayor			\$ 228,684

County Attorney

Consultants	\$	3,000	
Legal Services		1,418	
Total County Attorney			4,418

Election Commission

County Official/Administrative Officer	\$	41,575	
Deputy(ies)		20,389	
Part-time Personnel		3,561	
Election Commission		3,405	
Election Workers		33,530	
Social Security		3,536	
State Retirement		3,476	
Employee and Dependent Insurance		3,615	
Unemployment Compensation		246	
Employer Medicare		827	
Communication		989	
Legal Notices, Recording and Court Costs		2,007	
Maintenance Agreements		4,750	
Postal Charges		2,161	
Printing, Stationery and Forms		3,927	
Travel		1,450	
Office Supplies		1,122	
Office Equipment		849	
Total Election Commission			131,415

Register of Deeds

State Retirement	\$	2,375	
Employee and Dependent Insurance		10,598	
Communication		2,623	
Data Processing Services		5,791	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance Agreements	\$	2,453	
Postal Charges		945	
Other Contracted Services		1,100	
Office Supplies		2,673	
Data Processing Equipment		180	
Office Equipment		339	
Total Register of Deeds			\$ 29,077

County Buildings

Custodial Personnel	\$	18,043	
Maintenance Personnel		23,803	
Other Salaries & Wages		21,261	
Social Security		3,624	
State Retirement		3,540	
Employee and Dependent Insurance		13,984	
Unemployment Compensation		294	
Employer Medicare		847	
Communication		3,065	
Maintenance Agreements		3,348	
Maintenance & Repair Services- Buildings		25,933	
Maintenance & Repair Services- Equipment		1,382	
Maintenance & Repair Services- Vehicles		1,901	
Permits		390	
Custodial Supplies		15,338	
Gasoline		4,820	
Utilities		60,693	
Other Supplies and Materials		2,449	
Boiler Insurance		98	
Building and Contents Insurance		22,247	
Liability Insurance		58,239	
Building Improvements		30,265	
Communication Equipment		800	
Data Processing Equipment		4,087	
Food Service Equipment		529	
Furniture and Fixtures		9,681	
Office Equipment		1,341	
Total County Buildings			332,002

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		62,729	
In-Service Training		165	
Social Security		6,223	
State Retirement		6,434	
Employee and Dependent Insurance		29,543	
Unemployment Compensation		294	
Employer Medicare		1,455	
Communication		1,324	
Contracts with Private Agencies		22,640	
Dues and Memberships		1,295	
Maintenance Agreements		1,322	
Postal Charges		1,363	
Gasoline		450	
Office Supplies		737	
Motor Vehicles		97	
Office Equipment		2,567	
Total Property Assessor's Office			\$ 190,607

Reappraisal Program

Deputy(ies)	\$	14,905	
Data Processing Services		4,301	
Total Reappraisal Program			19,206

County Trustee's Office

County Official/Administrative Officer	\$	51,969
Deputy(ies)		41,802
Part-time Personnel		2,745
Social Security		5,513
State Retirement		5,261
Employee and Dependent Insurance		16,406
Unemployment Compensation		234
Employer Medicare		1,289
Communication		1,434
Data Processing Services		3,026
Dues and Memberships		594
Legal Notices, Recording and Court Costs		188
Maintenance Agreements		72
Postal Charges		6,105
Travel		844

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Office Supplies	\$	2,835	
Office Equipment		14,162	
Total County Trustee's Office			\$ 154,479

County Clerk's Office

State Retirement	\$	6,255	
Employee and Dependent Insurance		21,024	
Communication		725	
Maintenance Agreements		72	
Postal Charges		678	
Office Supplies		2,336	
Total County Clerk's Office			31,090

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	51,969	
Deputy(ies)		103,513	
Part-time Personnel		5,618	
Board and Committee Members Fees		333	
Jury and Witness Fees		12,681	
Social Security		9,265	
State Retirement		8,722	
Employee and Dependent Insurance		26,285	
Unemployment Compensation		556	
Employer Medicare		2,167	
Communication		3,148	
Data Processing Services		25,514	
Dues and Memberships		464	
Legal Notices, Recording and Court Costs		408	
Maintenance Agreements		5,366	
Postal Charges		3,103	
Travel		765	
Office Supplies		9,704	
Liability Insurance		111	
Data Processing Equipment		3,474	
Office Equipment		3,188	
Total Circuit Court			276,354

General Sessions Judge

Judge(s)	\$	73,047	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Social Security	\$	4,434	
State Retirement		4,098	
Employee and Dependent Insurance		3,533	
Employer Medicare		1,037	
Dues and Memberships		165	
Travel		963	
Total General Sessions Judge			\$ 87,277

Chancery Court

Deputy(ies)	\$	62,729	
Part-time Personnel		7,113	
Social Security		3,888	
State Retirement		6,434	
Employee and Dependent Insurance		24,508	
Unemployment Compensation		394	
Employer Medicare		909	
Communication		1,755	
Data Processing Services		3,835	
Dues and Memberships		464	
Maintenance Agreements		2,453	
Travel		150	
Office Supplies		4,835	
Data Processing Equipment		2,374	
Office Equipment		164	
Total Chancery Court			122,005

Juvenile Court

Supervisor/Director	\$	44,319	
Youth Service Officer(s)		31,472	
Guidance Personnel		30,354	
Part-time Personnel		2,898	
In-Service Training		105	
Social Security		6,335	
State Retirement		5,955	
Employee and Dependent Insurance		20,588	
Unemployment Compensation		333	
Employer Medicare		1,482	
Communication		1,692	
Maintenance Agreements		144	
Postal Charges		390	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Travel	\$	129	
Other Contracted Services		60	
Office Supplies		1,773	
Other Supplies and Materials		8,689	
Total Juvenile Court			\$ 156,718

Judicial Commissioners

Board and Committee Members Fees	\$	4,800	
Social Security		298	
Employer Medicare		70	
Total Judicial Commissioners			5,168

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,165	
Deputy(ies)		346,560	
Detective(s)		12,648	
Investigator(s)		59,282	
Salary Supplements		7,780	
Part-time Personnel		38,638	
Other Salaries & Wages		11,520	
In-Service Training		3,725	
Social Security		31,863	
State Retirement		25,866	
Employee and Dependent Insurance		60,702	
Unemployment Compensation		2,599	
Employer Medicare		7,452	
Contracts with Other Public Agencies		1,675	
Dues and Memberships		1,500	
Maintenance Agreements		3,058	
Maintenance & Repair Services- Equipment		4,517	
Maintenance & Repair Services- Vehicles		22,175	
Postal Charges		1,583	
Travel		3,717	
Gasoline		48,720	
Law Enforcement Supplies		3,518	
Office Supplies		5,524	
Uniforms		6,171	
Other Supplies and Materials		2,131	
Data Processing Equipment		45	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Motor Vehicles	\$ 192,475	
Other Equipment	17,910	
Total Sheriff's Department		\$ 980,519

Administration of the Sexual Offender Registry

Data Processing Equipment	\$ 245	
Total Administration of the Sexual Offender Registry		245

Jail

Medical Personnel	\$ 3,293	
Dispatchers/Radio Operators	99,339	
Guards	261,021	
Clerical Personnel	22,900	
Cafeteria Personnel	19,957	
Social Security	23,299	
State Retirement	22,619	
Employee and Dependent Insurance	63,991	
Unemployment Compensation	2,247	
Employer Medicare	5,449	
Communication	8,485	
Maintenance Agreements	2,683	
Maintenance & Repair Services- Equipment	2,548	
Medical and Dental Services	83,105	
Custodial Supplies	8,091	
Electricity	25,474	
Food Supplies	91,894	
Library Books/Media	1,626	
Natural Gas	12,938	
Prisoners Clothing	1,352	
Uniforms	3,190	
Water and Sewer	18,228	
Other Supplies and Materials	2,236	
Data Processing Equipment	80,280	
Other Equipment	278	
Total Jail		866,523

Juvenile Services

Salary Supplements	\$ 74,540	
Educational Assistants	560,133	
In-Service Training	500	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Social Security	\$	34,004	
State Retirement		31,593	
Employee and Dependent Insurance		85,327	
Unemployment Compensation		2,235	
Employer Medicare		7,953	
Accounting Services		12,000	
Communication		2,358	
Consultants		500	
Dues and Memberships		375	
Licenses		1,160	
Maintenance Agreements		4,031	
Maintenance & Repair Services- Equipment		3,620	
Maintenance & Repair Services- Vehicles		9,654	
Medical and Dental Services		2,706	
Postal Charges		185	
Rentals		40,000	
Other Contracted Services		21,712	
Custodial Supplies		5,942	
Food Supplies		38,413	
Gasoline		24,632	
Instructional Supplies and Materials		6,248	
Office Supplies		3,915	
Utilities		18,041	
Other Supplies and Materials		9,849	
Building and Contents Insurance		1,085	
Liability Insurance		16,671	
Workers' Compensation Insurance		3,551	
Other Charges		169	
Motor Vehicles		26,863	
Office Equipment		240	
Special Education Equipment		4,979	
Other Equipment		1,520	
Total Juvenile Services			\$ 1,056,704

Fire Prevention and Control

Supervisor/Director	\$	11,231
In-Service Training		1,729
Social Security		640
State Retirement		630
Employee and Dependent Insurance		2,718

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Unemployment Compensation	\$	95	
Employer Medicare		150	
Dues and Memberships		200	
Maintenance & Repair Services- Equipment		6,954	
Maintenance & Repair Services- Vehicles		12,258	
Medical and Dental Services		397	
Postal Charges		205	
Travel		1,816	
Gasoline		6,187	
Office Supplies		485	
Other Supplies and Materials		285	
Liability Insurance		6,816	
Other Charges		3,870	
Communication Equipment		3,528	
Office Equipment		379	
Other Equipment		17,573	
Total Fire Prevention and Control			\$ 78,146

Civil Defense

Assistant(s)	\$	10,096	
Supervisor/Director		33,856	
Part-time Personnel		2,280	
In-Service Training		320	
Social Security		2,813	
State Retirement		2,466	
Employee and Dependent Insurance		2,565	
Unemployment Compensation		231	
Employer Medicare		658	
Communication		2,441	
Dues and Memberships		130	
Maintenance & Repair Services- Equipment		545	
Maintenance & Repair Services- Vehicles		156	
Postal Charges		74	
Travel		1,543	
Gasoline		1,160	
Office Supplies		652	
Other Supplies and Materials		318,541	
Other Charges		62	
Total Civil Defense			380,589

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem & Fees		4,800	
Contracts with Government Agencies		17,131	
Transportation - Other than Students		2,250	
Travel		1,932	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			\$ 38,188

Other Public Safety

Salary Supplements	\$	1,840	
Part-time Personnel		31,104	
Social Security		1,628	
State Retirement		103	
Employee and Dependent Insurance		222	
Unemployment Compensation		298	
Employer Medicare		381	
Travel		1,296	
Total Other Public Safety			36,872

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	37,503	
Social Security		2,072	
State Retirement		2,104	
Employee and Dependent Insurance		12,230	
Unemployment Compensation		235	
Employer Medicare		485	
Communication		3,294	
Contracts with Government Agencies		8,292	
Dues and Memberships		100	
Janitorial Services		3,444	
Maintenance & Repair Services- Buildings		11,133	
Maintenance & Repair Services- Office Equipment		1,102	
Matching Share		1,873	
Postal Charges		2,996	
Travel		145	
Other Contracted Services		4,660	
Custodial Supplies		1,488	
Drugs and Medical Supplies		497	
Office Supplies		4,272	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Utilities	\$	5,522	
Office Equipment		<u>2,753</u>	
Total Local Health Center			\$ 106,200

Rabies and Animal Control

Supervisor/Director	\$	12,000	
Communication		422	
Maintenance & Repair Services- Vehicles		17	
Veterinary Services		2,784	
Animal Food and Supplies		1,342	
Gasoline		<u>1,572</u>	
Total Rabies and Animal Control			18,137

General Welfare Assistance

Contributions	\$	74	
Other Charges		<u>600</u>	
Total General Welfare Assistance			674

Other Local Welfare Services

Contracts with Private Agencies	\$	9,100	
Dues and Memberships		<u>11,700</u>	
Total Other Local Welfare Services			20,800

Social, Cultural and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	20,500	
Social Workers		13,555	
Secretary(s)		15,599	
Other Salaries & Wages		24,307	
Social Security		4,245	
State Retirement		2,786	
Employee and Dependent Insurance		7,148	
Unemployment Compensation		570	
Employer Medicare		993	
Communication		1,798	
Contracts with Other Public Agencies		4,074	
Contracts with Private Agencies		755	
Licenses		810	
Maintenance Agreements		144	
Printing, Stationery and Forms		1,500	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Travel	\$	1,923	
Food Supplies		644	
Gasoline		1,064	
Office Supplies		987	
Other Charges		2,471	
Total Senior Citizens Assistance			\$ 105,873

Libraries

Assistant(s)	\$	12,931	
Librarians		18,945	
Other Salaries & Wages		8,871	
Social Security		2,453	
State Retirement		1,788	
Employee and Dependent Insurance		3,533	
Unemployment Compensation		295	
Employer Medicare		574	
Communication		2,136	
Dues and Memberships		290	
Maintenance & Repair Services- Equipment		920	
Postal Charges		350	
Travel		522	
Library Books/Media		10,448	
Office Supplies		3,044	
Periodicals		400	
Office Equipment		5,522	
Total Libraries			73,022

Parks and Fair Boards

Supervisor/Director	\$	38,129	
Other Salaries & Wages		159	
Social Security		2,201	
State Retirement		2,139	
Employee and Dependent Insurance		7,017	
Unemployment Compensation		98	
Employer Medicare		515	
Communication		953	
Maintenance Agreements		72	
Maintenance & Repair Services- Buildings		2,595	
Maintenance & Repair Services- Equipment		90	
Postal Charges		70	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Custodial Supplies	\$	3,370	
Office Supplies		408	
Utilities		26,439	
Furniture and Fixtures		5,444	
Total Parks and Fair Boards			\$ 89,699

Other Social, Cultural and Recreational

Contracts with Government Agencies	\$	250,510	
Total Other Social, Cultural and Recreational			250,510

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	29,713	
Secretary(s)		4,976	
Other Fringe Benefits		7,955	
Communication		2,494	
Office Equipment		669	
Total Agriculture Extension Service			45,807

Forest Service

Dues and Memberships	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(s)	\$	20,114	
Social Security		1,247	
State Retirement		1,128	
Unemployment Compensation		98	
Employer Medicare		292	
Total Soil Conservation			22,879

Flood Control

Dues and Memberships	\$	14,438	
Total Flood Control			14,438

Other Operations

Industrial Development

Dues and Memberships	\$	10,000	
Total Industrial Development			10,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Dues and Memberships	\$ 17,000	
Total Other Economic and Community Development		\$ 17,000

Airport

Supervisor/Director	\$ 28,430	
Other Salaries & Wages	11,369	
Social Security	2,321	
State Retirement	2,233	
Employee and Dependent Insurance	7,066	
Unemployment Compensation	198	
Employer Medicare	543	
Communication	1,490	
Consultants	1,200	
Maintenance & Repair Services- Buildings	5,928	
Maintenance & Repair Services- Equipment	10,323	
Postal Charges	37	
Travel	502	
Custodial Supplies	498	
Gasoline	47,803	
Office Supplies	207	
Utilities	10,088	
Liability Insurance	4,325	
Airport Improvement	32,547	
Land	260,000	
Other Equipment	385	
Total Airport		427,493

Veterans' Services

Supervisor/Director	\$ 14,871	
Social Security	922	
State Retirement	834	
Unemployment Compensation	101	
Employer Medicare	216	
Communication	430	
Maintenance Agreements	120	
Postal Charges	185	
Travel	315	
Office Supplies	522	
Total Veterans' Services		18,516

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Handling Charges & Administrative Costs	\$	120	
Contributions		11,828	
Road Signs		2,132	
Premiums on Corporate Surety Bonds		750	
Trustee's Commission		55,825	
Withholding Tax		1,091	
Workers' Compensation Insurance		49,668	
Liability Claims		11,079	
Total Other Charges			\$ 132,493

Contributions to Other Agencies

Contributions	\$	52,200	
Total Contributions to Other Agencies			52,200

Total General Fund \$ 6,680,409

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	18,267	
Social Security		1,069	
State Retirement		1,025	
Employee and Dependent Insurance		2,951	
Unemployment Compensation		113	
Employer Medicare		250	
Communication		572	
Contracts with Private Agencies		520,169	
Legal Services		1,545	
Legal Notices, Recording and Court Costs		263	
Postal Charges		8,675	
Maintenance and Repair Services - Records		12,216	
Office Supplies		1,876	
Other Charges		390	
Data Processing Equipment		63,454	
Office Equipment		555	
Total Waste Pickup			\$ 633,390

Recycling Center

Supervisor/Director	\$	43,172	
Clerical Personnel		17,618	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Part-time Personnel	\$	10,905	
Other Salaries & Wages		112,789	
Social Security		10,818	
State Retirement		9,738	
Employee and Dependent Insurance		28,286	
Unemployment Compensation		990	
Employer Medicare		2,530	
Communication		1,113	
Contracts with Private Agencies		6,968	
Freight Expenses		3,977	
Maintenance & Repair Services- Buildings		1,356	
Maintenance & Repair Services- Equipment		6,352	
Maintenance & Repair Services- Vehicles		4,855	
Transportation - Other than Students		18,060	
Travel		1,879	
Brokerage Fees - Recyclables		551	
Other Contracted Services		5,753	
Custodial Supplies		187	
Gasoline		14,259	
Office Supplies		335	
Utilities		8,744	
Other Supplies and Materials		952	
Building and Contents Insurance		1,172	
Liability Insurance		11,173	
Trustee's Commission		10,957	
Workers' Compensation Insurance		10,066	
Other Charges		3,218	
Building Construction		2,200	
Building Improvements		4,307	
Other Equipment		21,300	
Total Recycling Center			\$ 376,580

Highways

Litter and Trash Collection

Truck Drivers	\$	16,894
Social Security		977
State Retirement		948
Employee and Dependent Insurance		3,533
Unemployment Compensation		98
Employer Medicare		229

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Contracts with Government Agencies	\$	353	
Maintenance & Repair Services- Vehicles		14	
Gasoline		1,962	
Other Supplies and Materials		850	
Other Charges		3,781	
Total Litter and Trash Collection			\$ 29,639

Total Solid Waste/Sanitation Fund \$ 1,039,609

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	30,878	
Salary Supplements		519	
Social Security		1,824	
State Retirement		1,732	
Employee and Dependent Insurance		3,532	
Unemployment Compensation		98	
Employer Medicare		426	
Communication		654	
Confidential Drug Enforcement Payments		4,200	
Dues and Memberships		35	
Maintenance & Repair Services- Vehicles		90	
Travel		2,113	
Veterinary Services		780	
Trustee's Commission		662	
Law Enforcement Equipment		6,137	
Motor Vehicles		25,424	
Special Education Equipment		2,726	
Total Drug Enforcement			\$ 81,830

Total Drug Control Fund 81,830

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	639	
Postal Charges		8	
Travel		4,939	
Tuition		2,730	

(Continued)

Exhibit K-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Office Supplies	\$ 1,072	
Trustee's Commission	163	
Other Charges	2,000	
Office Equipment	732	
Total District Attorney General		\$ 12,283

Total District Attorney General Fund \$ 12,283

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 108,749	
Total Register of Deeds		\$ 108,749

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 137,851	
Total County Clerk's Office		137,851

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 61,818	
Total Chancery Court		61,818

Total Constitutional Officers - Fees Fund 308,418

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 115,654	
Accountants/Bookkeepers	21,945	
Secretary(s)	20,392	
Communication	3,086	
Contracts with Other Public Agencies	156	
Data Processing Services	4,866	
Dues and Memberships	2,461	
Evaluation and Testing	274	
Maintenance & Repair Services- Office Equipment	187	
Medical and Dental Services	35	
Postal Charges	179	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Printing, Stationery and Forms	\$	465	
Travel		979	
Tuition		395	
Data Processing Supplies		851	
Drugs and Medical Supplies		303	
Electricity		3,363	
Natural Gas		2,333	
Office Supplies		454	
Utilities		694	
Water and Sewer		555	
Building and Contents Insurance		6,757	
Data Processing Equipment		6,167	
Total Administration			\$ 192,551

Highway and Bridge Maintenance

Equipment Operators	\$	182,505	
Truck Drivers		223,605	
Laborers		165,279	
Contracts with Private Agencies		3,318	
Engineering Services		14,530	
Asphalt - Liquid		19,224	
Crushed Stone		8,514	
Fertilizer, Lime and Seed		215	
Ice		176	
Other Road Supplies		136	
Pipe - Metal		27,987	
Road Signs		10,096	
Wood Products		7,001	
Chemicals		932	
Other Supplies and Materials		854	
Total Highway and Bridge Maintenance			664,372

Operation and Maintenance of Equipment

Mechanic(s)	\$	93,170	
Freight Expenses		8	
Maintenance & Repair Services- Equipment		9,708	
Maintenance & Repair Services- Vehicles		1,722	
Tow-in Services		175	
Diesel Fuel		85,147	
Equipment and Machinery Parts		105,837	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Garage Supplies	\$	4,644	
Gasoline		24,772	
Lubricants		9,012	
Small Tools		301	
Tires and Tubes		24,232	
Other Supplies and Materials		327	
Boiler Insurance		80	
Other Charges		929	
Total Operation and Maintenance of Equipment			\$ 360,064

Other Charges

Liability Insurance	\$	22,422	
Trustee's Commission		27,984	
Workers' Compensation Insurance		67,205	
Total Other Charges			117,611

Employee Benefits

Social Security	\$	56,581	
State Retirement		45,150	
Medical Insurance		295,612	
Unemployment Compensation		8,562	
Total Employee Benefits			405,905

Capital Outlay

Bridge Construction	\$	415,785	
Communication Equipment		350	
Highway Construction		574,643	
State Aid Projects		184,909	
Other Equipment		41,552	
Other Capital Outlay		31,964	
Total Capital Outlay			1,249,203

Principal

Highways and Streets

Principal on Notes	\$	117,000	
Principal on Capital Leases		25,950	
Total Highways and Streets			142,950

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Interest

Highways and Streets

Interest on Notes	\$ 5,332	
Interest on Capital Leases	480	
Total Highways and Streets	<u>5,812</u>	\$ 5,812

Total Highway/Public Works Fund \$ 3,138,468

General Debt Service Fund

Principal

General Government

Principal on Notes	\$ 115,102	
Principal on Capital Leases	66,127	
Principal on Other Loans Payable	61,000	
Total General Government	<u>242,229</u>	\$ 242,229

Interest

General Government

Interest on Notes	\$ 35,545	
Interest on Other Loans Payable	14,146	
Total General Government	<u>49,691</u>	49,691

Other Debt Service

General Government

Trustee's Commission	\$ 4,708	
Total General Government	<u>4,708</u>	4,708

Total General Debt Service Fund 296,628

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Building Improvements	\$ 68,194	
Total Administration of Justice Projects	<u>68,194</u>	\$ 68,194

Public Safety Projects

Other Supplies and Materials	\$ 5,593	
Building Construction	482,650	
Building Improvements	118,311	
Communication Equipment	141,711	
Food Service Equipment	3,025	
Furniture and Fixtures	6,455	
Total Public Safety Projects	<u>757,745</u>	757,745

Total General Capital Projects Fund 825,939

(Continued)

Exhibit K-7

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

<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Building Construction	\$	<u>672,742</u>	
Total Public Health and Welfare Projects			<u>\$ 672,742</u>
 Total Other Capital Projects Fund			 <u>\$ 672,742</u>
 Total Governmental Funds - Primary Government			 <u><u>\$ 13,056,326</u></u>

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,578	
Social Security		98	
State Retirement		87	
Unemployment Compensation		1	
Employer Medicare		23	
Instructional Supplies and Materials		14,400	
Total Regular Instruction Program			\$ 16,187

Alternative Instruction Program

Teachers	\$	43,271	
Career Ladder Program		1,000	
Educational Assistants		11,513	
Social Security		3,047	
State Retirement		3,081	
Medical Insurance		5,559	
Unemployment Compensation		74	
Employer Medicare		713	
Instructional Supplies and Materials		2,000	
Total Alternative Instruction Program			70,258

Special Education Program

Teachers	\$	276,096	
Career Ladder Program		8,000	
Educational Assistants		99,719	
Certified Substitute Teachers		4,903	
Social Security		22,041	
State Retirement		21,319	
Medical Insurance		26,324	
Unemployment Compensation		579	
Employer Medicare		5,155	
Travel		644	
Other Contracted Services		25,893	
Instructional Supplies and Materials		4,669	
Other Charges		1,252	
Special Education Equipment		472	
Total Special Education Program			497,066

Vocational Education Program

Teachers	\$	336,835	
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(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	4,000	
Certified Substitute Teachers		3,307	
Social Security		19,768	
State Retirement		18,801	
Medical Insurance		21,130	
Unemployment Compensation		388	
Employer Medicare		4,623	
Travel		283	
Instructional Supplies and Materials		19,982	
Textbooks		6,636	
Other Charges		165	
Vocational Instruction Equipment		53,493	
Total Vocational Education Program			\$ 489,411

Adult Education Program

Teachers	\$	40,898	
Educational Assistants		15,056	
Social Security		3,469	
Unemployment Compensation		241	
Employer Medicare		811	
Instructional Supplies and Materials		5,614	
Total Adult Education Program			66,089

Support Services

Health Services

Other Salaries & Wages	\$	10,632	
Social Security		659	
Unemployment Compensation		37	
Employer Medicare		154	
Drugs and Medical Supplies		198	
Other Supplies and Materials		132	
Total Health Services			11,812

Other Student Support

Social Workers	\$	31,051	
Secretary(s)		19,297	
Social Security		2,995	
State Retirement		2,824	
Medical Insurance		2,540	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$	74	
Employer Medicare		700	
Evaluation and Testing		4,740	
Maintenance & Repair Services- Equipment		2,259	
Travel		4,601	
Other Contracted Services		438	
Other Supplies and Materials		1,083	
In Service/Staff Development		330	
Other Charges		20,556	
Total Other Student Support			\$ 93,488

Regular Instruction Program

Other Salaries & Wages	\$	19,137	
Social Security		1,186	
State Retirement		112	
Unemployment Compensation		37	
Employer Medicare		277	
Travel		226	
Other Supplies and Materials		86	
In Service/Staff Development		1,599	
Total Regular Instruction Program			22,660

Special Education Program

Supervisor/Director	\$	49,245	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		3,318	
State Retirement		3,094	
Medical Insurance		2,044	
Unemployment Compensation		37	
Employer Medicare		776	
Other Supplies and Materials		26	
In Service/Staff Development		575	
Total Special Education Program			66,115

Vocational Education Program

Instructional Computer Personnel	\$	18,870	
Secretary(s)		18,726	
Social Security		2,251	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	2,109	
Unemployment Compensation		71	
Employer Medicare		526	
In Service/Staff Development		5,187	
Other Charges		5,400	
Total Vocational Education Program			\$ 53,140

Adult Programs

Supervisor/Director	\$	39,325	
Social Security		2,365	
State Retirement		2,163	
Unemployment Compensation		37	
Employer Medicare		553	
In Service/Staff Development		2,690	
Other Charges		2,399	
Total Adult Programs			49,532

Board of Education

Board and Committee Members Fees	\$	6,700	
Social Security		415	
Employer Medicare		97	
Audit Services		1,750	
Dues and Memberships		1,569	
Trustee's Commission		5,561	
In Service/Staff Development		3,564	
Criminal Investigation of Applicants - TBI		912	
Other Charges		2,202	
Total Board of Education			22,770

Director of Schools

County Official/Administrative Officer	\$	63,751	
Career Ladder Program		1,000	
Social Security		3,944	
State Retirement		3,561	
Life Insurance		104	
Medical Insurance		11,335	
Unemployment Compensation		37	
Employer Medicare		922	
Communication		4,674	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Dues and Memberships	\$	1,047	
Postal Charges		1,986	
Travel		305	
In Service/Staff Development		200	
Other Charges		533	
Administration Equipment		454	
Total Director of Schools			\$ 93,853

Office of the Principal

Principals	\$	49,531	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		1,000	
Social Security		3,145	
State Retirement		2,944	
Medical Insurance		2,404	
Unemployment Compensation		37	
Employer Medicare		736	
Communication		2,704	
Maintenance & Repair Services- Buildings		3,000	
Maintenance & Repair Services- Equipment		1,927	
Postal Charges		740	
Travel		51	
In Service/Staff Development		1,058	
Total Office of the Principal			72,277

Fiscal Services

Accountants/Bookkeepers	\$	36,204	
Clerical Personnel		4,964	
Social Security		2,329	
State Retirement		2,310	
Medical Insurance		2,540	
Unemployment Compensation		44	
Employer Medicare		545	
Data Processing Services		4,888	
Data Processing Supplies		1,719	
Office Supplies		2,603	
In Service/Staff Development		85	
Other Charges		62	
Administration Equipment		175	
Total Fiscal Services			58,468

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Janitorial Services	\$	27,750	
Disposal Fees		1,984	
Other Contracted Services		2,068	
Custodial Supplies		11,630	
Electricity		36,436	
Natural Gas		19,874	
Water and Sewer		3,127	
Other Supplies and Materials		57	
Total Operation of Plant			\$ 102,926

Maintenance of Plant

Maintenance Personnel	\$	22,279	
Other Salaries & Wages		21,137	
Social Security		2,468	
State Retirement		2,436	
Medical Insurance		5,081	
Unemployment Compensation		74	
Employer Medicare		577	
Maintenance & Repair Services- Buildings		8,751	
Maintenance & Repair Services- Equipment		8,752	
Travel		148	
Other Contracted Services		2,478	
Other Supplies and Materials		291	
Maintenance Equipment		3,949	
Other Equipment		385	
Total Maintenance of Plant			78,806

Transportation

Bus Drivers	\$	33,147	
Social Security		2,055	
State Retirement		1,860	
Unemployment Compensation		76	
Employer Medicare		481	
Communication		2,695	
Diesel Fuel		12,478	
Transportation Equipment		193,170	
Total Transportation			245,962

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Other Salaries & Wages	\$ 25,500	
Social Security	1,483	
State Retirement	1,431	
Medical Insurance	2,540	
Unemployment Compensation	37	
Employer Medicare	347	
Travel	17	
Other Contracted Services	12,147	
Other Supplies and Materials	77	
In Service/Staff Development	723	
Other Charges	381	
Other Equipment	3,049	
Total Central and Other		\$ 47,732

Operation of Non-Instructional Services

Food Service

Travel	\$ 61	
Food Supplies	10,260	
Other Supplies and Materials	60	
Other Charges	23	
Total Food Service		10,404

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 93,882	
Land	13,550	
Total Regular Capital Outlay		107,432

Principal

Education

Principal on Notes	\$ 5,636	
Total Education		5,636

Interest

Education

Interest on Notes	\$ 707	
Total Education		707

Total General Purpose School Fund \$ 2,282,731

(Continued)

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

School Transportation Fund

Support Services

Board of Education

Liability Insurance	\$	35,122	
Trustee's Commission		14,615	
Workers' Compensation Insurance		39,488	
Other Charges		315	
Total Board of Education			\$ 89,540

Transportation

Supervisor/Director	\$	32,762	
Mechanic(s)		73,873	
Bus Drivers		406,897	
Clerical Personnel		21,058	
Other Salaries & Wages		23,479	
Social Security		34,315	
State Retirement		29,832	
Medical Insurance		6,136	
Unemployment Compensation		1,968	
Employer Medicare		8,025	
Communication		264	
Laundry Service		3,510	
Medical and Dental Services		5,405	
Other Contracted Services		2,412	
Diesel Fuel		134,778	
Garage Supplies		806	
Gasoline		6,233	
Lubricants		6,087	
Tires and Tubes		23,180	
Vehicle Parts		49,759	
Gravel and Chert		2,149	
Other Supplies and Materials		720	
In Service/Staff Development		1,733	
Other Charges		2,768	
Other Equipment		19,597	
Total Transportation			<u>897,746</u>

Total School Transportation Fund \$ 987,286

Total Governmental Funds - Carroll County School Department \$ 3,270,017

Exhibit K-9

Carroll County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Funds
For the Year Ended June 30, 2005

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 10,154	\$ 10,154
Interest and Penalty	0	5	5
Local Option Sales Tax	2,044,358	2,145,182	4,189,540
Interstate Telecommunications Tax	0	4,623	4,623
City/School District Property Taxes:			
Current Property Tax	0	4,307,876	4,307,876
Prior Year's Property Tax	0	417,872	417,872
Interest and Penalty		33,765	33,765
Payments in Lieu of Taxes	0	226,316	226,316
Marriage Licenses	0	2,280	2,280
Mixed Drink Tax	0	1,911	1,911
Total Cash Receipts	<u>\$ 2,044,358</u>	<u>\$ 7,149,984</u>	<u>\$ 9,194,342</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,023,914	\$ 7,053,612	\$ 9,077,526
Trustee's Commission	20,444	116,786	137,230
Total Cash Disbursements	<u>\$ 2,044,358</u>	<u>\$ 7,170,398</u>	<u>\$ 9,214,756</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (20,414)	\$ (20,414)
Cash Balance, July 1, 2004	<u>0</u>	<u>297,306</u>	<u>297,306</u>
Cash Balance, June 30, 2005	<u>\$ 0</u>	<u>\$ 276,892</u>	<u>\$ 276,892</u>

STATISTICAL SECTION

Table 1

Carroll County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year	Amount
1999	\$ 148,708
2000	151,001
2001	127,093
2002	223,424
2003	281,284
Total	\$ 931,510

This total includes county taxes and special school district taxes.

Table 2

Carroll County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.55	\$ 0.55	\$ 0.58	\$ 0.63	\$ 0.66	\$ 0.65	0.65
Solid Waste/Sanitation	0.14	0.14	0.14	0.11	0.11	0.09	0.09	0.09	0.08	0.08
Highway/Public Works	0.08	0.08	0.08	0.12	0.12	0.10	0.10	0.10	0.09	0.09
General Debt Service	0.09	0.09	0.09	0.10	0.10	0.07	0.07	0.08	0.08	0.07
General Purpose School	0.32	0.32	0.32	0.17	0.17	0.09	0.04	0.00	0.00	0.00
School Transportation	0.24	0.24	0.24	0.19	0.19	0.17	0.17	0.17	0.16	0.17
Total Tax Rates	\$ 1.55	\$ 1.55	\$ 1.55	\$ 1.24	\$ 1.24	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.06	1.06
<u>Assessed Valuation</u>										
Real and Personal	\$ 154,822,380	\$ 155,120,788	\$ 199,892,073	\$ 204,273,892	\$ 207,123,628	\$ 240,817,285	\$ 247,376,566	\$ 249,867,758	\$ 265,870,927	\$ 267,319,873
Public Utilities	12,623,142	10,073,013	12,056,553	11,985,414	11,860,940	14,043,844	13,641,688	11,504,104	12,154,967	11,445,229
Total Assessed Valuation	\$ 167,445,522	\$ 165,193,801	\$ 211,948,626	\$ 216,259,306	\$ 218,984,568	\$ 254,861,129	\$ 261,018,254	\$ 261,371,862	\$ 278,025,894	\$ 278,765,102

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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

November 16, 2005

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

To the County Mayor and Board of County Commissioners:

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 Carroll County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated November 16, 2005. Our report on the aggregate remaining fund information of Carroll County, Tennessee, expressed an adverse opinion because the financial statements do not include the Carroll County Indigent Care Board (Fiduciary Fund), as required by accounting principles generally accepted in the United States of America. Our reports on the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund of Carroll County were unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the

internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Carroll County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02, 05.03, 05.04, 05.05, and 05.06.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

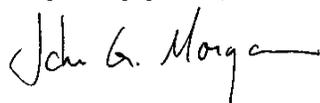
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01.

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

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 16, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Carroll County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Carroll County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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 Carroll County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Carroll County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Carroll County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

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 Carroll County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 16, 2005. Our report on the aggregate remaining fund information financial statements of Carroll County, Tennessee, expresses an adverse opinion because the financial statements do not include the Carroll County Indigent Care Board (Fiduciary Fund), as required by accounting principles generally accepted in the United States of America. Our report on the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund of Carroll County was unqualified. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

OTHER 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 GOVERNMENT AUDITING STANDARDS

For the Carroll County Board of Public Utilities

Board of Directors
Carroll County Board of Public Utilities
Huntingdon, Tennessee

We have audited the financial statements of the Carroll County Board of Public Utilities, an enterprise fund of Carroll County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the system's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management and State of Tennessee, Comptroller of the Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

OTHER 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 GOVERNMENT AUDITING STANDARDS

For the Carroll County Emergency Communications District

Members of the Board of the Emergency Communications
District of Carroll County, Tennessee
Huntingdon, Tennessee 38344

We have audited the financial statements of the Carroll County Emergency Communications District, as of and for the year ended June 30, 2005, and have issued our report thereon. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the district's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Finding 97-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carroll County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in Findings 99-1 and 04-1.

This report is intended solely for the information and use of the audit committee, management and the board of the Emergency Communications District of Carroll County, Tennessee and the State of Tennessee, Comptroller Office, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FINDINGS AND RECOMMENDATIONS

For the Year Ended June 30, 2005

FINDINGS RELATIVE TO THE AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Reportable Conditions

97-1 Segregation of Duties

Condition: The district uses an outside accounting firm to keep the books and records. This firm also pays bills and reconciles the bank account. Due to this situation, the Carroll County Emergency Communications could not fully segregate the record-keeping and custodial functions of its internal accounting controls.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective. For example, someone other than the person making the deposit should log in the checks received and trace them back to the deposit slip.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: While auditors recognize that staff size, due to funding limitations, is not adequate to fully segregate the functions mentioned above, management needs to be aware that this limitation does exist in the district's internal accounting controls.

Response: The director will create a check log and obtain copies of the deposit slips to confirm.

Noncompliance

99-1 Untimely Deposits

Condition: The district failed to deposit some of the revenues it received during the year within three banking days.

Criteria: Tennessee Code Annotated requires that all monies collected by the municipality be deposited within three banking days of receipt (TCA 6-56-111).

Effect: Untimely deposits could result in lost interest income and the unauthorized use of funds.

Recommendation: All monies collected should be deposited within three banking days of being received.

Response: The director will use the log book to see that checks are timely deposited.

04-1 Budget Amendments

Condition: The budgetary financial statement reflected that one expenditure line item exceeded appropriations.

Criteria: The Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts requires that expenses be presented at the legal level of control, which is defined to be at the line-item level.

Effect: The district has made expenses not legally appropriated by the board.

Recommendation: Although this condition has improved since the prior year, we recommend the district continue to carefully monitor its budget each month and make amendments as appropriated in order to include all expenditures. Also included would be depreciation and amortization expenses. All final budget amendments for a current fiscal year must be approved prior to June 30.

Response: The district will make every effort to make amendments as needed.

Carroll County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

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:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 5,822
National School Lunch Program	10.555	N/A	54,547 (3)
Passed-through State Department of Education:			
National School Lunch Program	10.555	N/A	4,982 (3)
Total U.S. Department of Agriculture			\$ 65,351
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-10725-00	\$ 283,675
Total U.S. Department of Housing and Urban Development			\$ 283,675
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-04-10525-00	\$ 1,464
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-05-020358-00	9,000
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Z-99-088454-00	41,043
Total U.S. Department of Justice			\$ 51,507
U.S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Youth Activities	17.259	5110010179800	\$ 22,237 (4)
WIA Youth Activities	17.259	5110170022082	22,362 (4)
Passed-through State Department of Labor and Workforce Development:			
WIA Incentive Grants - Section 503 Grants to States	17.267	Z-04-019472-00	6,023
Total U.S. Department of Labor			\$ 50,622
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-03-014255-00	\$ 262,492
Total U.S. Department of Transportation			\$ 262,492
U.S. Institute of Museum and Library Services:			
Passed-through State Department of State:			
State Library Program	45.310	Z-04-021844-00	\$ 1,300
Total U.S. Institute of Museum and Library Services			\$ 1,300
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04016649-00	\$ 39,387 (5)
Adult Education - State Grant Program	84.002	Z-05022201-00	57,263 (5)
Passed-through State Department of Education:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-04-10272-01	66,278
Education Technology State Grants	84.318	GG-05-11419-00	23,000
Total U.S. Department of Education			\$ 185,928
U. S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 66,526
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-05-022294-00	20,379
Total U.S. Department of Health and Human Services			\$ 86,905

(Continued)

Carroll 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 Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022423-00	\$ 150,548 (6)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020075-00	90,585 (6)
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017730-00	26,860 (6)
State Domestic Preparedness Equipment Support Program	97.004	GG-05-11669-00	22,977 (6)
Public Assistance Grants	97.036	Z-03-014778-00	1,983
Emergency Management Performance Grants	97.042	Z-05-025403-00	38,150
Total U.S. Department of Homeland Security			\$ 331,103
Total Expenditures of Federal Awards			\$ 1,318,883
State Grants:			
Custodial Prevention Services - State Department of Children's Services	N/A	(2)	\$ 863,491
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	11,008
Waste Tire Collection - State Department of Environment and Conservation	N/A	Z-03-011308-00	20,030
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	Z-05-020878-00	17,040
Gates Foundation Staying Connected Grants	N/A	(2)	1,200
Rural Local Health Services - State Department of Health	N/A	Z-05-020567-01	54,774
Airport Maintenance - State Department of Transportation	N/A	Z-03-014151-01	17,325
Airport Maintenance - State Department of Transportation	N/A	Z-05-023866-00	7,239
Airport Improvements - State Department of Transportation	N/A	Z-04-018090-01	290
Rural Dispatchers Grant - State Emergency Communications Board	N/A	Z-04-020002-00	36,872
Litter Grant - State Department of Transportation	N/A	Z-05-021478-00	41,920
Total State Grants			\$ 1,071,189

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 National School Lunch Program (CFDA No. 10.555) from the U.S. Department of Agriculture \$59,529.
(4) Total WIA Youth Activities (CFDA No. 17.259) from the U.S. Department of Labor \$44,599.
(5) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U.S. Department of Education \$96,650.
(6) Total State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) from U.S. Department of Homeland Security \$290,970.

Carroll County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

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 Carroll County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	158	General ledger payroll liability accounts were not reconciled
04.03	159	The Highway Department did not maintain a system to account for the use of road materials

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	160	Sufficient user documentation for the operating system and software applications was not maintained

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.06	160	Duties were not segregated adequately in the offices of Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff
04.07	161	A central system of accounting, budgeting, and purchasing had not been adopted

CARROLL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of the aggregate remaining fund information of Carroll County. Our opinion on the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund was unqualified.
2. The audit of the financial statements disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Carroll County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The National School Lunch Program (CFDA No. 10.555), Community Development Block Grants/State's Program (CFDA No. 14.228), Airport Improvement Program (CFDA No. 20.106), and Adult Education – State Grant Program (CFDA No. 84.002) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Carroll 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. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 05.01 AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED TO AN ESCROW ACCOUNT
(Noncompliance Under Government Auditing Standards)

The office did not deposit amounts withheld from contractor payments into an escrow account. Section 66-11-144, Tennessee Code Annotated, requires funds withheld from contractors to be deposited into an escrow account for contracts of \$500,000 or more.

RECOMMENDATION

Amounts withheld from contractor payments should be deposited into an escrow account in compliance with state statute.

OFFICE OF HIGHWAY COMMISSION

FINDING 05.02 GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED
(Internal Control – Reportable Condition Under Government Auditing Standards)

General ledger payroll liability accounts were not reconciled with payroll reports and payments. In addition, we discovered that numerous posting errors were made in these accounts. The failure to regularly reconcile payroll deduction accounts allows errors to remain undiscovered and uncorrected. We have provided management with audit adjustments to properly reflect these liability accounts in the financial statements of this report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly.

FINDING 05.03

THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS

(Internal Control – Reportable Condition Under Government Auditing Standards)

The Highway Department had a system to determine the use of materials, such as bridge lumber, culvert tiles, and rock, for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 05.04

SUFFICIENT USER DOCUMENTATION FOR THE OPERATING SYSTEM AND SOFTWARE APPLICATIONS WAS NOT MAINTAINED

(Internal Control – Reportable Condition Under Government Auditing Standards)

The circuit and general sessions courts clerk did not maintain formal user documentation pertaining to the accounting software and operating system. This documentation is necessary to provide users with information regarding system maintenance and inputs, application processing requirements, output definitions, and system recovery. Inadequate documentation may result in inaccurate and inefficient processing of applications.

RECOMMENDATION

The office should maintain user documentation pertaining to all software applications and the operating system. Management should contact their vendor and obtain current user documentation for all components of their computer system.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.05 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. In the Office of Director of Schools, the bookkeeper reconciled cash balances with the trustee, issued purchase orders, entered invoices into the computer system, and generated warrants. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

FINDING 05.06 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Carroll County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal awards.

CARROLL COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

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