

ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

**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, 2006

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Comptroller of the Treasury

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

CARROLL COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Carroll County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2006.

Results

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Carroll County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General Capital Projects Fund had a fund deficit of \$364,019 and a cash overdraft of \$162,001 at June 30, 2006.
- ◆ General Fund expenditures exceeded appropriations approved by the County Commission in the Other Social, Cultural, and Recreational and the Other Charges major appropriation categories (the legal level of control) by \$9,240 and \$1,164, respectively.

OFFICE OF HIGHWAY COMMISSION

- ◆ Expenditures exceeded appropriations approved by the County Commission in five major appropriation categories (the legal level of control) by amounts ranging from \$121 to \$39,953.
 - ◆ General ledger payroll liability accounts were not reconciled with payroll reports and payments.
 - ◆ The office had deficiencies in computer system backup procedures.
 - ◆ The Highway Department did not maintain a system to account for materials used on certain types of road projects.
-

OFFICE OF TRUSTEE

- ◆ The trustee did not require a depository to pledge securities to protect county funds exceeding Federal Deposit Insurance Corporation coverage.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

OFFICE OF SHERIFF

- ◆ Deficiencies were noted in the operations related to a telephone service contract.
-

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.

INTRODUCTORY SECTION

Carroll County Officials

June 30, 2006

Officials

Kenny McBride, County Mayor
Charlotte Tucker, Director of Schools
Patricia Rich, Trustee
Johnny Radford, Assessor of Property
Carolyn Halter Lutz, County Clerk
Paul Newmon, Circuit, General Sessions, and Juvenile Courts Clerk
Kenneth Todd, Clerk and Master
Judy 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
Richard Goodwin
Roger Hollowell
Bill Kirk

Wayne Kirk
John Mann
Ronnie Murphy
Steve Parker
LaRenda Scarbrough
Billy Smith
Larry Spencer
Ben 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 Surber

Board of Education

Harold McLain, Chairman
Gina Atkins
James Knolton
Jimmy Simmons
Antoinette Stokes
Tanya Young

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

February 26, 2007

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, 2006, 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). Also, we did not audit the financial statements of the Carroll County Indigent Care Board (a fiduciary fund), which represent 26 percent and .01 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Furthermore, we did not audit the financial statements of the discretely presented Carroll County Emergency Communications District, which represent 9.7 percent and 8.1 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, the Carroll County Indigent Care Board, and the 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.

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, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of June 30, 2006, 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 February 26, 2007, 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.

The management of Carroll County did not prepare the management's discussion and analysis. The management's discussions and analysis section 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.

The budgetary comparison information on pages 79 through 83 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Carroll County, Tennessee
Statement of Net Assets
June 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
ASSETS					
Cash	\$ 78,971	\$ 1,838,612	\$ 1,917,583	\$ 0	\$ 167,844
Equity in Pooled Cash and Investments	4,018,799	0	4,018,799	2,767,494	0
Inventories	0	444,475	444,475	0	0
Investments		4,458,069	4,458,069		377,822
Accounts Receivable	8,968	2,909,296	2,918,264	126,927	23,316
Due from Other Governments	585,483	0	585,483	107,729	0
Property Taxes Receivable	2,702,827	0	2,702,827	516,270	0
Allowance for Uncollectible Property Taxes	(197,429)	0	(197,429)	(37,711)	0
Prepaid Items	0	383,780	383,780	0	0
Accrued Interest Receivable	22,279	0	22,279	0	1,144
Other Current Assets	0	0	0	0	50
Other Restricted Assets	0	336,563	336,563	0	0
Deferred Charges - Debt Issuance Costs	16,659	19,777	36,436	0	0
Notes Receivable	27,500	0	27,500	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,731,143	220,415	1,951,558	176,489	0
Construction in Progress	1,168,441	3,875	1,172,316	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	3,478,856	453,617	3,932,473	1,854,817	76,090
Infrastructure	1,380,605	0	1,380,605	0	0
Other Capital Assets	1,247,411	18,144,916	19,392,327	1,586,486	112,768
Total Assets	\$ 16,270,513	\$ 29,213,395	\$ 45,483,908	\$ 7,098,501	\$ 759,034
LIABILITIES					
Accounts Payable	\$ 89,925	\$ 3,056,100	\$ 3,146,025	\$ 0	\$ 2,503
Payroll Deductions Payable	421	0	421	6,938	0
Accrued Leave	0	842,884	842,884	0	0
Cash Overdraft	162,001	0	162,001	0	0
Accrued Interest Payable	13,066	0	13,066	243	0
Due to State of Tennessee	6,934	0	6,934	0	0
Customer Deposits Payable	0	781,601	781,601	0	0
Deferred Revenue - Current Property Taxes	2,424,580	0	2,424,580	463,122	0
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	0	10,967	10,967	0	0
Noncurrent Liabilities:					
Due Within One Year	262,947	120,000	382,947	5,979	0
Due in More Than One Year (net of amortized discount on debt)	2,228,297	1,316,789	3,545,086	6,158	0
Total Liabilities	\$ 5,188,171	\$ 6,128,341	\$ 11,316,512	\$ 482,440	\$ 2,503
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 6,749,687	\$ 17,362,823	\$ 24,112,510	\$ 3,605,655	\$ 0
Invested in Capital Assets	0	0	0	0	188,859
Restricted for:					
Debt Service	392,657	325,596	718,253	0	0
Highway/Public Works	842,269	0	842,269	0	0
Solid Waste/Sanitation	209,296	0	209,296	0	0
Drug Control	53,799	0	53,799	0	0
District Attorney General	51,952	0	51,952	0	0
School Transportation	0	0	0	427,810	0
Other Purposes	212,285	0	212,285	2,953	0
Unrestricted	2,570,397	5,396,635	7,967,032	2,579,643	567,672
Total Net Assets	\$ 11,082,342	\$ 23,085,054	\$ 34,167,396	\$ 6,616,061	\$ 756,531

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, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	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	\$ 1,011,039	\$ 283,599	\$ 20,475	\$ 243,500	\$ (463,465)	\$ 0	\$ (463,465)	\$ 0	\$ 0
Finance	584,471	461,080	11,111	0	(112,280)	0	(112,280)	0	0
Administration of Justice	756,834	574,715	0	0	(182,119)	0	(182,119)	0	0
Public Safety	3,525,917	343,369	1,151,547	210,235	(1,820,766)	0	(1,820,766)	0	0
Public Health and Welfare	1,210,751	670,019	279,556	16,326	(244,850)	0	(244,850)	0	0
Social, Cultural and Recreational Services	661,979	36,719	92,608	3,990	(528,662)	0	(528,662)	0	0
Agriculture and Natural Resources	111,012	8,250	0	0	(102,762)	0	(102,762)	0	0
Other Operations	456,668	137,166	4,960	1,154	(313,388)	0	(313,388)	0	0
Highways/Public Works	2,526,774	65,262	1,913,539	198,113	(349,860)	0	(349,860)	0	0
Interest on Long-term Debt	69,772	0	0	0	(69,772)	0	(69,772)	0	0
Other Debt Service	6,024	0	0	0	(6,024)	0	(6,024)	0	0
Total Governmental Activities	\$ 10,921,241	\$ 2,580,179	\$ 3,473,796	\$ 673,318	\$ (4,193,948)	\$ 0	\$ (4,193,948)	\$ 0	\$ 0
Business-type Activities:									
Public Utility	\$ 30,932,414	\$ 31,775,142	\$ 0	\$ 0	\$ 0	\$ 842,728	\$ 842,728	\$ 0	\$ 0
Total Primary Government	\$ 41,853,655	\$ 34,355,321	\$ 3,473,796	\$ 673,318	\$ (4,193,948)	\$ 842,728	\$ (3,351,220)	\$ 0	\$ 0
Component Units:									
Carroll County School Department	\$ 3,290,090	\$ 728,530	\$ 175,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,386,183)	\$ 0
Emergency Communications District	229,343	226,544	80,000	0	0	0	0	0	77,201
Total Component Units	\$ 3,519,433	\$ 955,074	\$ 255,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,386,183)	\$ 77,201

(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					\$ 2,367,124	\$ 0	\$ 2,367,124	\$ 489,885	\$ 0
Property Taxes Levied for Debt Service					202,869	0	202,869	0	0
Local Option Sales Tax					196,695	0	196,695	91,456	0
Other Local Taxes					1,178,067	0	1,178,067	196	0
Grants and Contributions Not Restricted for Specific Programs					618,139	0	618,139	2,221,864	0
Unrestricted Investment Income					179,595	169,499	349,094	0	12,503
Miscellaneous					4,900	0	4,900	27,360	11,463
Total General Revenues					\$ 4,747,389	\$ 169,499	\$ 4,916,888	\$ 2,830,761	\$ 23,966
Change in Net Assets					\$ 553,441	\$ 1,012,227	\$ 1,565,668	\$ 444,578	\$ 101,167
Net Assets, July 1, 2005					9,856,159	22,072,827	31,928,986	6,171,483	660,064
Prior Period Adjustment					672,742	0	672,742	0	(4,700)
Net Assets, June 30, 2006					\$ 11,082,342	\$ 23,085,054	\$ 34,167,396	\$ 6,616,061	\$ 756,531

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, 2006

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Funds Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 450	\$ 0	\$ 78,521	\$ 78,971
Equity in Pooled Cash and Investments	2,825,765	509,085	683,949	4,018,799
Accounts Receivable	8,535	71	362	8,968
Due from Other Governments	194,039	379,523	11,921	585,483
Due from Other Funds	706	0	10,519	11,225
Property Taxes Receivable	1,917,257	273,319	512,251	2,702,827
Allowance for Uncollectible Property Taxes	(141,957)	(19,965)	(35,507)	(197,429)
Accrued Interest Receivable	22,279	0	0	22,279
Notes Receivable - Long-term	27,500	0	0	27,500
Total Assets	\$ 4,854,574	\$ 1,142,033	\$ 1,262,016	\$ 7,258,623
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 89,925	\$ 0	\$ 0	\$ 89,925
Payroll Deductions Payable	418	0	3	421
Cash Overdraft	0	0	162,001	162,001
Due to Other Funds	10,519	0	706	11,225
Due to State of Tennessee	6,934	0	0	6,934
Deferred Revenue - Current Property Taxes	1,716,276	245,182	463,122	2,424,580
Deferred Revenue - Delinquent Property Taxes	51,894	7,185	11,976	71,055
Other Deferred Revenues	54,944	170,537	0	225,481
Total Liabilities	\$ 1,930,910	\$ 422,904	\$ 637,808	\$ 2,991,622
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 0	\$ 202,018	\$ 202,018
Reserved for Alcohol and Drug Treatment	58,190	0	0	58,190
Reserved for Sexual Offender Registration	1,635	0	0	1,635
Reserved for Computer System - Register	49,517	0	0	49,517
Reserved for Automation Purposes - General Sessions Court	13,330	0	0	13,330
Reserved for Automation Purposes - Chancery Court	3,248	0	0	3,248
Reserved for Long-term Notes Receivable	27,500	0	0	27,500
Reserved for Other General Purposes	58,865	0	0	58,865
Unreserved, Reported In:				
General Fund	2,711,379	0	0	2,711,379
Special Revenue Funds	0	719,129	386,075	1,105,204
Debt Service Funds	0	0	400,134	400,134
Capital Projects Funds (Deficit)	0	0	(364,019)	(364,019)
Total Fund Balances	\$ 2,923,664	\$ 719,129	\$ 624,208	\$ 4,267,001
Total Liabilities and Fund Balances	\$ 4,854,574	\$ 1,142,033	\$ 1,262,016	\$ 7,258,623

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, 2006

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)		\$	4,267,001
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,731,143	
Add: construction in progress		1,168,441	
Add: buildings and improvements net of accumulated depreciation		3,478,856	
Add: infrastructure net of accumulated depreciation		1,380,605	
Add: other capital assets net of accumulated depreciation		<u>1,247,411</u>	9,006,456
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			296,536
(3) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: notes payable	\$	(558,248)	
Less: other loans payable		(1,651,042)	
Less: capital leases payable		(64,138)	
Add: deferred charges - debt issuance costs		16,659	
Less: accrued interest on notes and capital leases		(13,066)	
Less: compensated absences payable		<u>(217,816)</u>	<u>(2,487,651)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 11,082,342</u>

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

Exhibit C-3

Carroll County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,095,228	\$ 843,854	\$ 521,947	\$ 4,461,029
Licenses and Permits	5,357	0	0	5,357
Fines, Forfeitures, and Penalties	134,392	0	67,515	201,907
Charges for Current Services	78,918	132	943,661	1,022,711
Other Local Revenues	585,003	14,170	93,234	692,407
Fees Received from County Officials	649,798	0	0	649,798
State of Tennessee	1,679,044	2,104,815	221,018	4,004,877
Federal Government	289,619	0	16,326	305,945
Other Governments and Citizens Groups	47,264	50,960	0	98,224
Total Revenues	<u>\$ 6,564,623</u>	<u>\$ 3,013,931</u>	<u>\$ 1,863,701</u>	<u>\$ 11,442,255</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 1,065,724	\$ 0	\$ 110,788	\$ 1,176,512
Finance	400,070	0	142,802	542,872
Administration of Justice	675,911	0	94,808	770,719
Public Safety	3,142,506	0	63,047	3,205,553
Public Health and Welfare	165,019	0	1,200,690	1,365,709
Social, Cultural, and Recreational Services	548,396	0	0	548,396
Agricultural and Natural Resources	90,312	0	0	90,312
Other Operations	405,235	0	0	405,235
Highways	0	2,789,035	30,820	2,819,855
Debt Service:				
Principal on Debt	0	146,549	246,853	393,402
Interest on Debt	0	2,017	72,953	74,970
Other Debt Service	0	0	4,807	4,807
Capital Projects	0	0	1,139,195	1,139,195
Total Expenditures	<u>\$ 6,493,173</u>	<u>\$ 2,937,601</u>	<u>\$ 3,106,763</u>	<u>\$ 12,537,537</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,450	\$ 76,330	\$ (1,243,062)	\$ (1,095,282)
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 0	\$ 938,246	\$ 938,246
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 938,246</u>	<u>\$ 938,246</u>
Net Change in Fund Balances	\$ 71,450	\$ 76,330	\$ (304,816)	\$ (157,036)
Fund Balance, July 1, 2005	<u>2,852,214</u>	<u>642,799</u>	<u>929,024</u>	<u>4,424,037</u>
Fund Balance, June 30, 2006	<u>\$ 2,923,664</u>	<u>\$ 719,129</u>	<u>\$ 624,208</u>	<u>\$ 4,267,001</u>

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

Exhibit C-4

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, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (157,036)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,082,263	
Less: current year depreciation expense	<u>(848,526)</u>	1,233,737
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 296,536	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(267,339)</u>	29,197
(3) The issuance of long-term debt (e.g. notes, capital 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.		
Less: other loan proceeds	\$ (938,246)	
Less: change in deferred debt issuance costs	(1,217)	
Add: principal payments on notes	241,643	
Add: principal payments on other loans	63,000	
Add: principal payments on capital leases	<u>88,759</u>	(546,061)
(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.		
Change in accrued interest payable	\$ 5,198	
Change in compensated absences	<u>(11,594)</u>	(6,396)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 553,441</u>

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

Exhibit D-1

Carroll County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2006

	Business-type Activities
	Major Fund
	Public Utility
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,838,612
Accounts Receivable	2,909,296
Inventories	444,475
Prepaid Items	383,780
Total Current Assets	<u>\$ 5,576,163</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 336,563
Investments	4,458,069
Deferred Charges - Debt Issuance Costs	19,777
Capital Assets (Net of Accumulated Depreciation):	
Land	220,415
Construction in Progress	3,875
Buildings and Improvements	453,617
Other Capital Assets	18,144,916
Total Noncurrent Assets	<u>\$ 23,637,232</u>
Total Assets	<u>\$ 29,213,395</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,056,100
Accrued Leave	842,884
Customer Deposits Payable	781,601
Current Liabilities Payable from Restricted Assets:	
Revenue Bonds Payable	120,000
Accrued Interest Payable	10,967
Total Current Liabilities	<u>\$ 4,811,552</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 1,340,000
Unamortized Discount on Bonds Payable	(23,211)
Total Noncurrent Liabilities	<u>\$ 1,316,789</u>
Total Liabilities	<u>\$ 6,128,341</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 17,362,823
Restricted for Debt Service	325,596
Unrestricted	<u>5,396,635</u>
Total Net Assets	<u>\$ 23,085,054</u>

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

Exhibit D-2

Carroll County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2006

	Business-type Activities
	<u>Major Fund</u>
	<u>Public Utility</u>
<u>Operating Revenues</u>	
Sales of Electric Energy	\$ 31,161,962
Forfeited Discounts	186,599
Rent from Electric Property	208,079
Other Electric Revenue	88,564
Miscellaneous Service Revenue	129,938
Total Operating Revenues	<u>\$ 31,775,142</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 25,866,809
Distribution Expenses:	
Supervision and Engineering	121,976
Station Expense	12,697
Overhead Line Expense	576,973
Underground Line Expense	3,608
Street Lighting and Signal System	9,450
Meter Expense	89,437
Consumer Installations	12,986
Rent Expense	24,222
Miscellaneous Expense	71,683
Customer Accounts Expenses:	
Supervision	70,604
Meter Reading	154,376
Consumer Records and Collection Expense	467,336
Sales Expenses:	
Customer Assistance	4,200
Sales Expense	20,407
Administrative Expenses:	
Salaries	137,315
Office Supplies and Expense	29,982
Outside Services	29,271
Property Insurance	21,788
Injuries and Damages	116,414
Employee Benefits	518,699
Miscellaneous Expense	77,697

(Continued)

Exhibit D-2

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	\$ 41,240
Station Equipment	36,994
Overhead and Underground Lines	759,414
Line Transformers	19,196
Street Lighting and Signal System	25,440
Meters	6,083
Miscellaneous Expense	9,758
Security Lights	36,096
General Plant and Equipment	50,417
Depreciation and Amortization	971,808
Amortization of Acquisition Adjustment	(24,318)
Taxes and Tax Equivalents	562,356
Total Operating Expenses	<u>\$ 30,932,414</u>
Operating Income (Loss)	<u>\$ 842,728</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 242,491
Interest Expense	(69,588)
Amortization of Debt Expense	(3,404)
Total Nonoperating Revenues (Expenses)	<u>\$ 169,499</u>
Change in Net Assets	\$ 1,012,227
Net Assets, July 1, 2005	<u>22,072,827</u>
Net Assets, June 30, 2006	<u>\$ 23,085,054</u>

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

Exhibit D-3

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2006

	Business-type Activities
	Major Fund
	Public Utility
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 31,385,184
Payments to Suppliers and Employees	(29,818,257)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,566,927</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,563,316)
Plant Removal Cost	(123,257)
Materials Salvaged from Retirements	143,637
Principal Paid on Bonds	(115,000)
Interest Paid on Bonds	(70,345)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,728,281)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (8,243,529)
Proceeds from Sale of Investments	7,986,335
Interest Earned	242,491
Net Cash Provided By (Used In) Investing Activities	<u>\$ (14,703)</u>
Net Increase (Decrease) in Cash	\$ (176,057)
Cash, July 1, 2005	<u>2,079,456</u>
Cash, June 30, 2006	<u>\$ 1,903,399</u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 842,728
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	971,808
Amortization and Acquisition Adjustment	(24,318)
(Increase) Decrease in Accounts Receivable	(365,634)
(Increase) Decrease in Materials and Supplies	(22,864)
(Increase) Decrease in Prepayments and Other Current Assets	(283,986)
Increase (Decrease) in Accounts Payable and Accrued Expenses	343,319
Increase (Decrease) in Customer Deposits	<u>105,874</u>
Net Cash Provided By Operating Activities	<u>\$ 1,566,927</u>

(Continued)

Exhibit D-3

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

	Business-type Activities
	<u>Major Fund</u>
	<u>Public Utility</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 1,838,612
Add: Restricted Cash included as a part of the Other Restricted Assets	<u>64,787</u>
Cash, June 30, 2006	<u><u>\$ 1,903,399</u></u>

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

Exhibit E-1

Carroll County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	<u>Other Trust Funds</u>		<u>Total</u>	
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>	<u>Agency</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 86,082	\$ 0	\$ 86,082	\$ 321,304
Cash	0	88,808	88,808	781,163
Investments	0	2,774,834	2,774,834	61,216
Accounts Receivable	0	0	0	18,181
Due from Other Governments	0	0	0	940,505
Taxes Receivable	0	0	0	5,104,813
Allowance for Uncollectible Taxes	0	0	0	(371,560)
Prepaid Items	0	897	897	0
Accrued Interest Receivable	355	12,485	12,840	0
Total Assets	<u>\$ 86,437</u>	<u>\$ 2,877,024</u>	<u>\$ 2,963,461</u>	<u>\$ 6,855,622</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 29,157	\$ 29,157	\$ 0
Due to Other Taxing Units	0	0	0	5,970,861
Due to Litigants, Heirs, and Others	0	0	0	857,427
Due to Joint Ventures	0	0	0	27,334
Total Liabilities	<u>\$ 0</u>	<u>\$ 29,157</u>	<u>\$ 29,157</u>	<u>\$ 6,855,622</u>
<u>NET ASSETS</u>				
Held in Trust for Underprivileged Children	\$ 86,437	\$ 0	\$ 86,437	
Held in Trust for Indigent Care	0	2,847,867	2,847,867	
Total Net Assets	<u>\$ 86,437</u>	<u>\$ 2,847,867</u>	<u>\$ 2,934,304</u>	

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

Exhibit E-2

Carroll County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2006

	<u>Other Trust Funds</u>		<u>Total</u>
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>
			<u>Funds</u>
<u>ADDITIONS</u>			
Investment Income:			
Interest	\$ 2,344	\$ 145,665	\$ 148,009
Net Increase (Decrease) in Fair Value in Investments	0	(145,488)	(145,488)
Net Investment Income	<u>\$ 2,344</u>	<u>\$ 177</u>	<u>\$ 2,521</u>
Total Additions	<u>\$ 2,344</u>	<u>\$ 177</u>	<u>\$ 2,521</u>
<u>DEDUCTIONS</u>			
Donations	\$ 1,000	\$ 0	\$ 1,000
Payments for Indigent Care	0	111,444	111,444
Safekeeping Fees and Service Charges	0	2,966	2,966
Audit Fees	0	1,750	1,750
Insurance	0	390	390
Total Deductions	<u>\$ 1,000</u>	<u>\$ 116,550</u>	<u>\$ 117,550</u>
Change in Net Assets	\$ 1,344	\$ (116,373)	\$ (115,029)
Net Assets, July 1, 2005	<u>85,093</u>	<u>2,964,240</u>	<u>3,049,333</u>
Net Assets, June 30, 2006	<u>\$ 86,437</u>	<u>\$ 2,847,867</u>	<u>\$ 2,934,304</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, 2006

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.

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 School Department also operates the transportation program for all students in the county including students attending the special school districts located within 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:

Administrative Office:

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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The 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 and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of 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 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 grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Other Trust Fund – The Indigent Care Trust Fund, established from contributions made from Baptist Memorial Hospital, is used to assist the medically indigent in paying for their in-patient and out-patient care and ambulance services rendered to them for not-for-profit

hospital and ambulance facilities or entities in Carroll County. Funding is provided through interest income.

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.

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.

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

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, enterprise fund) 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 (excluding the Carroll County Board of Public Utilities, enterprise fund) 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 3.94 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.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column 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.

4. 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.

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.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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.

6. Net Assets and Fund Equity

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

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

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, 2006:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Library purposes	\$ 93,906
Self-insurance expense	967,685
Highway/Public Works:	
Bridge construction	104,000

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 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide statement of net assets.

Discretely Presented Carroll County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

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

Discretely Presented Carroll County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficit

The General Capital Projects Fund had a fund deficit of \$364,019 at June 30, 2006. This fund deficit resulted from expenditures exceeding available funds and unperformed portions of construction projects of \$202,018 being reserved as encumbrances. This deficit will be funded from future loan proceeds.

C. Cash Overdraft

The General Capital Projects Fund had a cash overdraft of \$162,001 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2006.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

<u>Fund</u>	<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
General	Other Social, Cultural, and	
"	Recreational	\$ 9,240
"	Other Charges	1,164
Highway/Public Works	Administration	39,953
"	Highway and Bridge Maintenance	39,391
"	Other Charges	3,872
"	Principal - Highways and Street	24,653
"	Interest - Highways and Streets	121

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

E. The County Had Deposits That Were Exposed to Custodial Credit Risk

The trustee did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2006, deposits at this depository exceeded FDIC coverage and collateral securities pledged by \$16,168. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) 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. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Custodial Credit Risk. Custodial Credit Risk is the risk that in the event of a bank failure, Carroll County's deposits may not be returned to it. Carroll County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) and the discretely presented Carroll County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2006, bank balances of \$16,168 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,168
Total	<u>\$ 16,168</u>

The \$16,168 exposed to custodial credit risk was in pooled bank balances. Uninsured and uncollateralized deposits are a violation of state statutes.

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, 2006, Carroll County had the following investments carried at fair value or cost. The county had no pooled investments as of June 30, 2006. 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. Note Receivable

The note receivable in the General Fund resulted from the sale of property to Purity Foods and is offset by a reservation of fund balance.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Prior Period Adjustment	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:					
Land	\$ 1,691,243	\$ 0	\$ 39,900	\$ 0	\$ 1,731,143
Construction in Progress	112,641	672,742	1,100,247	717,189	1,168,441
Total Capital Assets Not Depreciated	\$ 1,803,884	\$ 672,742	\$ 1,140,147	\$ 717,189	\$ 2,899,584
Capital Assets Depreciated:					
Buildings and Improvements	\$ 5,703,473	\$ 0	\$ 967,461	\$ 0	\$ 6,670,934
Infrastructure	2,823,010	0	504,401	0	3,327,411
Other Capital Assets	5,163,329	0	187,443	0	5,350,772
Total Capital Assets Depreciated	\$ 13,689,812	\$ 0	\$ 1,659,305	\$ 0	\$ 15,349,117
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 3,011,733	\$ 0	\$ 180,345	\$ 0	\$ 3,192,078
Infrastructure	1,780,797	0	166,009	0	1,946,806
Other Capital Assets	3,601,189	0	502,172	0	4,103,361
Total Accumulated Depreciation	\$ 8,393,719	\$ 0	\$ 848,526	\$ 0	\$ 9,242,245
Total Capital Assets Depreciated, Net	\$ 5,296,093	\$ 0	\$ 810,779	\$ 0	\$ 6,106,872
Governmental Activities Capital Assets, Net	\$ 7,099,977	\$ 672,742	\$ 1,950,926	\$ 717,189	\$ 9,006,456

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

Governmental Activities:

General Government	\$ 13,146
Finance	12,001
Administration of Justice	12,752
Public Safety	302,871
Public Health and Welfare	53,360
Social, Cultural, and Recreational Services	114,401
Agriculture and Natural Resources	6,839
Other Operations	130,203
Highway/Public Works	<u>202,953</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 848,526</u></u>

Discretely Presented Carroll County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Balance 6-30-06
	<hr/>		
Capital Assets Not Depreciated:			
Land	\$ 176,489	\$ 0	\$ 176,489
	<hr/>		
Total Capital Assets Not Depreciated	\$ 176,489	\$ 0	\$ 176,489
	<hr/>		
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,840,229	\$ 12,233	\$ 2,852,462
Other Capital Assets	3,031,902	69,463	3,101,365
	<hr/>		
Total Capital Assets Depreciated	\$ 5,872,131	\$ 81,696	\$ 5,953,827
	<hr/>		

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Balance 6-30-06
Less Accumulated Depreciation For: Buildings and Improvements	\$ 889,679	\$ 107,966	\$ 997,645
Other Capital Assets	1,311,651	203,228	1,514,879
 Total Accumulated Depreciation	 \$ 2,201,330	 \$ 311,194	 \$ 2,512,524
 Total Capital Assets Depreciated, Net	 \$ 3,670,801	 \$ (229,498)	 \$ 3,441,303
 Governmental Activities Capital Assets, Net	 \$ 3,847,290	 \$ (229,498)	 \$ 3,617,792

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

Governmental Activities:

Instruction	\$ 83,068
Support Services	<u>228,126</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 311,194</u>

D. Construction Commitments

At June 30, 2006, the General Capital Projects Fund had uncompleted construction contracts of \$202,018 for courthouse renovations. Funding for these future expenditures will be received from loan proceeds.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 706
Nonmajor governmental	General	10,519
Discretely Presented		
School Department:		
General Purpose School	School Transportation	29,860
School Transportation	General Purpose School	380

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

F. Capital Leases

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, 2006, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2007	\$ <u>66,127</u>
Total Minimum Lease Payments	\$ 66,127
Amount Representing Interest	<u>(1,989)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 64,138</u></u>

G. Long-term Debt

Primary Government (excluding the Carroll County Board of Public Utilities, enterprise fund)

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, 2006, will be retired from the General Debt Service Fund.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Note - Refunding	4.82 %	\$ 1,007,504	\$ 558,248
Other Loans	variable	1,819,042	1,651,042
Capital Lease	3.1	192,475	64,138

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, 2006, Carroll County had borrowed \$1,819,042. 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, 2006, the variable interest rate was 3.72 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, 2006, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2007	\$ 128,426	\$ 23,812
2008	135,588	17,450
2009	143,104	10,733
2010	151,130	3,642
Total	<u>\$ 558,248</u>	<u>\$ 55,637</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2007	\$ 65,000	\$ 61,419	\$ 7,265	\$ 133,684
2008	67,000	59,001	6,978	132,979
2009	69,000	56,508	6,684	132,192
2010	72,000	53,942	6,380	132,322
2011	74,000	51,263	6,063	131,326
2012-2016	406,000	213,275	25,226	644,501
2017-2021	475,000	132,812	15,709	623,521
2022-2025	423,042	39,178	4,634	466,854
Total	<u>\$ 1,651,042</u>	<u>\$ 667,398</u>	<u>\$ 78,939</u>	<u>\$ 2,397,379</u>

There is \$400,134 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes, other loans, and capital leases totaled \$77, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2005	\$ 799,891	\$ 775,796
Additions	0	938,246
Deductions	(241,643)	(63,000)
Balance, June 30, 2006	<u>\$ 558,248</u>	<u>\$ 1,651,042</u>
Balance Due Within One Year	<u>\$ 128,426</u>	<u>\$ 65,000</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2005	\$ 152,897	\$ 206,222
Additions	0	163,430
Deductions	(88,759)	(151,836)
Balance, June 30, 2006	<u>\$ 64,138</u>	<u>\$ 217,816</u>
Balance Due Within One Year	<u>\$ 64,138</u>	<u>\$ 5,383</u>

Analysis of noncurrent liabilities presented on Exhibit A:

Total noncurrent liabilities, June 30, 2006	\$ 2,491,244
Less: Balance due within one year	<u>(262,947)</u>
Noncurrent liabilities - due in more than one year - Exhibit A	<u>\$ 2,228,297</u>

Discretely Presented Carroll County School Department

Long-term liability activity for the discretely presented Carroll County School Department for the year ended June 30, 2006, was as follows:

Governmental Activities:

	<u>Notes</u>
Balance, July 1, 2005	\$ 17,942
Deductions	<u>(5,805)</u>
Balance, June 30, 2006	<u>\$ 12,137</u>
Balance Due Within One Year	<u>\$ 5,979</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, 2006, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Note	3%	\$ 39,519	\$ 12,137

The annual requirements to amortize the note outstanding as of June 30, 2006, including interest payments, are presented in the following table:

Year Ending June 30	<u>Notes</u>	
	Principal	Interest
2007	\$ 5,979	\$ 364
2008	6,158	185
Total	<u>\$ 12,137</u>	<u>\$ 549</u>

H. Prior-period Adjustment

Capital assets records reflect a prior period adjustment of \$672,742 because construction-in-progress for the Health Department had been omitted in the prior year.

V. OTHER INFORMATION

A. Risk Management

Primary Government (excluding the Carroll County Board of Public Utilities, enterprise fund)

Employee Health Insurance

Carroll County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that 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 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

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

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.

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 districts. 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 Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies

to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Carroll County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Carroll County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Carroll County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Carroll County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Carroll County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Carroll County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

Circuit Court Clerk, Paul Newmon died on July 3, 2006. Bertha Taylor, Chief Deputy Clerk, assumed the duties of the office until August 14, 2006, when

she was certified as the winner of the August general election and sworn in as Circuit Court Clerk.

On August 31, 2006, Judy Baker left the Office of Register and was succeeded by Natalie McCullough.

On September 7, 2006, and October 23, 2006, the Carroll County Highway Department entered into lease-purchase agreements totaling \$71,796 and \$56,752, respectively, for two tractors and four trucks.

As of the date of this report, Carroll County had borrowed the remaining \$380,958 from the Montgomery County Public Building Authority for courthouse renovations.

D. 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.

E. 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, 2006, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
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.

F. 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, 2006, 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, 2006, Carroll County's annual pension cost of \$282,321 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$282,321	100%	\$0
6-30-05	264,696	100	0
6-30-04	213,428	100	0

Schedule of Funding Progress

(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)
6-30-05	\$9,644	\$9,927	\$283	97.15%	\$4,595	6.16%
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

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 ending June 30, 2006, 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, 2006, 2005, and 2004, were \$47,230, \$48,654, and \$29,430, respectively, equal to the required contributions for each year.

G. 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 (TCA) (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 the 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, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisements on all purchases estimated to exceed \$10,000.

VI. OTHER NOTES – CARROLL COUNTY BOARD OF PUBLIC UTILITIES (ENTERPRISE FUND)

A. Significant Accounting Policies

1. Reporting Entity

The Carroll County Electric System is a proprietary fund of Carroll County, and is therefore included in their audit. The Tennessee Code Annotated Section 7-52-117(c) states “Subject to the provisions of section 7-52-132, the superintendent, with the approval of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county). Therefore, the Carroll County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and is considered a proprietary fund of Carroll County, Tennessee.

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

The electric system's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the electric system conform to applicable generally accepted accounting principles as defined in the pronouncements of the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board (APB) Opinions, and Accounting Research Bulletins (ARBs), issued on or before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

3. **Assets, Liabilities, and Equity**

Deposits and Investments

The electric system'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 acquisition.

State statutes authorize the electric system to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Accounts Receivable

Trade receivables result from unpaid billings for electric service to customers and from unpaid billings related 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 electric system is based on past history of uncollectible accounts and management's analysis of current accounts.

Inventories and Prepaid Items

All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Certain proceeds of the bond issues, 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.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress are defined by the electric system as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of 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. 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 electric system 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

Compensated Absences

It is the electric system's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a current liability on the financial statements. All sick leave has been accrued and is reflected as a current liability on the financial statements.

Long-term Obligations

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.

Net Assets

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

- Invested in Capital Assets, net of related debt – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for Debt Service – Consists of net assets for which constraints are placed thereon by lenders less any related liabilities.
- Unrestricted – All other net assets that do not meet the description of the above categories.

B. Stewardship, Compliance, and Accountability

Budgetary Information

No budget is required for the Carroll County Board of Public Utilities, and therefore, no budget is adopted.

C. **Detailed Notes on All Funds**

1. **Deposits and Investments**

The utility has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures for financial reporting of deposit and investment risks.

Investments were made up entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2006.

Custodial Credit Risk. The utility's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require 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 or the Tennessee Bank Collateral Pool, by collateral held by the utility's agent in the utility's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the utility to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2006, all bank deposits were fully collateralized or insured.

2. **Receivables**

Receivables as of the fiscal year ended June 30, 2006, were made up of the following:

Billed services for utility customers	\$ 2,771,638
Other receivables for utility service	151,658
Allowance for doubtful accounts	<u>(14,000)</u>
Total	<u>\$ 2,909,296</u>

3. Restricted Assets

All deposits required by the 2001 Electric Plant Revenue Bond have been made. Transactions in funds, other than the 2001 Electric Plant 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.

	<u>June 30, 2006</u>
Restricted assets consist of the following:	
2001 Electric Plant Revenue Bond Fund:	
Interest and sinking fund	<u>\$ 336,563</u>
 Of this amount, certificates of deposit and savings accounts totaled	 <u>\$ 271,776</u>

4. Capital Assets

Capital asset activity during the year was as follows:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 220,415	\$ 0	\$ 0	\$ 220,415
Construction in Progress	44,305	0	40,430	3,875
Total Capital Assets Not Depreciated	<u>\$ 264,720</u>	<u>\$ 0</u>	<u>\$ 40,430</u>	<u>\$ 224,290</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 509,505	\$ 202,326	\$ 12,157	\$ 699,674
Other Capital Assets	30,333,620	1,531,151	557,920	31,306,851
Total Capital Assets Depreciated	<u>\$ 30,843,125</u>	<u>\$ 1,733,477</u>	<u>\$ 570,077</u>	<u>\$ 32,006,525</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 239,113	\$ 19,101	\$ 12,157	\$ 246,057
Other Capital Assets	12,641,354	1,058,121	537,540	13,161,935
Total Accumulated Depreciation	<u>\$ 12,880,467</u>	<u>\$ 1,077,222</u>	<u>\$ 549,697</u>	<u>\$ 13,407,992</u>

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Total Capital Assets				
Depreciated, Net	\$ 17,962,658	\$ 656,255	\$ 20,380	\$ 18,598,533
Capital Assets, Net	\$ 18,227,378	\$ 656,255	\$ 60,810	\$ 18,822,823

Depreciation expense totaled \$1,077,222 for the fiscal year ended June 30, 2006.

5. Long-term Debt

Long-term debt is made up of the following:

Revenue Bonds:

Electric Plant Revenue Bonds, Series 2001, interest at 3.2% to 4.75% due serially through 2016	\$ 1,460,000
Total Revenue Bonds	\$ 1,460,000
Total current portion of Revenue Bonds	\$ 120,000
Total long-term portion of Revenue Bonds	\$ 1,340,000

During 2001, Carroll County issued \$2,000,000 in Electric System Revenue Bonds, Series 2001, for the purpose of financing the construction and equipping of extensions and improvements to the system. The bonds bear interest at rates from 3.2 percent to 4.75 percent and mature serially in varying amounts from \$120,000 in fiscal year 2007 to \$175,000 in fiscal year 2016. The bonds are secured by a pledge of revenues through the electric system. Expenses incurred in the issuance of the bonds are being amortized by equal charges to operations over the life of the bonds.

The following is a summary of long-term debt transactions for the year ended June 30, 2006.

	Balance 7-1-05	Retirements	Balance 6-30-06
Revenue Bonds Payable	\$ 1,575,000	\$ 115,000	\$ 1,460,000

The scheduled annual requirements for long-term debt at June 30, 2006, including interest of \$394,193 are as follows:

Year Ending June 30	
2007	\$ 185,803
2008	185,882
2009	185,633
2010	185,042
2011	184,170
2012 - 2016	<u>927,663</u>
Total	<u>\$ 1,854,193</u>

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

The electric system complied with all significant debt covenants and restrictions as set forth in the bond agreements.

6. Restricted Net Assets

Net assets represent the difference between assets and liabilities. The restricted net assets amounts were as follows:

Invested in capital assets, net of related liabilities:	
Net property, plant, and equipment in services	\$ 18,822,823
Less: debt	<u>(1,460,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 17,362,823</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 64,787
Restricted investments	271,776
Less: Accrued interest payable from restricted assets	<u>(10,967)</u>
Total restricted for debt service	<u>\$ 325,596</u>
Unrestricted	<u>\$ 5,396,635</u>
Total net assets	<u>\$ 23,085,054</u>

D. Other Information

1. Pension Plan

The electric system terminated its defined benefit pension plan effective December 31, 1996. Effective January 1, 1997, the system 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 the new profit sharing plan.

2. Power Contract

The electric system has a power contract with the Tennessee Valley Authority (TVA) to purchase all of 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 electric system 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.

3. Risk Management

The electric system 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, 2006, the electric system purchased commercial insurance for all of the above risks. 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.

4. Allocation of Excess Collections

During the year, Central Services Association (CSA) experienced excess collections of which \$9,700 is the system's 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. Principle 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 electric system's books.

5. Reclassification of Financial Statements

During the year, it was necessary to reclassify several items on the utility's financial statements to reflect accurately their proper classification. This reclassification did not affect the utility's balance sheet totals nor did it have any effect on its change in net assets.

VII. OTHER NOTES – CARROLL COUNTY INDIGENT CARE BOARD (FIDUCIARY FUND)

A. General Information

The Carroll County Indigent Care Fund was established by a private act on March 21, 1983, to assist the medically indigent in paying for their in-patient and out-patient care and ambulance services rendered to them for not-for-profit hospital and ambulance facilities or entities in such counties. The fund also was empowered to promote health education in the county and to acquire or otherwise assist in providing certain types of equipment to aid the medically indigent within the county.

From 1983 through 1988, Baptist Memorial Hospital made contributions to the fund totaling \$2,150,000. This money was set aside to establish the Carroll County Indigent Care Board.

A nine-member board of trustees was appointed (three by the county legislative body, three by the Baptist Memorial Hospital, and three by the board itself) to carry out the stated purposes of the private act. The board has appointed the First Tennessee Bank of Memphis as the trustee of the fund.

Under guidelines set forth in the private act and the minutes of the board of trustees, only 80 percent of the income earned by the fund may be used to pay indigent accounts. The board established a screening committee to determine the medical indigence of applicants and to recommend payment for their benefit.

B. Significant Accounting Policies

The fund is a private-purpose trust fund, which is a fiduciary fund type, and therefore maintains its accounting records on the accrual basis of fund accounting in that all receivables and payables are adjusted at the financial statement date to reflect proper timing of revenue and expense. Under the accrual basis of accounting, revenues are recorded as earned, and expenses are recorded when incurred.

In evaluating how to define the Carroll County Indigent Care Board for financial reporting purposes, management has considered whether the board is a legally separate entity holding corporate powers. Based on this criterion,

the Carroll County Indigent Care Board is not considered to be a separate entity, but is considered to be a reporting component of Carroll County, Tennessee.

The Carroll County Indigent Care Board accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Fiduciary 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.

Investments are valued at fair value. The difference in the beginning and ending fair and book values is shown as net increase (decrease) in fair value of investments in the revenue section of the statement of revenues, expenses, and changes in fund balance. Fair value approximates market.

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

Equity is classified as net assets and displayed as held in trust for indigent care.

C. Investments

The Indigent Care Board invests mainly in securities backed by the United States Government. The market value (fair value) of these investments as of June 30, 2006, is \$2,774,834.

D. Indigent Accounts

At July 1, 2005, approved indigent care accounts totaling \$225,980 were available for payment. During the year, new claims totaling \$96,443 were approved, and \$110,126 was paid during the year, bringing the unpaid balance at June 30, 2006, to \$212,297. These claims represent a contingent liability for the board. The amount of approved claims is accrued only if funds are available to pay them. The remaining claims approved will be paid in subsequent periods when funds become available. Net earnings available for payment of indigent accounts, which represent second quarter 2006 earnings, have been accrued as a liability entitled accrued indigent payments of \$29,157 because this amount represents an actual liability as of the end of the year.

E. Risk Management

The board is exposed to risks related to general and public official's liability. To cover these risks, the board purchased a three-year commercial insurance policy in October 2005. There have been no settlements in the prior three fiscal years.

F. Deposits and Investments

At year-end, the carrying amount of the board's deposits was \$88,808, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

The board has implemented GASB Statement No. 40, Deposits and Investment Risk Disclosures for financial reporting of deposit and investment risks. Investments consist mainly of mortgage-backed securities whose values are largely dependent on the interest rate market.

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require 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 or the Tennessee Bank Collateral Pool, by collateral held by the board's agent in the board's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2006, all bank deposits were fully collateralized or insured.

VIII. 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 (GASB). 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. 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.

On July 1, 2002, the district adopted the provisions of GASB Statement No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments. Statement No. 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets; a statement of revenues, expenses, and changes in net

assets; and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted assets; and unrestricted. Those classifications are defined as follows:

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

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 capital 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

For purposes of the statement of net assets and the statement of cash flows, the Carroll County Emergency Communications District considers

all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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 receive ten days of vacation each year. After five years of service, employees receive 12 days of vacation, and after ten years, they receive 15 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 30 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 60 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 following the guidelines of GASB Statement No. 34, as discussed in Note VIII.A.2. above.

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 VIII.A.3. State statute requires 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 district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2006, all bank deposits were fully collateralized or insured.

2. Capital assets

Capital asset activity during the year was as follows:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Depreciated:				
Office Equipment	\$ 21,791	\$ 752	\$ 3,754	\$ 18,789
Vehicles	39,985	0	18,800	21,185
Communications				
Equipment	122,159	0	0	122,159
Buildings and				
Improvements	67,542	23,813	0	91,355
<hr/>				
Total Capital Assets				
Depreciated	\$ 251,477	\$ 24,565	\$ 22,554	\$ 253,488
<hr/>				
Less Accumulated				
Depreciation For:				
Office Equipment	\$ 13,026	\$ 1,902	\$ 1,341	\$ 13,587
Vehicles	19,043	4,237	14,100	9,180
Communications				
Equipment	14,364	12,233	0	26,597
Buildings and				
Improvements	11,994	3,271	0	15,265
<hr/>				
Total Accumulated				
Depreciation	\$ 58,427	\$ 21,643	\$ 15,441	\$ 64,629
<hr/>				
Capital Assets, Net	\$ 193,050	\$ 2,922	\$ 7,113	\$ 188,859
<hr/>				

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 entered into an agreement 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 become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the 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, 2006, 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, 2006, the Carroll County Emergency Communications District's annual pension cost of \$10,120 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, 2005, was 16 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$ 10,120	100 %	\$ 0
6-30-05	9,860	100	0
6-30-04	6,429	100	0

4. Prior-period Adjustment

A prior period adjustment was made totaling \$4,700 to correct the prior years' vehicle and accumulated depreciation of vehicles account balances.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,095,228	\$ 3,216,463	\$ 3,216,463	\$ (121,235)
Licenses and Permits	5,357	10,780	10,780	(5,423)
Fines, Forfeitures, and Penalties	134,392	208,160	208,160	(73,768)
Charges for Current Services	78,918	98,731	98,731	(19,813)
Other Local Revenues	585,003	339,520	353,359	231,644
Fees Received from County Officials	649,798	657,000	657,000	(7,202)
State of Tennessee	1,679,044	1,438,923	1,729,487	(50,443)
Federal Government	289,619	321,390	321,390	(31,771)
Other Governments and Citizens Groups	47,264	47,850	51,240	(3,976)
Total Revenues	\$ 6,564,623	\$ 6,338,817	\$ 6,646,610	\$ (81,987)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 53,045	\$ 58,565	\$ 58,565	\$ 5,520
Board of Equalization	11,454	13,251	13,251	1,797
Beer Board	336	600	600	264
Other Boards and Committees	342	1,500	1,500	1,158
County Mayor/Executive	208,154	238,417	238,417	30,263
County Attorney	26,219	15,000	30,000	3,781
Election Commission	335,989	100,104	343,604	7,615
Register of Deeds	33,014	35,644	35,644	2,630
County Buildings	397,171	399,797	399,797	2,626
<u>Finance</u>				
Property Assessor's Office	198,522	198,646	200,781	2,259
Reappraisal Program	19,347	20,800	20,800	1,453
County Trustee's Office	151,657	156,328	156,328	4,671
County Clerk's Office	30,544	36,678	36,678	6,134
<u>Administration of Justice</u>				
Circuit Court	292,473	308,103	308,103	15,630
General Sessions Judge	89,237	90,113	90,113	876
Chancery Court	135,822	150,669	150,669	14,847
Juvenile Court	153,211	153,427	153,427	216
Judicial Commissioners	5,168	5,236	5,236	68
<u>Public Safety</u>				
Sheriff's Department	847,619	860,338	874,177	26,558
Drug Enforcement	10	0	0	(10)
Administration of the Sexual Offender Registry	0	600	600	600
Jail	798,481	813,129	813,129	14,648
Juvenile Services	1,032,462	1,044,789	1,073,180	40,718
Fire Prevention and Control	176,876	86,246	176,996	120
Civil Defense	227,173	313,348	313,348	86,175
County Coroner/Medical Examiner	27,289	28,675	28,675	1,386
Other Public Safety	32,596	20,295	41,205	8,609

(Continued)

Exhibit F-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	\$ 123,035	\$ 128,232	\$ 129,197	\$ 6,162
Rabies and Animal Control	18,123	18,900	18,900	777
General Welfare Assistance	600	2,400	2,400	1,800
Other Local Welfare Services	23,261	21,366	23,366	105
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	117,463	119,424	119,424	1,961
Libraries	73,040	65,291	73,491	451
Parks and Fair Boards	98,653	95,534	101,534	2,881
Other Social, Cultural, and Recreational	259,240	250,000	250,000	(9,240)
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	47,880	49,731	49,731	1,851
Forest Service	2,000	2,000	2,000	0
Soil Conservation	23,932	23,933	23,933	1
Flood Control	16,500	16,500	16,500	0
<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	182,908	147,986	187,986	5,078
Veterans' Services	21,275	21,645	22,799	1,524
Other Charges	148,677	132,513	147,513	(1,164)
Contributions to Other Agencies	25,375	23,200	25,375	0
Total Expenditures	<u>\$ 6,493,173</u>	<u>\$ 6,295,953</u>	<u>\$ 6,785,972</u>	<u>\$ 292,799</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 71,450</u>	<u>\$ 42,864</u>	<u>\$ (139,362)</u>	<u>\$ 210,812</u>
Net Change in Fund Balance	\$ 71,450	\$ 42,864	\$ (139,362)	\$ 210,812
Fund Balance, July 1, 2005	<u>2,852,214</u>	<u>2,976,142</u>	<u>3,159,265</u>	<u>(307,051)</u>
Fund Balance, June 30, 2006	<u>\$ 2,923,664</u>	<u>\$ 3,019,006</u>	<u>\$ 3,019,903</u>	<u>\$ (96,239)</u>

Exhibit F-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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 843,854	\$ 0	\$ 843,854	\$ 867,904	\$ 867,904	\$ (24,050)
Charges for Current Services	132	0	132	100	100	32
Other Local Revenues	14,170	0	14,170	3,000	3,000	11,170
State of Tennessee	2,104,815	0	2,104,815	2,147,937	2,147,937	(43,122)
Other Governments and Citizens Groups	50,960	0	50,960	2,000	2,000	48,960
Total Revenues	\$ 3,013,931	\$ 0	\$ 3,013,931	\$ 3,020,941	\$ 3,020,941	\$ (7,010)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 238,654	\$ 0	\$ 238,654	\$ 198,701	\$ 198,701	\$ (39,953)
Highway and Bridge Maintenance	827,891	0	827,891	788,500	788,500	(39,391)
Operation and Maintenance of Equipment	415,796	0	415,796	434,800	434,800	19,004
Other Charges	129,519	0	129,519	125,647	125,647	(3,872)
Employee Benefits	242,818	0	242,818	423,900	423,900	181,082
Capital Outlay	934,357	(22,103)	912,254	1,060,958	1,060,958	148,704
<u>Principal on Debt</u>						
Highways and Streets	146,549	0	146,549	121,896	121,896	(24,653)
<u>Interest on Debt</u>						
Highways and Streets	2,017	0	2,017	1,896	1,896	(121)
Total Expenditures	\$ 2,937,601	\$ (22,103)	\$ 2,915,498	\$ 3,156,298	\$ 3,156,298	\$ 240,800
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 76,330	\$ 22,103	\$ 98,433	\$ (135,357)	\$ (135,357)	\$ 233,790
Net Change in Fund Balance						
Fund Balance, July 1, 2005	\$ 642,799	(22,103)	620,696	424,072	424,072	196,624
Fund Balance, June 30, 2006	\$ 719,129	0	\$ 719,129	\$ 288,715	\$ 288,715	\$ 430,414

CARROLL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

A. 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 Carroll 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, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the Carroll County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

Fund	Major Appropriation Category	Amount Overspent
General	Other Social, Cultural, and	
"	Recreational	\$ 9,240
"	Other Charges	1,164
Highway/Public Works	Administration	39,953
"	Highway and Bridge Maintenance	39,391
"	Other Charges	3,872
"	Principal - Highways and Street	24,653
"	Interest - Highways and Streets	121

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

**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 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 G-1

Carroll County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total	General Debt Service	General Capital Projects	
<u>ASSETS</u>								
Cash	\$ 400	\$ 0	\$ 0	\$ 78,121	\$ 78,521	\$ 0	\$ 0	\$ 78,521
Equity in Pooled Cash and Investments	189,647	53,039	51,952	0	294,638	389,311	0	683,949
Accounts Receivable	63	244	0	0	307	55	0	362
Due from Other Governments	11,921	0	0	0	11,921	0	0	11,921
Due from Other Funds	0	519	0	0	519	10,000	0	10,519
Property Taxes Receivable	242,951	0	0	0	242,951	269,300	0	512,251
Allowance for Uncollectible Property Taxes	(17,746)	0	0	0	(17,746)	(17,761)	0	(35,507)
Total Assets	\$ 427,236	\$ 53,802	\$ 51,952	\$ 78,121	\$ 611,111	\$ 650,905	\$ 0	\$ 1,262,016
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Payroll Deductions Payable	\$ 0	\$ 3	\$ 0	\$ 0	\$ 3	\$ 0	\$ 0	\$ 3
Cash Overdraft	0	0	0	0	0	0	162,001	162,001
Due to Other Funds	0	0	0	706	706	0	0	706
Deferred Revenue - Current Property Taxes	217,940	0	0	0	217,940	245,182	0	463,122
Deferred Revenue - Delinquent Property Taxes	6,387	0	0	0	6,387	5,589	0	11,976
Total Liabilities	\$ 224,327	\$ 3	\$ 0	\$ 706	\$ 225,036	\$ 250,771	\$ 162,001	\$ 637,808
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 202,018	\$ 202,018
Unreserved (Deficit)	202,909	53,799	51,952	77,415	386,075	400,134	(364,019)	422,190
Total Fund Balances	\$ 202,909	\$ 53,799	\$ 51,952	\$ 77,415	\$ 386,075	\$ 400,134	\$ (162,001)	\$ 624,208
Total Liabilities and Fund Balances	\$ 427,236	\$ 53,802	\$ 51,952	\$ 78,121	\$ 611,111	\$ 650,905	\$ 0	\$ 1,262,016

Exhibit G-2

Carroll County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds				
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total
Revenues					
Local Taxes	\$ 265,432	\$ 0	\$ 0	\$ 0	\$ 265,432
Fines, Forfeitures, and Penalties	0	53,117	14,398	0	67,515
Charges for Current Services	615,885	0	0	327,776	943,661
Other Local Revenues	52,287	572	375	0	53,234
State of Tennessee	220,499	519	0	0	221,018
Federal Government	0	0	0	0	0
Total Revenues	\$ 1,154,103	\$ 54,208	\$ 14,773	\$ 327,776	\$ 1,550,860
Expenditures					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 110,788	\$ 110,788
Finance	0	0	0	142,802	142,802
Administration of Justice	0	0	29,764	65,044	94,808
Public Safety	0	63,047	0	0	63,047
Public Health and Welfare	1,200,690	0	0	0	1,200,690
Highways	30,820	0	0	0	30,820
Debt Service:					
Principal on Debt	0	0	0	0	0
Interest on Debt	0	0	0	0	0
Other Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 1,231,510	\$ 63,047	\$ 29,764	\$ 318,634	\$ 1,642,955
Excess (Deficiency) of Revenues Over Expenditures	\$ (77,407)	\$ (8,839)	\$ (14,991)	\$ 9,142	\$ (92,095)
Other Financing Sources (Uses)					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (77,407)	\$ (8,839)	\$ (14,991)	\$ 9,142	\$ (92,095)
Fund Balance, July 1, 2005	280,316	62,638	66,943	68,273	478,170
Fund Balance, June 30, 2006	\$ 202,909	\$ 53,799	\$ 51,952	\$ 77,415	\$ 386,075

(Continued)

Exhibit G-2

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

	Debt Service Fund				Total Nonmajor Governmental Funds
	General Debt Service	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 256,515	\$ 0	\$ 0	\$ 0	\$ 521,947
Fines, Forfeitures, and Penalties	0	0	0	0	67,515
Charges for Current Services	0	0	0	0	943,661
Other Local Revenues	40,000	0	0	0	93,234
State of Tennessee	0	0	0	0	221,018
Federal Government	0	0	16,326	16,326	16,326
Total Revenues	\$ 296,515	\$ 0	\$ 16,326	\$ 16,326	\$ 1,863,701
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,788
Finance	0	0	0	0	142,802
Administration of Justice	0	0	0	0	94,808
Public Safety	0	0	0	0	63,047
Public Health and Welfare	0	0	0	0	1,200,690
Highways	0	0	0	0	30,820
Debt Service:					
Principal on Debt	246,853	0	0	0	246,853
Interest on Debt	72,953	0	0	0	72,953
Other Debt Service	4,807	0	0	0	4,807
Capital Projects	0	1,100,247	38,948	1,139,195	1,139,195
Total Expenditures	\$ 324,613	\$ 1,100,247	\$ 38,948	\$ 1,139,195	\$ 3,106,763
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,098)	\$ (1,100,247)	\$ (22,622)	\$ (1,122,869)	\$ (1,243,062)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 938,246	\$ 0	\$ 938,246	\$ 938,246
Total Other Financing Sources (Uses)	\$ 0	\$ 938,246	\$ 0	\$ 938,246	\$ 938,246
Net Change in Fund Balances	\$ (28,098)	\$ (162,001)	\$ (22,622)	\$ (184,623)	\$ (304,816)
Fund Balance, July 1, 2005	428,232	0	22,622	22,622	929,024
Fund Balance, June 30, 2006	\$ 400,134	\$ (162,001)	\$ 0	\$ (162,001)	\$ 624,208

Exhibit G-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 265,432	\$ 265,809	\$ 265,809	\$ (377)
Charges for Current Services	615,885	787,250	787,250	(171,365)
Other Local Revenues	52,287	40,000	40,000	12,287
State of Tennessee	220,499	261,899	256,779	(36,280)
Total Revenues	<u>\$ 1,154,103</u>	<u>\$ 1,354,958</u>	<u>\$ 1,349,838</u>	<u>\$ (195,735)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 624,770	\$ 670,274	\$ 670,274	\$ 45,504
Recycling Center	575,920	670,407	670,407	94,487
<u>Highways</u>				
Litter and Trash Collection	30,820	39,453	34,333	3,513
Total Expenditures	<u>\$ 1,231,510</u>	<u>\$ 1,380,134</u>	<u>\$ 1,375,014</u>	<u>\$ 143,504</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (77,407)</u>	<u>\$ (25,176)</u>	<u>\$ (25,176)</u>	<u>\$ (52,231)</u>
Net Change in Fund Balance	\$ (77,407)	\$ (25,176)	\$ (25,176)	\$ (52,231)
Fund Balance, July 1, 2005	<u>280,316</u>	<u>158,121</u>	<u>158,121</u>	<u>122,195</u>
Fund Balance, June 30, 2006	<u>\$ 202,909</u>	<u>\$ 132,945</u>	<u>\$ 132,945</u>	<u>\$ 69,964</u>

Exhibit G-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 53,117	\$ 54,900	\$ 54,900	\$ (1,783)
Other Local Revenues	572	0	0	572
State of Tennessee	519	600	600	(81)
Total Revenues	<u>\$ 54,208</u>	<u>\$ 55,500</u>	<u>\$ 55,500</u>	<u>\$ (1,292)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 63,047	\$ 68,695	\$ 75,695	\$ 12,648
Total Expenditures	<u>\$ 63,047</u>	<u>\$ 68,695</u>	<u>\$ 75,695</u>	<u>\$ 12,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,839)</u>	<u>\$ (13,195)</u>	<u>\$ (20,195)</u>	<u>\$ 11,356</u>
Net Change in Fund Balance	\$ (8,839)	\$ (13,195)	\$ (20,195)	\$ 11,356
Fund Balance, July 1, 2005	<u>62,638</u>	<u>62,157</u>	<u>69,157</u>	<u>(6,519)</u>
Fund Balance, June 30, 2006	<u>\$ 53,799</u>	<u>\$ 48,962</u>	<u>\$ 48,962</u>	<u>\$ 4,837</u>

Exhibit G-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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 256,515	\$ 265,165	\$ 265,165	\$ (8,650)
Other Local Revenues	40,000	40,000	40,000	0
Total Revenues	<u>\$ 296,515</u>	<u>\$ 305,165</u>	<u>\$ 305,165</u>	<u>\$ (8,650)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 246,853	\$ 246,853	\$ 246,853	\$ 0
<u>Interest on Debt</u>				
General Government	72,953	96,817	96,817	23,864
<u>Other Debt Service</u>				
General Government	4,807	5,500	5,500	693
Total Expenditures	<u>\$ 324,613</u>	<u>\$ 349,170</u>	<u>\$ 349,170</u>	<u>\$ 24,557</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (28,098)</u>	<u>\$ (44,005)</u>	<u>\$ (44,005)</u>	<u>\$ 15,907</u>
Net Change in Fund Balance	\$ (28,098)	\$ (44,005)	\$ (44,005)	\$ 15,907
Fund Balance, July 1, 2005	<u>428,232</u>	<u>429,730</u>	<u>429,730</u>	<u>(1,498)</u>
Fund Balance, June 30, 2006	<u>\$ 400,134</u>	<u>\$ 385,725</u>	<u>\$ 385,725</u>	<u>\$ 14,409</u>

Exhibit H-1

Carroll County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	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	\$ 302,960	\$ 0	\$ 18,344	\$ 321,304
Cash	0	0	779,404	1,759	781,163
Investments	0	0	61,216	0	61,216
Accounts Receivable	0	1,374	16,807	0	18,181
Due from Other Governments	368,181	565,093	0	7,231	940,505
Taxes Receivable	0	5,104,813	0	0	5,104,813
Allowance for Uncollectible Taxes	0	(371,560)	0	0	(371,560)
Total Assets	<u>\$ 368,181</u>	<u>\$ 5,602,680</u>	<u>\$ 857,427</u>	<u>\$ 27,334</u>	<u>\$ 6,855,622</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 368,181	\$ 5,602,680	\$ 0	\$ 0	\$ 5,970,861
Due to Litigants, Heirs, and Others	0	0	857,427	0	857,427
Due to Joint Ventures	0	0	0	27,334	27,334
Total Liabilities	<u>\$ 368,181</u>	<u>\$ 5,602,680</u>	<u>\$ 857,427</u>	<u>\$ 27,334</u>	<u>\$ 6,855,622</u>

Exhibit H-2

Carroll County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,164,864	\$ 2,164,864	\$ 0
Due from Other Governments	359,247	368,181	359,247	368,181
Total Assets	<u>\$ 359,247</u>	<u>\$ 2,533,045</u>	<u>\$ 2,524,111</u>	<u>\$ 368,181</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 359,247	\$ 2,533,045	\$ 2,524,111	\$ 368,181
Total Liabilities	<u>\$ 359,247</u>	<u>\$ 2,533,045</u>	<u>\$ 2,524,111</u>	<u>\$ 368,181</u>
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 276,892	\$ 7,298,152	\$ 7,272,084	\$ 302,960
Accounts Receivable	21,932	1,374	21,932	1,374
Due from Other Governments	378,297	565,093	378,297	565,093
Taxes Receivable	5,064,360	5,104,813	5,064,360	5,104,813
Allowance for Uncollectible Taxes	(385,257)	(371,560)	(385,257)	(371,560)
Total Assets	<u>\$ 5,356,224</u>	<u>\$ 12,597,872</u>	<u>\$ 12,351,416</u>	<u>\$ 5,602,680</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,356,224	\$ 12,597,872	\$ 12,351,416	\$ 5,602,680
Total Liabilities	<u>\$ 5,356,224</u>	<u>\$ 12,597,872</u>	<u>\$ 12,351,416</u>	<u>\$ 5,602,680</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 715,134	\$ 5,362,517	\$ 5,298,247	\$ 779,404
Investments	61,216	0	0	61,216
Accounts Receivable	0	16,807	0	16,807
Total Assets	<u>\$ 776,350</u>	<u>\$ 5,379,324</u>	<u>\$ 5,298,247</u>	<u>\$ 857,427</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 776,350	\$ 5,379,324	\$ 5,298,247	\$ 857,427
Total Liabilities	<u>\$ 776,350</u>	<u>\$ 5,379,324</u>	<u>\$ 5,298,247</u>	<u>\$ 857,427</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 26,955	\$ 259,961	\$ 268,572	\$ 18,344
Cash	1,260	499	0	1,759
Due from Other Governments	0	7,231	0	7,231
Total Assets	<u>\$ 28,215</u>	<u>\$ 267,691</u>	<u>\$ 268,572</u>	<u>\$ 27,334</u>

(Continued)

Exhibit H-2

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	\$ 28,215	\$ 267,691	\$ 268,572	\$ 27,334
Total Liabilities	\$ 28,215	\$ 267,691	\$ 268,572	\$ 27,334
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 303,847	\$ 9,722,977	\$ 9,705,520	\$ 321,304
Cash	716,394	5,363,016	5,298,247	781,163
Investments	61,216	0	0	61,216
Accounts Receivable	21,932	18,181	21,932	18,181
Due from Other Governments	737,544	940,505	737,544	940,505
Taxes Receivable	5,064,360	5,104,813	5,064,360	5,104,813
Allowance for Uncollectible Taxes	(385,257)	(371,560)	(385,257)	(371,560)
Total Assets	\$ 6,520,036	\$ 20,777,932	\$ 20,442,346	\$ 6,855,622
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,715,471	\$ 15,130,917	\$ 14,875,527	\$ 5,970,861
Due to Litigants, Heirs, and Others	776,350	5,379,324	5,298,247	857,427
Due to Joint Ventures	28,215	267,691	268,572	27,334
Total Liabilities	\$ 6,520,036	\$ 20,777,932	\$ 20,442,346	\$ 6,855,622

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 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 I-1

Carroll County, Tennessee
Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2006

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	\$ 1,202,621	\$ 682,756	\$ 120,838	\$ (399,027)
Support Services	2,076,802	40,121	48,434	(1,988,247)
Operation of Non-Instructional Services	10,245	5,653	6,105	1,513
Interest on Long-term Debt	422	0	0	(422)
Total Governmental Activities	<u>\$ 3,290,090</u>	<u>\$ 728,530</u>	<u>\$ 175,377</u>	<u>\$ (2,386,183)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 489,885
Local Option Sales Tax				91,456
Other Local Taxes				196
Grants and Contributions Not Restricted for Specific Programs				2,221,864
Miscellaneous				27,360
Total General Revenues				<u>\$ 2,830,761</u>
Change in Net Assets				\$ 444,578
Net Assets, July 1, 2005				<u>6,171,483</u>
Net Assets, June 30, 2006				<u>\$ 6,616,061</u>

Exhibit I-2

Carroll County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Carroll County School Department
June 30, 2006

	Major Funds		Total Govern- mental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,324,784	\$ 442,710	\$ 2,767,494
Accounts Receivable	126,793	134	126,927
Due from Other Governments	107,729	0	107,729
Due from Other Funds	29,860	380	30,240
Property Taxes Receivable	0	516,270	516,270
Allowance for Uncollectible Property Taxes	0	(37,711)	(37,711)
Total Assets	<u>\$ 2,589,166</u>	<u>\$ 921,783</u>	<u>\$ 3,510,949</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 5,947	\$ 991	\$ 6,938
Due to Other Funds	380	29,860	30,240
Deferred Revenue - Current Property Taxes	0	463,122	463,122
Deferred Revenue - Delinquent Property Taxes	0	13,573	13,573
Other Deferred Revenues	132,871	0	132,871
Total Liabilities	<u>\$ 139,198</u>	<u>\$ 507,546</u>	<u>\$ 646,744</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 67,783	\$ 296	\$ 68,079
Reserved for Food Service	2,942	0	2,942
Reserved for Career Ladder Program	11	0	11
Unreserved, Reported In:			
General Fund	2,379,232	0	2,379,232
Special Revenue Funds	0	413,941	413,941
Total Fund Balances	<u>\$ 2,449,968</u>	<u>\$ 414,237</u>	<u>\$ 2,864,205</u>
Total Liabilities and Fund Balances	<u>\$ 2,589,166</u>	<u>\$ 921,783</u>	<u>\$ 3,510,949</u>

Exhibit I-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, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 2,864,205
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 176,489	
Add: buildings and improvements, net of accumulated depreciation	1,854,817	
Add: other capital assets, net of accumulated depreciation	<u>1,586,486</u>	3,617,792
(2) Certain earned amounts are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		146,444
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Less: notes payable	\$ (12,137)	
Less: accrued interest on notes payable	<u>(243)</u>	<u>(12,380)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 6,616,061</u>

Exhibit I-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, 2006

	<u>Major Funds</u>		
	General Purpose School	School Transpor - tation	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 92,007	\$ 563,185	\$ 655,192
Licenses and Permits	413	0	413
Charges for Current Services	596,584	0	596,584
Other Local Revenues	22,594	13,811	36,405
State of Tennessee	1,691,128	472,814	2,163,942
Federal Government	157,382	0	157,382
Total Revenues	<u>\$ 2,560,108</u>	<u>\$ 1,049,810</u>	<u>\$ 3,609,918</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,113,203	\$ 0	\$ 1,113,203
Support Services	932,930	983,984	1,916,914
Operation of Non-Instructional Services	9,294	0	9,294
Capital Outlay	19,808	0	19,808
Debt Service:			
Principal on Debt	5,805	0	5,805
Interest on Debt	538	0	538
Total Expenditures	<u>\$ 2,081,578</u>	<u>\$ 983,984</u>	<u>\$ 3,065,562</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 478,530</u>	<u>\$ 65,826</u>	<u>\$ 544,356</u>
Net Change in Fund Balances	\$ 478,530	\$ 65,826	\$ 544,356
Fund Balance, July 1, 2005	1,971,438	348,411	2,319,849
Fund Balance, June 30, 2006	<u>\$ 2,449,968</u>	<u>\$ 414,237</u>	<u>\$ 2,864,205</u>

Exhibit I-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, 2006

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 544,356
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 81,696	
Less: current year depreciation expense	<u>(311,194)</u>	(229,498)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes/other deferred June 30, 2006	\$ 146,444	
Less: deferred delinquent property taxes/other deferred June 30, 2005	<u>(22,645)</u>	123,799
<p>(3) The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net assets.</p>		
Add: principal payments on notes		5,805
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest		<u>116</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 444,578</u></u>

Exhibit I-6

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Carroll County School Department
General Purpose School Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 92,007	\$ 0	\$ 92,007	\$ 73,150	\$ 73,150	\$ 18,857
Licenses and Permits	413	0	413	75	75	338
Charges for Current Services	596,584	0	596,584	745,739	745,739	(149,155)
Other Local Revenues	22,594	0	22,594	15,205	15,205	7,389
State of Tennessee	1,691,128	0	1,691,128	1,592,195	1,592,195	98,933
Federal Government	157,382	0	157,382	148,466	148,466	8,916
Total Revenues	\$ 2,560,108	\$ 0	\$ 2,560,108	\$ 2,574,830	\$ 2,574,830	\$ (14,722)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 6,439	\$ 0	\$ 6,439	\$ 20,000	\$ 20,000	\$ 13,561
Alternative Instruction Program	69,736	0	69,736	74,181	74,181	4,445
Special Education Program	496,201	0	496,201	562,874	562,874	66,673
Vocational Education Program	476,254	49,996	526,250	565,045	565,045	38,795
Adult Education Program	64,573	0	64,573	64,858	64,858	285
<u>Support Services</u>						
Health Services	10,934	0	10,934	12,425	12,425	1,491
Other Student Support	36,774	0	36,774	101,335	101,335	64,561
Regular Instruction Program	22,336	0	22,336	23,812	23,812	1,476
Special Education Program	67,802	0	67,802	68,865	68,865	1,063
Vocational Education Program	56,806	0	56,806	56,402	56,902	96
Adult Programs	53,033	0	53,033	53,114	53,114	81
Board of Education	66,678	0	66,678	27,202	72,507	5,829
Director of Schools	94,927	0	94,927	98,938	98,938	4,011
Office of the Principal	66,873	0	66,873	77,740	77,740	10,867
Fiscal Services	62,062	0	62,062	65,606	65,606	3,544

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Operation of Plant	\$ 103,127	\$ 0	\$ 103,127	\$ 111,600	\$ 111,600	\$ 8,473
Maintenance of Plant	76,521	0	76,521	84,174	84,174	7,653
Transportation	169,498	17,787	187,285	207,629	207,629	20,344
Central and Other	45,559	0	45,559	47,193	47,193	1,634
<u>Operation of Non-Instructional Services</u>						
Food Service	9,294	0	9,294	12,000	12,000	2,706
<u>Capital Outlay</u>						
Regular Capital Outlay	19,808	0	19,808	105,000	59,195	39,387
<u>Principal on Debt</u>						
Education	5,805	0	5,805	5,805	5,805	0
<u>Interest on Debt</u>						
Education	538	0	538	539	539	1
Total Expenditures	\$ 2,081,578	\$ 67,783	\$ 2,149,361	\$ 2,446,337	\$ 2,446,337	\$ 296,976
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 478,530	\$ (67,783)	\$ 410,747	\$ 128,493	\$ 128,493	\$ 282,254
Net Change in Fund Balance						
Fund Balance, July 1, 2005	\$ 1,971,438	\$ 0	\$ 1,971,438	\$ 0	\$ 0	\$ 1,971,438
Fund Balance, June 30, 2006	\$ 2,449,968	\$ (67,783)	\$ 2,382,185	\$ 128,493	\$ 128,493	\$ 2,253,692

Exhibit I-7

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Carroll County School Department
School Transportation Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 563,185	\$ 0	\$ 563,185	\$ 555,264	\$ 555,264	\$ 7,921
Other Local Revenues	13,811	0	13,811	0	0	13,811
State of Tennessee	472,814	0	472,814	460,000	460,000	12,814
Total Revenues	<u>\$ 1,049,810</u>	<u>\$ 0</u>	<u>\$ 1,049,810</u>	<u>\$ 1,015,264</u>	<u>\$ 1,015,264</u>	<u>\$ 34,546</u>
<u>Expenditures</u>						
<u>Support Services</u>						
Board of Education	\$ 57,735	\$ 0	\$ 57,735	\$ 100,000	\$ 85,000	\$ 27,265
Transportation	926,249	296	926,545	964,684	979,684	53,139
Total Expenditures	<u>\$ 983,984</u>	<u>\$ 296</u>	<u>\$ 984,280</u>	<u>\$ 1,064,684</u>	<u>\$ 1,064,684</u>	<u>\$ 80,404</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 65,826</u>	<u>\$ (296)</u>	<u>\$ 65,530</u>	<u>\$ (49,420)</u>	<u>\$ (49,420)</u>	<u>\$ 114,950</u>
Net Change in Fund Balance	\$ 65,826	\$ (296)	\$ 65,530	\$ (49,420)	\$ (49,420)	\$ 114,950
Fund Balance, July 1, 2005	<u>348,411</u>	<u>0</u>	<u>348,411</u>	<u>276,591</u>	<u>276,591</u>	<u>71,820</u>
Fund Balance, June 30, 2006	<u>\$ 414,237</u>	<u>\$ (296)</u>	<u>\$ 413,941</u>	<u>\$ 227,171</u>	<u>\$ 227,171</u>	<u>\$ 186,770</u>

MISCELLANEOUS SCHEDULES

Exhibit J-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, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Equipment	\$ 350,000	3.16	% 12-31-02	12-31-05	\$ 120,000	\$ 0	\$ 120,000	\$ 0
<u>Payable through General Debt Service Fund</u>								
County Office Building Renovation - Refunding	1,007,504	4.82	8-20-01	8-1-09	679,891	0	121,643	558,248
Total Notes Payable					<u>\$ 799,891</u>	<u>\$ 0</u>	<u>\$ 241,643</u>	<u>\$ 558,248</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Trackhoe	130,948	0.46	7-2-01	7-2-05	\$ 26,549	\$ 0	\$ 26,549	\$ 0
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicles	192,475	3.1	10-13-04	10-15-06	126,348	0	62,210	64,138
Total Capital Leases Payable					<u>\$ 152,897</u>	<u>\$ 0</u>	<u>\$ 88,759</u>	<u>\$ 64,138</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	(1)	Variable	1-15-04	5-25-28	\$ 775,796	\$ 938,246	\$ 63,000	\$ 1,651,042
Total Other Loans Payable					<u>\$ 775,796</u>	<u>\$ 938,246</u>	<u>\$ 63,000</u>	<u>\$ 1,651,042</u>
<u>DISCRETELY PRESENTED CARROLL COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficient Lights	39,519	3	9-22-00	11-1-07	\$ 17,942	\$ 0	\$ 5,805	\$ 12,137
Total Notes Payable					<u>\$ 17,942</u>	<u>\$ 0</u>	<u>\$ 5,805</u>	<u>\$ 12,137</u>

(1) Amount available under a loan agreement with the Montgomery County Public Building Authority is \$2,200,000, of which \$1,819,042 has been received as of June 30, 2006.

Exhibit J-2

Carroll County, Tennessee
Schedule of Investments
June 30, 2006

<u>Fund and Type</u>	<u>Amount</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>
<u>Public Utility Fund</u>	
Certificates of Deposit	<u>\$ 4,458,069</u>
<u>Indigent Care Trust Fund</u>	
U.S. Government Securities	<u>\$ 2,774,834</u>
Total Investments	<u><u>\$ 7,294,119</u></u>

Exhibit J-3

Carroll County, Tennessee
Schedule of Notes Receivable
June 30, 2006

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-06</u>
<u>General Fund</u>						
Warehouse Sale	Purity Foods	\$ 31,000	1-10-06	12-10-07	0%	<u>\$ 27,500</u>
Total Notes Receivable						<u><u>\$ 27,500</u></u>

Exhibit J-4

Carroll County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Carroll County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 72,424 (1)	\$ 75,000	RLI Insurance Company
Road Supervisors (4)	Section 8-24-102, <u>TCA</u> , and County Commission	119,124 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	65,553 (4)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	54,048	496,200	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	54,048	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	54,048	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	54,048	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	54,048	60,000	Auto Owners Mutual Insurance Company
Register	Section 8-24-102, <u>TCA</u>	54,048	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	59,971 (5)	25,000	"
Employee Bonds:				
Employee Blanket Bond - All County Employees (excluding Board of Education)			100,000	RLI Insurance Company
Board of Education			150,000	Tennessee School Boards Risk Management Trust

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

(2) Includes four road supervisors' salaries at \$29,781 each.

(3) Includes four road supervisors' salaries at \$5,000 each.

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

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

Exhibit J-5

Carroll County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2006

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,695,463	\$ 208,666	\$ 0	\$ 0	\$ 0	\$ 233,780	\$ 182,603	\$ 0	\$ 2,320,512
Trustee's Collections - Prior Year	58,606	7,214	0	0	0	9,105	5,834	0	80,759
Trustee's Collections - Bankruptcy	12,054	1,486	0	0	0	1,670	1,303	0	16,513
Circuit/Clerk & Master Collections - Prior Years	100,389	12,356	0	0	0	13,900	11,585	0	138,230
Interest and Penalty	11,433	1,409	0	0	0	1,585	1,233	0	15,660
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	0	0	12
Payments in-Lieu-of Taxes - Local Utilities	212,589	26,154	0	0	0	29,424	22,885	0	291,052
Payments in-Lieu-of Taxes - Other	66,191	8,147	0	0	0	9,165	7,128	0	90,631
<u>County Local Option Taxes</u>									
Local Option Sales Tax	193,319	0	0	0	0	0	0	0	193,319
Wheel Tax	242,433	0	0	0	0	518,481	0	0	760,914
Litigation Tax - General	72,161	0	0	0	0	0	0	0	72,161
Litigation Tax - Special Purpose	47,180	0	0	0	0	0	0	0	47,180
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	23,944	0	23,944
Business Tax	160,747	0	0	0	0	0	0	0	160,747
Mineral Severance Tax	0	0	0	0	0	26,744	0	0	26,744
<u>Statutory Local Taxes</u>									
Bank Excise Tax	136,265	0	0	0	0	0	0	0	136,265
Wholesale Beer Tax	82,572	0	0	0	0	0	0	0	82,572
Interstate Telecommunications Tax	2,614	0	0	0	0	0	0	0	2,614
Other Statutory Local Taxes	1,200	0	0	0	0	0	0	0	1,200
Total Local Taxes	\$ 3,095,228	\$ 265,432	\$ 0	\$ 0	\$ 0	\$ 843,854	\$ 256,515	\$ 0	\$ 4,461,029
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 1,847	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,847
<u>Permits</u>									
Beer Permits	1,000	0	0	0	0	0	0	0	1,000
Building Permits	2,510	0	0	0	0	0	0	0	2,510
Total Licenses and Permits	\$ 5,357	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,357

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 4,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,026
Officers Costs	2,437	0	0	0	0	0	0	0	2,437
Drug Control Fines	10,639	0	7,268	0	0	0	0	0	17,907
Drug Court Fees	1,673	0	0	0	0	0	0	0	1,673
Jail Fees	2,967	0	0	0	0	0	0	0	2,967
DUI Treatment Fines	603	0	0	0	0	0	0	0	603
Data Entry Fee - Circuit Court	405	0	0	0	0	0	0	0	405
<u>General Sessions Court</u>									
Fines	17,125	0	0	0	0	0	0	0	17,125
Officers Costs	49,343	0	0	0	0	0	0	0	49,343
Game and Fish Fines	212	0	0	0	0	0	0	0	212
Drug Control Fines	7,222	0	7,288	0	0	0	0	0	14,510
Drug Court Fees	5,261	0	0	0	0	0	0	0	5,261
Jail Fees	10,159	0	0	0	0	0	0	0	10,159
District Attorney General Fees	0	0	0	1,637	0	0	0	0	1,637
Judicial Commissioner Fees	1,057	0	0	0	0	0	0	0	1,057
DUI Treatment Fines	5,333	0	0	0	0	0	0	0	5,333
Data Entry Fee - General Sessions Court	4,190	0	0	0	0	0	0	0	4,190
<u>Juvenile Court</u>									
Drug Control Fines	150	0	0	0	0	0	0	0	150
Data Entry Fee - Juvenile Court	680	0	0	0	0	0	0	0	680
<u>Chancery Court</u>									
Officers Costs	3,738	0	0	0	0	0	0	0	3,738
Data Entry Fee - Chancery Court	3,692	0	0	0	0	0	0	0	3,692
<u>Courts in Other District Counties</u>									
District Attorney General Fees	0	0	0	12,761	0	0	0	0	12,761
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	27,811	0	0	0	0	0	27,811
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	3,480	0	10,750	0	0	0	0	0	14,230
Total Fines, Forfeitures, and Penalties	\$ 134,392	\$ 0	\$ 53,117	\$ 14,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 201,907

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Residential Waste Collection Charge	\$ 0	\$ 615,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 615,424
Solid Waste Disposal Fees	0	454	0	0	0	0	0	0	454
Other General Service Charges	2,587	0	0	0	0	0	0	0	2,587
<u>Fees</u>									
Copy Fees	405	0	0	0	0	0	0	0	405
Library Fees	3,457	0	0	0	0	0	0	0	3,457
Telephone Commissions	2,910	0	0	0	0	0	0	0	2,910
Vending Machine Collections	373	7	0	0	0	132	0	0	512
Constitutional Officers' Fees and Commissions	0	0	0	0	327,776	0	0	0	327,776
Data Processing Fee - Register	11,420	0	0	0	0	0	0	0	11,420
Data Processing Fee - Sheriff	4,910	0	0	0	0	0	0	0	4,910
Sexual Offender Registration Fees - Sheriff	1,280	0	0	0	0	0	0	0	1,280
<u>Education Charges</u>									
Tuition - Other Governments	3,100	0	0	0	0	0	0	0	3,100
Tuition - Other	2,745	0	0	0	0	0	0	0	2,745
Contract for Administrative Services with Other LEAs	12,000	0	0	0	0	0	0	0	12,000
Contract for Student Support Services with Other LEAs	33,731	0	0	0	0	0	0	0	33,731
Total Charges for Current Services	\$ 78,918	\$ 615,885	\$ 0	\$ 0	\$ 327,776	\$ 132	\$ 0	\$ 0	\$ 1,022,711
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 179,595	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 179,595
Lease/Rentals	34,701	0	0	0	0	0	40,000	0	74,701
Commissary Sales	19,478	0	0	0	0	0	0	0	19,478
Sale of Gasoline	120,313	0	0	0	0	0	0	0	120,313
Sale of Recycled Materials	0	52,262	0	0	0	0	0	0	52,262
Miscellaneous Refunds	127,783	25	572	375	0	14,170	0	0	142,925
<u>Nonrecurring Items</u>									
Sale of Property	27,500	0	0	0	0	0	0	0	27,500
Damages Recovered from Individuals	400	0	0	0	0	0	0	0	400
Contributions & Gifts	5,554	0	0	0	0	0	0	0	5,554
Performance Bond Forfeitures	6,000	0	0	0	0	0	0	0	6,000

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
Other Local Revenues (Cont.)									
<u>Other Local Revenues</u>									
Other Local Revenues	\$ 63,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,679
Total Other Local Revenues	\$ 585,003	\$ 52,287	\$ 572	\$ 375	\$ 0	\$ 14,170	\$ 40,000	\$ 0	\$ 692,407
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 53,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,657
Clerk and Master	73,612	0	0	0	0	0	0	0	73,612
Register	30,699	0	0	0	0	0	0	0	30,699
<u>Fees-In-Lieu of Salary</u>									
Circuit Court Clerk	66,347	0	0	0	0	0	0	0	66,347
General Sessions Court Clerk	121,740	0	0	0	0	0	0	0	121,740
Juvenile Court Clerk	28,104	0	0	0	0	0	0	0	28,104
Sheriff	11,044	0	0	0	0	0	0	0	11,044
Trustee	264,595	0	0	0	0	0	0	0	264,595
Total Fees Received from County Officials	\$ 649,798	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 649,798
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	4,960	0	0	0	0	0	0	0	4,960
Aging Programs	80,274	0	0	0	0	0	0	0	80,274
Alternative School Program	860,841	0	0	0	0	0	0	0	860,841
State Reappraisal Grant	11,111	0	0	0	0	0	0	0	11,111
Solid Waste Grants	0	189,790	0	0	0	0	0	0	189,790
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	8,299	0	519	0	0	0	0	0	8,818
Other Public Safety Grants	20,910	0	0	0	0	0	0	0	20,910
<u>Health and Welfare Grants</u>									
Health Department Programs	59,057	0	0	0	0	0	0	0	59,057
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	0	18,654	0	0	18,654
State Aid Program	0	0	0	0	0	179,459	0	0	179,459

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>									
<u>Public Works Grants (Cont.)</u>									
Litter Program	\$ 0	\$ 30,709	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,709
<u>Other State Revenues</u>									
Income Tax	13,945	0	0	0	0	0	0	0	13,945
Beer Tax	17,212	0	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	45,937	0	0	0	0	0	0	0	45,937
Mixed Drink Tax	2,411	0	0	0	0	0	0	0	2,411
Contracted Prisoner Boarding	137,498	0	0	0	0	0	0	0	137,498
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,882,993	0	0	1,882,993
Petroleum Special Tax	0	0	0	0	0	23,709	0	0	23,709
Registrar's Salary Supplement	20,475	0	0	0	0	0	0	0	20,475
Other State Grants	5,144	0	0	0	0	0	0	0	5,144
Other State Revenues	381,970	0	0	0	0	0	0	0	381,970
Total State of Tennessee	\$ 1,679,044	\$ 220,499	\$ 519	\$ 0	\$ 0	\$ 2,104,815	\$ 0	\$ 0	\$ 4,004,877
<u>Federal Government</u>									
<u>Federal Through State</u>									
USDA School Lunch Program	\$ 30,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,964
Breakfast	12,929	0	0	0	0	0	0	0	12,929
Community Development	0	0	0	0	0	0	0	16,326	16,326
Civil Defense Reimbursement	30,591	0	0	0	0	0	0	0	30,591
Homeland Security Grants	210,235	0	0	0	0	0	0	0	210,235
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	4,900	0	0	0	0	0	0	0	4,900
Total Federal Government	\$ 289,619	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,326	\$ 305,945
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 4,690	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,690
Paving and Maintenance	0	0	0	0	0	50,960	0	0	50,960
Contributions	334	0	0	0	0	0	0	0	334
<u>Citizens Groups</u>									
Donations	12,000	0	0	0	0	0	0	0	12,000

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
<u>Other Governments and Citizens Groups (Cont.)</u>									
<u>Other</u>									
Other	\$ 30,240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	30,240
Total Other Governments and Citizens Groups	\$ 47,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,960	\$ 0	\$ 0	98,224
 Total	 \$ 6,564,623	 \$ 1,154,103	 \$ 54,208	 \$ 14,773	 \$ 327,776	 \$ 3,013,931	 \$ 296,515	 \$ 16,326	 \$ 11,442,255

Exhibit J-6

Carroll County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2006

	General Purpose School	School Transpor - tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 443,355	\$ 443,355
Trustee's Collections - Prior Year	0	15,327	15,327
Trustee's Collections - Bankruptcy	0	3,145	3,145
Circuit/Clerk & Master Collections - Prior Years	0	25,481	25,481
Interest and Penalty	0	2,989	2,989
Payments in-Lieu-of Taxes - Local Utilities	0	55,577	55,577
Payments in-Lieu-of Taxes - Other	0	17,311	17,311
<u>County Local Option Taxes</u>			
Local Option Sales Tax	91,809	0	91,809
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	198	0	198
Total Local Taxes	\$ 92,007	\$ 563,185	\$ 655,192
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 413	\$ 0	\$ 413
Total Licenses and Permits	\$ 413	\$ 0	\$ 413
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Lunch Payments - Children	\$ 2,144	\$ 0	\$ 2,144
Lunch Payments - Adults	3,509	0	3,509
Transportation - Other State Systems	33,821	0	33,821
Contract for Instructional Services with Other LEAs	489,858	0	489,858
<u>Other Charges for Services</u>			
Other Charges for Services	67,252	0	67,252
Total Charges for Current Services	\$ 596,584	\$ 0	\$ 596,584
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 10	\$ 0	\$ 10
Lease/Rentals	6,300	0	6,300
Sale of Materials and Supplies	398	690	1,088
Miscellaneous Refunds	13,601	13,121	26,722
<u>Nonrecurring Items</u>			
Sale of Equipment	525	0	525
Damages Recovered from Individuals	113	0	113
Contributions & Gifts	1,647	0	1,647
Total Other Local Revenues	\$ 22,594	\$ 13,811	\$ 36,405
<u>State of Tennessee</u>			
<u>State Education Funds</u>			
Basic Education Program	\$ 1,674,000	\$ 0	\$ 1,674,000
School Food Service	163	0	163
Other State Education Funds	1,675	0	1,675
Career Ladder Program	15,196	0	15,196
<u>Other State Revenues</u>			
Mixed Drink Tax	94	0	94

(Continued)

Exhibit J-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>Other State Revenues (Cont.)</u>			
State Revenue Sharing - T.V.A.	\$ 0	\$ 472,814	\$ 472,814
Total State of Tennessee	<u>\$ 1,691,128</u>	<u>\$ 472,814</u>	<u>\$ 2,163,942</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,981	\$ 0	\$ 4,981
Adult Education State Grant Program	84,813	0	84,813
Other Federal through State	67,588	0	67,588
Total Federal Government	<u>\$ 157,382</u>	<u>\$ 0</u>	<u>\$ 157,382</u>
Total	<u>\$ 2,560,108</u>	<u>\$ 1,049,810</u>	<u>\$ 3,609,918</u>

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	34,415	
Social Security		2,061	
Unemployment Compensation		53	
Employer Medicare		482	
Audit Services		6,680	
Dues and Memberships		3,109	
Legal Notices, Recording, and Court Costs		1,428	
Periodicals		480	
Other Charges		4,337	
Total County Commission			\$ 53,045

Board of Equalization

Board and Committee Members Fees	\$	880	
Data Processing Services		9,906	
Printing, Stationery, and Forms		668	
Total Board of Equalization			11,454

Beer Board

Legal Notices, Recording, and Court Costs	\$	336	
Total Beer Board			336

Other Boards and Committees

Board and Committee Members Fees	\$	228	
Legal Notices, Recording, and Court Costs		114	
Total Other Boards and Committees			342

County Mayor/Executive

County Official/Administrative Officer	\$	62,424	
Assistant(s)		32,654	
Purchasing Personnel		10,000	
Secretary(ies)		24,402	
Part-time Personnel		2,867	
Other Salaries & Wages		9,010	
Social Security		8,220	
State Retirement		7,076	
Employee and Dependent Insurance		20,277	
Unemployment Compensation		236	
Employer Medicare		1,922	
Communication		3,719	
Data Processing Services		4,764	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Dues and Memberships	\$	1,500	
Maintenance Agreements		3,224	
Postal Charges		2,572	
Printing, Stationery, and Forms		2,162	
Travel		4,285	
Gasoline		961	
Office Supplies		4,073	
Office Equipment		1,806	
Total County Mayor/Executive			\$ 208,154

County Attorney

Consultants	\$	3,000	
Legal Services		23,219	
Total County Attorney			26,219

Election Commission

County Official/Administrative Officer	\$	45,940	
Deputy(ies)		21,001	
Election Commission		2,150	
Social Security		3,695	
State Retirement		3,896	
Employee and Dependent Insurance		3,799	
Unemployment Compensation		196	
Employer Medicare		864	
Communication		839	
Legal Notices, Recording, and Court Costs		152	
Maintenance Agreements		4,750	
Maintenance & Repair Services - Equipment		160	
Postal Charges		1,196	
Printing, Stationery, and Forms		588	
Travel		716	
Office Supplies		1,348	
Office Equipment		244,699	
Total Election Commission			335,989

Register of Deeds

State Retirement	\$	2,538	
Employee and Dependent Insurance		11,152	
Communication		2,250	
Data Processing Services		5,910	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance Agreements	\$	2,460	
Postal Charges		831	
Other Contracted Services		2,500	
Office Supplies		2,052	
Data Processing Equipment		3,122	
Office Equipment		199	
Total Register of Deeds			\$ 33,014

County Buildings

Custodial Personnel	\$	18,585	
Maintenance Personnel		24,517	
Other Salaries & Wages		21,899	
Social Security		3,724	
State Retirement		3,783	
Employee and Dependent Insurance		14,800	
Unemployment Compensation		294	
Employer Medicare		871	
Communication		1,371	
Maintenance Agreements		3,155	
Maintenance & Repair Services - Buildings		31,677	
Maintenance & Repair Services - Equipment		287	
Maintenance & Repair Services - Vehicles		4,830	
Permits		320	
Custodial Supplies		15,985	
Gasoline		6,317	
Utilities		65,530	
Other Supplies and Materials		791	
Building and Contents Insurance		31,112	
Liability Insurance		57,734	
Building Improvements		86,678	
Data Processing Equipment		2,911	
Total County Buildings			397,171

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		64,611	
In-Service Training		545	
Social Security		6,308	
State Retirement		6,906	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Employee and Dependent Insurance	\$	33,436	
Unemployment Compensation		294	
Employer Medicare		1,475	
Communication		985	
Contracts with Private Agencies		22,647	
Dues and Memberships		1,280	
Maintenance Agreements		1,313	
Maintenance & Repair Services - Vehicles		91	
Postal Charges		1,305	
Travel		170	
Gasoline		498	
Office Supplies		1,021	
Office Equipment		1,589	
Total Property Assessor's Office			\$ 198,522

Reappraisal Program

Deputy(ies)	\$	15,012	
Data Processing Services		4,335	
Total Reappraisal Program			19,347

County Trustee's Office

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		43,606	
Part-time Personnel		2,706	
Social Security		5,670	
State Retirement		5,684	
Employee and Dependent Insurance		18,446	
Unemployment Compensation		234	
Employer Medicare		1,326	
Communication		1,151	
Data Processing Services		3,122	
Dues and Memberships		615	
Legal Notices, Recording, and Court Costs		204	
Maintenance Agreements		72	
Postal Charges		10,448	
Travel		769	
Office Supplies		3,005	
Office Equipment		551	
Total County Trustee's Office			151,657

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

State Retirement	\$	7,603	
Employee and Dependent Insurance		18,947	
Communication		415	
Maintenance Agreements		72	
Postal Charges		678	
Office Supplies		2,829	
Total County Clerk's Office			\$ 30,544

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		121,307	
Board and Committee Members Fees		75	
Jury and Witness Fees		9,038	
Social Security		10,123	
State Retirement		9,993	
Employee and Dependent Insurance		24,696	
Unemployment Compensation		687	
Employer Medicare		2,367	
Communication		3,564	
Data Processing Services		25,514	
Dues and Memberships		585	
Legal Notices, Recording, and Court Costs		1,295	
Maintenance Agreements		5,382	
Postal Charges		3,812	
Travel		738	
Office Supplies		13,343	
Liability Insurance		121	
Data Processing Equipment		735	
Office Equipment		5,050	
Total Circuit Court			292,473

General Sessions Judge

Judge(s)	\$	75,020	
Social Security		4,553	
State Retirement		4,366	
Employee and Dependent Insurance		3,718	
Employer Medicare		1,065	
Travel		475	
Office Supplies		40	
Total General Sessions Judge			89,237

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

Deputy(ies)	\$	77,718	
Social Security		4,218	
State Retirement		7,669	
Employee and Dependent Insurance		28,761	
Unemployment Compensation		485	
Employer Medicare		986	
Communication		2,328	
Data Processing Services		4,140	
Dues and Memberships		535	
Maintenance Agreements		2,460	
Postal Charges		1,753	
Office Supplies		4,412	
Data Processing Equipment		99	
Office Equipment		258	
Total Chancery Court			\$ 135,822

Juvenile Court

Supervisor/Director	\$	45,648	
Youth Service Officer(s)		32,416	
Guidance Personnel		31,265	
Part-time Personnel		378	
In-Service Training		70	
Social Security		6,314	
State Retirement		6,363	
Employee and Dependent Insurance		23,584	
Unemployment Compensation		299	
Employer Medicare		1,477	
Communication		1,757	
Maintenance Agreements		1,755	
Postal Charges		890	
Travel		24	
Office Supplies		193	
Other Supplies and Materials		778	
Total Juvenile Court			153,211

Judicial Commissioners

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

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	59,452	
Deputy(ies)		381,640	
Detective(s)		15,792	
Investigator(s)		59,058	
Salary Supplements		8,299	
Part-time Personnel		27,916	
Other Salaries & Wages		8,965	
In-Service Training		5,834	
Social Security		32,883	
State Retirement		29,116	
Employee and Dependent Insurance		65,749	
Unemployment Compensation		2,036	
Employer Medicare		7,710	
Contracts with Other Public Agencies		2,645	
Dues and Memberships		1,500	
Maintenance Agreements		8,652	
Maintenance & Repair Services - Equipment		2,810	
Maintenance & Repair Services - Vehicles		18,874	
Postal Charges		2,490	
Travel		3,794	
Gasoline		57,909	
Law Enforcement Supplies		3,752	
Office Supplies		4,951	
Uniforms		5,899	
Other Supplies and Materials		1,894	
Data Processing Equipment		23,010	
Other Equipment		4,989	
Total Sheriff's Department			\$ 847,619

Drug Enforcement

Licenses	\$	10	
Total Drug Enforcement			10

Jail

Medical Personnel	\$	7,770	
Dispatchers/Radio Operators		102,624	
Guards		274,092	
Clerical Personnel		23,587	
Cafeteria Personnel		20,556	
Part-time Personnel		384	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Social Security	\$	24,640	
State Retirement		24,143	
Employee and Dependent Insurance		70,582	
Unemployment Compensation		2,248	
Employer Medicare		5,763	
Communication		11,984	
Maintenance Agreements		7,876	
Maintenance & Repair Services - Equipment		2,397	
Medical and Dental Services		66,042	
Custodial Supplies		7,539	
Electricity		28,394	
Food Supplies		79,540	
Library Books/Media		1,660	
Natural Gas		13,110	
Prisoners Clothing		3,215	
Uniforms		2,721	
Water and Sewer		12,457	
Other Supplies and Materials		1,670	
Office Equipment		701	
Other Equipment		2,786	
Total Jail			\$ 798,481

Juvenile Services

Salary Supplements	\$	33,731
Educational Assistants		570,455
In-Service Training		575
Social Security		33,028
State Retirement		30,992
Employee and Dependent Insurance		98,870
Unemployment Compensation		2,402
Employer Medicare		7,724
Accounting Services		12,000
Communication		2,508
Dues and Memberships		700
Licenses		1,185
Maintenance Agreements		5,305
Maintenance & Repair Services - Equipment		1,001
Maintenance & Repair Services - Vehicles		8,496
Medical and Dental Services		1,433
Postal Charges		351

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Rentals	\$	40,000	
Other Contracted Services		21,672	
Custodial Supplies		5,282	
Food Supplies		35,142	
Gasoline		29,630	
Instructional Supplies and Materials		4,539	
Office Supplies		4,385	
Utilities		17,541	
Other Supplies and Materials		15,769	
Building and Contents Insurance		934	
Liability Insurance		14,230	
Workers' Compensation Insurance		2,835	
Other Charges		3,351	
Motor Vehicles		22,645	
Special Education Equipment		2,329	
Other Equipment		1,422	
Total Juvenile Services			\$ 1,032,462

Fire Prevention and Control

Supervisor/Director	\$	13,905	
In-Service Training		2,985	
Social Security		857	
State Retirement		882	
Employee and Dependent Insurance		3,962	
Unemployment Compensation		54	
Employer Medicare		200	
Dues and Memberships		235	
Maintenance & Repair Services - Equipment		8,009	
Maintenance & Repair Services - Vehicles		25,629	
Postal Charges		76	
Travel		2,862	
Gasoline		10,357	
Office Supplies		1,147	
Other Supplies and Materials		1,848	
Liability Insurance		7,035	
Other Charges		3,481	
Communication Equipment		4,474	
Other Equipment		88,878	
Total Fire Prevention and Control			176,876

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Assistant(s)	\$	13,905	
Supervisor/Director		34,871	
In-Service Training		230	
Social Security		2,877	
State Retirement		2,766	
Employee and Dependent Insurance		3,402	
Unemployment Compensation		142	
Employer Medicare		673	
Communication		2,285	
Dues and Memberships		70	
Maintenance & Repair Services - Equipment		1,052	
Maintenance & Repair Services - Vehicles		493	
Postal Charges		78	
Travel		697	
Gasoline		2,045	
Office Supplies		880	
Other Supplies and Materials		160,307	
Other Charges		400	
Total Civil Defense			\$ 227,173

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem & Fees		4,800	
Contracts with Government Agencies		7,788	
Transportation - Other than Students		450	
Travel		2,176	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			27,289

Other Public Safety

Salary Supplements	\$	2,080	
Part-time Personnel		27,424	
Social Security		1,818	
State Retirement		121	
Unemployment Compensation		305	
Employer Medicare		425	
Travel		423	
Total Other Public Safety			32,596

(Continued)

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	39,724	
Social Security		2,171	
State Retirement		2,166	
Employee and Dependent Insurance		14,277	
Unemployment Compensation		231	
Employer Medicare		508	
Communication		4,334	
Contracts with Government Agencies		10,669	
Dues and Memberships		100	
Janitorial Services		4,880	
Maintenance & Repair Services - Buildings		6,678	
Maintenance & Repair Services - Office Equipment		824	
Matching Share		2,017	
Postal Charges		3,861	
Travel		660	
Other Contracted Services		2,143	
Custodial Supplies		1,980	
Drugs and Medical Supplies		669	
Office Supplies		5,725	
Utilities		9,155	
Office Equipment		10,263	
Total Local Health Center			\$ 123,035

Rabies and Animal Control

Communication	\$	447	
Pest Control		12,000	
Veterinary Services		2,676	
Animal Food and Supplies		500	
Gasoline		2,500	
Total Rabies and Animal Control			18,123

General Welfare Assistance

Contributions	\$	300	
Other Charges		300	
Total General Welfare Assistance			600

Other Local Welfare Services

Contracts with Private Agencies	\$	14,803	
Dues and Memberships		8,458	
Total Other Local Welfare Services			23,261

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	21,115	
Social Workers		13,961	
Medical Personnel		18,850	
Secretary(ies)		16,067	
Other Salaries & Wages		14,459	
Social Security		4,915	
State Retirement		2,976	
Employee and Dependent Insurance		7,516	
Unemployment Compensation		597	
Employer Medicare		1,150	
Communication		1,746	
Contracts with Other Public Agencies		4,075	
Contracts with Private Agencies		1,240	
Licenses		810	
Maintenance Agreements		144	
Matching Share		780	
Printing, Stationery, and Forms		1,699	
Travel		1,709	
Food Supplies		524	
Gasoline		1,351	
Office Supplies		665	
Other Charges		1,114	
Total Senior Citizens Assistance			\$ 117,463

Libraries

Assistant(s)	\$	13,318
Librarians		19,513
Other Salaries & Wages		9,094
Social Security		2,523
State Retirement		1,911
Employee and Dependent Insurance		3,718
Unemployment Compensation		301
Employer Medicare		590
Communication		2,067
Dues and Memberships		290
Maintenance & Repair Services - Equipment		920
Postal Charges		400
Travel		416
Library Books/Media		10,223
Office Supplies		4,453

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Periodicals	\$	400	
Office Equipment		2,903	
Total Libraries			\$ 73,040

Parks and Fair Boards

Supervisor/Director	\$	39,274	
Other Salaries & Wages		230	
Social Security		2,265	
State Retirement		2,286	
Employee and Dependent Insurance		7,364	
Unemployment Compensation		98	
Employer Medicare		530	
Communication		1,339	
Maintenance Agreements		72	
Maintenance & Repair Services - Buildings		4,857	
Maintenance & Repair Services - Equipment		16	
Postal Charges		126	
Permits		2,485	
Custodial Supplies		4,112	
Office Supplies		404	
Utilities		32,721	
Furniture and Fixtures		474	
Total Parks and Fair Boards			98,653

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	259,240	
Total Other Social, Cultural, and Recreational			259,240

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	30,821	
Secretary(ies)		5,126	
Other Fringe Benefits		8,274	
Communication		1,903	
Travel		500	
Office Equipment		1,256	
Total Agriculture Extension Service			47,880

Forest Service

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

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$ 21,004	
Social Security	1,302	
State Retirement	1,223	
Unemployment Compensation	98	
Employer Medicare	305	
Total Soil Conservation		\$ 23,932

Flood Control

Dues and Memberships	\$ 16,500	
Total Flood Control		16,500

Other Operations

Industrial Development

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

Other Economic and Community Development

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

Airport

Supervisor/Director	\$ 29,283	
Other Salaries & Wages	11,710	
Social Security	2,388	
State Retirement	2,386	
Employee and Dependent Insurance	7,435	
Unemployment Compensation	198	
Employer Medicare	558	
Communication	1,569	
Maintenance & Repair Services - Buildings	3,639	
Maintenance & Repair Services - Equipment	8,496	
Postal Charges	76	
Travel	433	
Custodial Supplies	520	
Gasoline	99,195	
Office Supplies	226	
Utilities	10,009	
Liability Insurance	4,500	
Airport Improvement	287	
Total Airport		182,908

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	17,252	
Social Security		1,070	
State Retirement		1,004	
Unemployment Compensation		98	
Employer Medicare		250	
Communication		398	
Maintenance Agreements		72	
Postal Charges		115	
Travel		517	
Office Supplies		499	
Total Veterans' Services			\$ 21,275

Other Charges

Handling Charges & Administrative Costs	\$	120	
Contributions		6,934	
Library Books/Media		2,034	
Road Signs		2,200	
Medical Claims		1,037	
Premiums on Corporate Surety Bonds		750	
Trustee's Commission		56,122	
Workers' Compensation Insurance		56,107	
Liability Claims		23,373	
Total Other Charges			148,677

Contributions to Other Agencies

Contributions	\$	25,375	
Total Contributions to Other Agencies			<u>25,375</u>

Total General Fund \$ 6,493,173

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	16,561	
Social Security		1,006	
State Retirement		964	
Employee and Dependent Insurance		1,067	
Unemployment Compensation		132	
Employer Medicare		235	
Communication		2,982	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Contracts with Private Agencies	\$	546,791	
Legal Services		7,898	
Postal Charges		21,638	
Printing, Stationery, and Forms		3,705	
Maintenance and Repair Services - Records		19,179	
Office Supplies		616	
Other Charges		1,956	
Office Equipment		40	
Total Waste Pickup			\$ 624,770

Recycling Center

Supervisor/Director	\$	44,467
Clerical Personnel		19,572
Other Salaries & Wages		120,441
Social Security		10,782
State Retirement		10,737
Employee and Dependent Insurance		29,929
Unemployment Compensation		784
Employer Medicare		2,522
Communication		1,006
Contracts with Private Agencies		11,855
Freight Expenses		5,900
Legal Notices, Recording, and Court Costs		44
Maintenance & Repair Services - Buildings		3,345
Maintenance & Repair Services - Equipment		3,020
Maintenance & Repair Services - Vehicles		4,892
Medical and Dental Services		59
Transportation - Other than Students		23,108
Travel		901
Brokerage Fees - Recyclables		73
Other Contracted Services		6,354
Custodial Supplies		409
Gasoline		18,066
Office Supplies		233
Utilities		9,333
Other Supplies and Materials		2,125
Building and Contents Insurance		1,306
Liability Insurance		11,173
Trustee's Commission		11,274
Workers' Compensation Insurance		8,438

(Continued)

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.)

Other Charges	\$	998	
Building Construction		209,528	
Building Improvements		3,000	
Other Equipment		246	
Total Recycling Center			\$ 575,920

Highways

Litter and Trash Collection

Truck Drivers	\$	16,061	
Social Security		962	
State Retirement		935	
Employee and Dependent Insurance		1,642	
Unemployment Compensation		96	
Employer Medicare		225	
Contracts with Government Agencies		181	
Maintenance & Repair Services - Vehicles		443	
Gasoline		1,669	
Other Supplies and Materials		576	
Other Charges		8,030	
Total Litter and Trash Collection			30,820

Total Solid Waste/Sanitation Fund \$ 1,231,510

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	32,369	
Salary Supplements		519	
Social Security		1,889	
State Retirement		1,884	
Employee and Dependent Insurance		3,716	
Unemployment Compensation		98	
Employer Medicare		442	
Bank Charges		30	
Communication		468	
Confidential Drug Enforcement Payments		11,200	
Dues and Memberships		70	
Maintenance & Repair Services - Vehicles		1,081	
Travel		1,976	
Veterinary Services		202	

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Animal Food and Supplies	\$	260	
Trustee's Commission		520	
Law Enforcement Equipment		2,825	
Special Education Equipment		3,498	
Total Drug Enforcement			\$ 63,047

Total Drug Control Fund \$ 63,047

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	439	
Maintenance & Repair Services - Equipment		375	
Postal Charges		14	
Travel		21,609	
Tuition		4,835	
Office Supplies		2,355	
Trustee's Commission		137	
Total District Attorney General			\$ 29,764

Total District Attorney General Fund 29,764

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	110,788	
Total Register of Deeds			\$ 110,788

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	142,802	
Total County Clerk's Office			142,802

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	65,044	
Total Chancery Court			65,044

Total Constitutional Officers - Fees Fund 318,634

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	119,124	
Accountants/Bookkeepers		22,603	
Secretary(ies)		21,004	
State Retirement		6,709	
Medical Insurance		37,799	
Communication		3,492	
Contracts with Other Public Agencies		528	
Data Processing Services		4,826	
Dues and Memberships		2,566	
Evaluation and Testing		167	
Maintenance & Repair Services - Office Equipment		466	
Postal Charges		265	
Printing, Stationery, and Forms		122	
Travel		2,787	
Tuition		990	
Data Processing Supplies		699	
Drugs and Medical Supplies		275	
Electricity		3,208	
Natural Gas		2,337	
Office Supplies		502	
Utilities		721	
Water and Sewer		469	
Building and Contents Insurance		6,798	
Data Processing Equipment		197	
Total Administration			\$ 238,654

Highway and Bridge Maintenance

Equipment Operators	\$	216,569
Truck Drivers		219,365
Laborers		159,003
State Retirement		21,744
Medical Insurance		124,056
Contracts with Private Agencies		641
Engineering Services		8,711
Asphalt - Liquid		23,933
Crushed Stone		12,163
Fertilizer, Lime, and Seed		247
General Construction Materials		200
Ice		268
Other Road Supplies		296

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Metal	\$	26,807	
Road Signs		8,879	
Wood Products		1,926	
Chemicals		1,328	
Other Supplies and Materials		1,755	
Total Highway and Bridge Maintenance			\$ 827,891

Operation and Maintenance of Equipment

Mechanic(s)	\$	92,175	
State Retirement		3,681	
Medical Insurance		19,403	
Maintenance & Repair Services - Equipment		699	
Diesel Fuel		107,561	
Equipment and Machinery Parts		112,196	
Garage Supplies		4,961	
Gasoline		36,705	
Lubricants		8,983	
Small Tools		38	
Tires and Tubes		28,013	
Other Supplies and Materials		406	
Other Charges		975	
Total Operation and Maintenance of Equipment			415,796

Other Charges

Liability Insurance	\$	27,285	
Trustee's Commission		29,587	
Workers' Compensation Insurance		72,647	
Total Other Charges			129,519

Employee Benefits

Social Security	\$	57,888	
State Retirement		15,581	
Medical Insurance		160,314	
Unemployment Compensation		9,035	
Total Employee Benefits			242,818

Capital Outlay

Bridge Construction	\$	18,654	
Communication Equipment		176	
Highway Construction		680,023	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Motor Vehicles	\$	8,900	
State Aid Projects		182,539	
Other Equipment		11,750	
Other Construction		5,000	
Other Capital Outlay		27,315	
Total Capital Outlay			\$ 934,357

Principal on Debt

Highways and Streets

Principal on Notes	\$	120,000	
Principal on Capital Leases		26,549	
Total Highways and Streets			146,549

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,896	
Interest on Capital Leases		121	
Total Highways and Streets			2,017

Total Highway/Public Works Fund \$ 2,937,601

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	121,643	
Principal on Capital Leases		62,210	
Principal on Other Loans		63,000	
Total General Government			\$ 246,853

Interest on Debt

General Government

Interest on Notes	\$	29,891	
Interest on Capital Leases		3,917	
Interest on Other Loans		39,145	
Total General Government			72,953

Other Debt Service

General Government

Trustee's Commission	\$	4,807	
Total General Government			4,807

Total General Debt Service Fund 324,613

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Administration of Justice Projects</u>		
Building Improvements	<u>\$ 1,100,247</u>	
Total Administration of Justice Projects		<u>\$ 1,100,247</u>
Total General Capital Projects Fund		\$ 1,100,247
 <u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Building Construction	<u>\$ 38,948</u>	
Total Public Health and Welfare Projects		<u>\$ 38,948</u>
Total Other Capital Projects Fund		<u>38,948</u>
Total Governmental Funds - Primary Government		<u>\$ 12,537,537</u>

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	1,614	
Homebound Teachers		293	
Social Security		118	
State Retirement		105	
Employer Medicare		28	
Other Charges		4,281	
Total Regular Instruction Program			\$ 6,439

Alternative Instruction Program

Teachers	\$	43,660	
Career Ladder Program		1,000	
Educational Assistants		11,858	
Social Security		3,091	
State Retirement		3,146	
Medical Insurance		4,178	
Unemployment Compensation		80	
Employer Medicare		723	
Instructional Supplies and Materials		2,000	
Total Alternative Instruction Program			69,736

Special Education Program

Teachers	\$	254,511	
Career Ladder Program		7,990	
Educational Assistants		118,696	
Other Salaries & Wages		2,904	
Certified Substitute Teachers		5,827	
Social Security		22,441	
State Retirement		21,625	
Medical Insurance		17,137	
Unemployment Compensation		627	
Employer Medicare		5,248	
Travel		1,546	
Other Contracted Services		20,060	
Instructional Supplies and Materials		6,252	
Other Supplies and Materials		90	
Other Charges		1,101	
Special Education Equipment		10,146	
Total Special Education Program			496,201

(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

Teachers	\$ 330,970	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	400	
Certified Substitute Teachers	6,818	
Social Security	20,439	
State Retirement	18,450	
Medical Insurance	8,860	
Unemployment Compensation	478	
Employer Medicare	4,780	
Maintenance & Repair Services - Equipment	220	
Travel	331	
Instructional Supplies and Materials	23,059	
Textbooks	9,293	
Vocational Instruction Equipment	48,156	
Total Vocational Education Program		\$ 476,254

Adult Education Program

Teachers	\$ 38,655	
Educational Assistants	15,461	
Social Security	3,355	
Unemployment Compensation	260	
Employer Medicare	785	
Instructional Supplies and Materials	6,057	
Total Adult Education Program		64,573

Support Services

Health Services

Other Salaries & Wages	\$ 8,320	
Social Security	516	
Unemployment Compensation	40	
Employer Medicare	121	
Drugs and Medical Supplies	1,260	
Health Equipment	677	
Total Health Services		10,934

Other Student Support

Social Workers	\$ 1,881	
Secretary(ies)	19,989	
Social Security	1,212	

(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.)

State Retirement	\$	1,273	
Medical Insurance		2,540	
Unemployment Compensation		51	
Employer Medicare		283	
Evaluation and Testing		6,730	
Maintenance & Repair Services - Equipment		561	
Travel		25	
Other Supplies and Materials		875	
Other Equipment		1,354	
Total Other Student Support	\$		36,774

Regular Instruction Program

Clerical Personnel	\$	100	
Other Salaries & Wages		20,025	
Social Security		1,248	
State Retirement		146	
Unemployment Compensation		42	
Employer Medicare		292	
Travel		87	
Other Supplies and Materials		286	
Other Charges		110	
Total Regular Instruction Program			22,336

Special Education Program

Supervisor/Director	\$	49,753	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		3,335	
State Retirement		3,122	
Medical Insurance		2,186	
Unemployment Compensation		40	
Employer Medicare		780	
In Service/Staff Development		909	
Other Equipment		677	
Total Special Education Program			67,802

Vocational Education Program

Instructional Computer Personnel	\$	21,618	
Secretary(ies)		19,288	

(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.)

Social Security	\$	2,462	
State Retirement		2,381	
Unemployment Compensation		80	
Employer Medicare		576	
Travel		85	
In Service/Staff Development		5,366	
Other Charges		4,950	
Total Vocational Education Program			\$ 56,806

Adult Programs

Supervisor/Director	\$	39,325	
Social Security		2,357	
State Retirement		2,163	
Unemployment Compensation		40	
Employer Medicare		551	
Communication		158	
Other Supplies and Materials		2,875	
In Service/Staff Development		1,110	
Other Charges		1,733	
Other Equipment		2,721	
Total Adult Programs			53,033

Board of Education

Board and Committee Members Fees	\$	7,100	
Social Security		440	
Unemployment Compensation		4	
Employer Medicare		103	
Other Fringe Benefits		275	
Audit Services		1,975	
Dues and Memberships		1,357	
Legal Services		1,454	
Liability Insurance		42,305	
Trustee's Commission		4,982	
In Service/Staff Development		4,069	
Criminal Investigation of Applicants - TBI		864	
Other Charges		1,750	
Total Board of Education			66,678

(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.)

Director of Schools

County Official/Administrative Officer	\$	64,553	
Career Ladder Program		1,000	
Social Security		3,981	
State Retirement		3,605	
Life Insurance		108	
Medical Insurance		12,127	
Unemployment Compensation		40	
Employer Medicare		931	
Communication		3,790	
Dues and Memberships		1,120	
Postal Charges		2,341	
In Service/Staff Development		643	
Other Charges		11	
Administration Equipment		677	
Total Director of Schools			\$ 94,927

Office of the Principal

Principals	\$	50,044	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		1,000	
Social Security		3,165	
State Retirement		2,972	
Medical Insurance		1,827	
Unemployment Compensation		40	
Employer Medicare		740	
Communication		2,755	
Maintenance & Repair Services - Equipment		262	
Postal Charges		390	
Travel		21	
In Service/Staff Development		494	
Other Charges		163	
Total Office of the Principal			66,873

Fiscal Services

Accountants/Bookkeepers	\$	36,927	
Clerical Personnel		5,113	
Social Security		2,348	
State Retirement		2,447	
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.)

Fiscal Services (Cont.)

Unemployment Compensation	\$	46	
Employer Medicare		549	
Data Processing Services		5,125	
Data Processing Supplies		671	
Office Supplies		3,315	
In Service/Staff Development		20	
Administration Equipment		2,961	
Total Fiscal Services			\$ 62,062

Operation of Plant

Janitorial Services	\$	28,800	
Disposal Fees		2,345	
Other Contracted Services		2,228	
Custodial Supplies		5,200	
Electricity		39,358	
Natural Gas		22,114	
Water and Sewer		3,028	
Other Supplies and Materials		54	
Total Operation of Plant			103,127

Maintenance of Plant

Maintenance Personnel	\$	22,683	
Other Salaries & Wages		21,804	
Social Security		2,454	
State Retirement		2,589	
Medical Insurance		5,081	
Unemployment Compensation		80	
Employer Medicare		574	
Maintenance & Repair Services - Buildings		6,629	
Maintenance & Repair Services - Equipment		10,789	
Travel		165	
Other Contracted Services		2,230	
Other Supplies and Materials		1,435	
Other Charges		8	
Total Maintenance of Plant			76,521

Transportation

Bus Drivers	\$	34,152	
Clerical Personnel		1,287	

(Continued)

Exhibit J-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.)

Transportation (Cont.)

Social Security	\$	2,197	
State Retirement		1,633	
Employer Medicare		587	
Communication		3,223	
Diesel Fuel		49,456	
Other Charges		250	
Transportation Equipment		76,713	
Total Transportation			\$ 169,498

Central and Other

Other Salaries & Wages	\$	26,265	
Social Security		1,477	
State Retirement		1,529	
Medical Insurance		2,540	
Unemployment Compensation		40	
Employer Medicare		346	
Other Contracted Services		1,846	
Other Supplies and Materials		1,592	
Other Charges		85	
Other Equipment		9,839	
Total Central and Other			45,559

Operation of Non-Instructional Services

Food Service

Maintenance & Repair Services - Equipment	\$	38	
Travel		39	
Food Supplies		8,932	
Other Supplies and Materials		137	
Other Charges		119	
Food Service Equipment		29	
Total Food Service			9,294

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	18,583	
Other Capital Outlay		1,225	
Total Regular Capital Outlay			19,808

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 5,805	
Total Education		\$ 5,805

Interest on Debt

Education

Interest on Notes	\$ 538	
Total Education		<u>538</u>

Total General Purpose School Fund \$ 2,081,578

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$ 378	
Liability Insurance	22,322	
Trustee's Commission	15,053	
Workers' Compensation Insurance	<u>19,982</u>	
Total Board of Education		\$ 57,735

Transportation

Supervisor/Director	\$ 33,817
Mechanic(s)	76,378
Bus Drivers	404,969
Clerical Personnel	21,684
Other Salaries & Wages	33,309
Social Security	34,953
State Retirement	31,162
Medical Insurance	6,774
Unemployment Compensation	2,426
Employer Medicare	7,914
Laundry Service	3,930
Medical and Dental Services	5,330
Other Contracted Services	2,884
Diesel Fuel	154,381
Garage Supplies	2,117
Gasoline	7,005
Lubricants	7,582
Tires and Tubes	13,307
Vehicle Parts	70,968

(Continued)

Exhibit J-8

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

<u>School Transportation Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Transportation (Cont.)</u>		
Gravel and Chert	\$ 1,076	
Other Supplies and Materials	344	
In Service/Staff Development	1,683	
Other Charges	1,921	
Administration Equipment	335	
Total Transportation	<u>926,249</u>	\$ <u>926,249</u>
Total School Transportation Fund		\$ <u>983,984</u>
Total Governmental Funds - Carroll County School Department		\$ <u>3,065,562</u>

Exhibit J-9

Carroll County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Funds
For the Year Ended June 30, 2006

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Prior Year	\$ 0	\$ 3	\$ 3
Trustee's Collections - Bankruptcy	0	28,631	28,631
Circuit/Clerk & Master Collections - Prior Years	0	39,519	39,519
Interest and Penalty	0	2	2
Local Option Sales Tax	2,164,864	2,266,862	4,431,726
Interstate Telecommunications Tax	0	4,904	4,904
City/School District Property Taxes:			
Current Property Tax	0	4,332,402	4,332,402
Prior Year's Property Tax	0	357,247	357,247
Interest and Penalty	0	28,344	28,344
Payments in-Lieu-of Taxes	0	227,830	227,830
Marriage Licenses	0	10,072	10,072
Mixed Drink Tax	0	2,336	2,336
Total Cash Receipts	<u>\$ 2,164,864</u>	<u>\$ 7,298,152</u>	<u>\$ 9,463,016</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,143,216	\$ 7,153,383	\$ 9,296,599
Trustee's Commission	21,648	118,701	140,349
Total Cash Disbursements	<u>\$ 2,164,864</u>	<u>\$ 7,272,084</u>	<u>\$ 9,436,948</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 26,068	\$ 26,068
Cash Balance, July 1, 2005	<u>0</u>	<u>276,892</u>	<u>276,892</u>
Cash Balance, June 30, 2006	<u>\$ 0</u>	<u>\$ 302,960</u>	<u>\$ 302,960</u>

SINGLE AUDIT SECTION



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

February 26, 2007

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, 2006, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated February 26, 2007. 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 06.01, 06.04, 06.05, 06.06, 06.08, 06.10 and 06.11.

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.

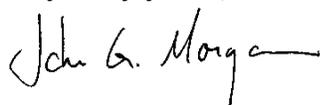
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, 06.07, and 06.09.

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/yu



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

February 26, 2007

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, 2006. 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, 2006.

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.

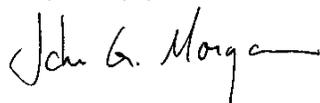
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce 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, 2006, and have issued our report thereon dated February 26, 2007. 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,



John G. Morgan
Comptroller of the Treasury

JGM/yu

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, 2006, 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 the 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 Indigent Care Board

Board of Trustees
Carroll County Indigent Care Board
Huntingdon, Tennessee

We have audited the financial statements of the Carroll County Indigent Care Board, a fiduciary fund of Carroll County, Tennessee, as of and for the year ended June 30, 2006, 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 board'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 board'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 Trustees, Carroll County Commission, and the State of Tennessee, Comptroller of the Treasury, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

To the Board of Directors
Carroll County Emergency Communications District
Huntingdon, Tennessee

We have audited the financial statements of the Carroll County Emergency Communications District, a component unit of Carroll County, Tennessee, as of and for the year ended June 30, 2006, 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 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. A reportable condition is described in Finding 97-1.

A material weakness is a 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 over financial reporting that might 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

grants, 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 Finding 99-1.

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's Office, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2006

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 has created a check log. Currently the director receives the checks and passes them along to the administrative assistant, who then prepares the deposit slip and returns them to the director to be deposited. Check receipts are now traceable to the deposit slips.

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 (TCA) 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 is now using the log book to see that checks are deposited timely.

Carroll County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

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	\$ 4,181
Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program	10.553	N/A	12,929
National School Lunch Program	10.555	N/A	35,945
Total U.S. Department of Agriculture			<u>\$ 53,055</u>
U.S. Department of Housing and Urban Development: Passed-through State Department of Economic and Community Development: Community Development Block Grants - State's Program	14.228	GG-04-10725-00	\$ 16,326
Total U.S. Department of Housing and Urban Development			<u>\$ 16,326</u>
U.S. Department of Justice: Passed-through State Commission on Children and Youth: Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-05-020358-00	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Labor: Passed-through Southwest Human Resources Agency: WIA Youth Activities	17.259	(3)	\$ 42,259
Total U.S. Department of Labor			<u>\$ 42,259</u>
U.S. Institute of Museum and Library Services: Passed-through State Department of State: Grants to States	45.310	Z-06-033507-00	\$ 3,990
Total U.S. Institute of Museum and Library Services			<u>\$ 3,990</u>
U.S. Department of Education: Passed-through State Department of Labor and Workforce Development: Adult Education - State Grant Program	84.002	(4)	\$ 84,813
Passed-through State Department of Education: Education Technology State Grants	84.318	GG-06-11904-00	4,500
Total U.S. Department of Education			<u>\$ 89,313</u>
U.S. Elections Assistance Commission: Passed-through State Department of State: Help America Vote Act Requirements Payments	90.401	Z-06-032924-00	\$ 243,500
Total U.S. Elections Assistance Commission			<u>\$ 243,500</u>
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)	\$ 80,274
Passed-through State Department of Labor and Workforce Development: Temporary Assistance for Needy Families	93.558	Z-06-027164-00	20,829
Total U.S. Department of Health and Human Services			<u>\$ 101,103</u>
U.S. Department of Homeland Security: Passed-through State Department of Military: Homeland Security Cluster: State Domestic Preparedness Equipment Support Program	97.004	(5)	\$ 171,536
Homeland Security Grant Program	97.067	Z-05-025138-00	33,370
Emergency Management Performance Grants	97.042	(6)	35,920
Total U.S. Department of Homeland Security			<u>\$ 240,826</u>
Total Expenditures of Federal Awards			<u>\$ 799,372</u>

(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
State Grants:		Contract Number	
Custodial Prevention Services - State Department of Children's Services	N/A	(2)	\$ 860,841
State Reappraisal Program - Comptroller of the Treasury	N/A	GG-06-11898-00	11,111
Certified Service Officer - State Department of Veteran's Affairs	N/A	N/A	1,154
Safe Schools Act - State Department of Education	N/A	(2)	1,675
Solid Waste Grants - State Department of Environment & Conservation	N/A	(7)	189,790
Rural Local Health Services - State Department of Health	N/A	Z-06-025999-00	59,057
Airport Maintenance - State Department of Transportation	N/A	Z-06-028719-00	4,960
Rural Dispatchers Grant - State Emergency Communications Board	N/A	DG-04-01861-02	20,910
Litter Grant - State Department of Transportation	N/A	Z-06-027939-00	30,709
Total State Grants			<u>\$ 1,180,207</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) 05110170022082: \$19,353; 06110010179800: \$22,906

(4) Z-05-022201-00: \$18,681; Z-06-027755-00: \$66,132.

(5) Z-04-022423-00: \$118,533; GG-05-11669-00: \$42,023; Z-04-020075-00: \$10,980.

(6) Z-05-025403-00: \$5,329; Z-06-032830-00: \$30,591.

(7) Z-04-018167-00: \$169,060; Z-03-011308-02: \$20,730.

Carroll County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

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, 2005, which have not been corrected.

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.02	168	General ledger payroll liability accounts were not reconciled
05.03	169	The Highway Department did not maintain a system to account for materials used on some types of road projects

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.04	169	Sufficient user documentation for the operating system and software applications was not maintained

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.05	170	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
05.06	170	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, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Carroll County is unqualified.
2. The audit of the financial statements of Carroll County 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 Help America Vote Act Requirements Payments (CFDA No. 90.401) and the Homeland Security Cluster: the State Domestic Preparedness Equipment Support Program and the Homeland Security Grant Program (CFDA Nos. 97.004 and 97.067) were determined to be major programs.
8. A \$300,000 threshold 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. The written responses of the county mayor, highway commission chairman, and trustee are quoted in this report. Other 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 06.01 **THE GENERAL CAPITAL PROJECTS FUND HAD A FUND DEFICIT AND A CASH OVERDRAFT**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The General Capital Projects Fund had a fund deficit of \$364,019 and a cash overdraft of \$162,001 at June 30, 2006. This fund deficit existed from expenditures exceeding available funds and unperformed portions of a construction contract in the amount of \$202,018 being reserved as encumbrances. This fund deficit will be funded from future loan proceeds. The cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee.

RECOMMENDATION

County officials should take immediate steps to liquidate this fund deficit and provide a sufficient operating fund balance. Warrants should not be issued in excess of cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – COUNTY MAYOR (DIRECT QUOTE)

This finding is a result of the funds from the ... loan pool not being received in the timely manner that we have been accustomed to, and the contractor needed to be paid. The funds were received from the ... loan pool after the payment was made to the contractor on the courthouse renovation project. Carroll County had sufficient funds in reserve accounts to more than cover the amount of the check.

FINDING 06.02 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

General Fund expenditures exceeded appropriations approved by the County Commission in the Other Social, Cultural, and Recreational (\$9,240) and Other Charges (\$1,164) major appropriation categories (the legal level of control).

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR (DIRECT QUOTE)

The \$9,240 was a result of a miscalculation in the County Clerk’s Office of the wheel tax receipts for the Carroll County Lake project. There has been a change in personnel in the clerk’s office. The amount was adjusted and corrected for the next quarter payment to the Carroll County Watershed Authority. The personnel in the clerk’s office are now fully trained and aware of how to process this account.

The \$1,164 was a result of the State of Tennessee’s change in drug court reporting. There were sufficient funds on deposit. When a county does not have a separate drug court, the state requires a \$75 fee to be applied to any offense.

OFFICE OF HIGHWAY COMMISSION

**FINDING 06.03 EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)**

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control):

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Highways - Administration	\$ 39,953
Highways - Highway & Bridge Maintenance	39,391
Highways - Other Charges	3,872
Principal on Debt - Highways & Streets	24,653
Interest on Debt - Highways & Streets	121

Section 5-9-401, Tennessee Code Annotated, states, “All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – HIGHWAY COMMISSION CHAIRMAN (DIRECT QUOTE)

Due to account code changes and a computer glitch, expenditures were pulled from accounts that showed insufficient revenues budgeted. Sufficient funds were available and had been budgeted in other accounts.

FINDING 06.04 **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 06.05 **THE HIGHWAY DEPARTMENT HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures were identified:

- A. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

RECOMMENDATION

Weekly backups should be rotated off-site. Year-end backups should be stored off-site and retained indefinitely. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank. Furthermore, a current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

FINDING 06.06 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 TRUSTEE

FINDING 06.07 THE OFFICE DID NOT REQUIRE A DEPOSITORY TO COLLATERALIZE FUNDS
(Noncompliance Under Government Auditing Standards)

The trustee did not require a depository to pledge securities to protect county funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2006, deposits at the depository exceeded FDIC coverage by \$16,168. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank.

RECOMMENDATION

The trustee should require depositories to pledge adequate securities to protect county funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – TRUSTEE (DIRECT QUOTE)

I immediately contacted the bank and have corrected the deficiency. I now have adequate pledges for all monies in the bank.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 06.08 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.

OFFICE OF SHERIFF

FINDING 06.09 DEFICIENCIES WERE NOTED IN THE OPERATIONS RELATED TO A TELEPHONE SERVICE CONTRACT
(Noncompliance Under Government Auditing Standards)

On October 11, 2005, the sheriff contracted with Securus Technologies for an inmate telephone service to be in effect for one year. This agreement provided for the Sheriff's Department to receive remuneration of 28 percent of the gross revenue billed for all phones. The Sheriff's Department allowed the company to accumulate its monthly commissions in an escrow account until the department sent the company various invoices to pay from this escrow account. Additionally, a signing bonus of \$20,000 was credited into this escrow account in November 2005. From October 2005 through November 2006, the account earned commissions of \$14,607.59. The company paid invoices totaling \$24,996.34 for the Sheriff's Department through November 2006.

Below is a description of invoices paid by Securus Technologies on behalf of the Sheriff's Department:

Gulf States Distributors - paid \$17,809.50 on various invoices for 51 – 21’ cartridges, 71 – 15’ cartridges, 18 black and silver tasers, batteries, USB Dataport software, 2 black and silver Exoskel

Cole Computer Services – paid \$3,104.72 for two HP microtower workstations with accessories

Craig’s Firearm Supply – paid \$1,308.60 for three Glock 21’s with fixed sights

Gall’s – paid \$1,427.64 for various uniform shirts, pants and jackets, 2 Mag flashlights, and assorted accessories

Kay’s Uniforms – paid \$1,345.88 for 23 uniform shirts, 11 pair of uniform pants and various uniform accessories

The following deficiencies were noted:

- A. The contract with Securus Technologies was not approved by the County Commission as required by Section 7-51-904, Tennessee Code Annotated (TCA).
- B. At the direction of the sheriff, Securus Technologies used proceeds from the county’s telephone commissions and signing bonus to purchase items totaling \$24,996.34 for the Sheriff’s Department. These funds were not appropriated by the County Commission and were therefore not expended in compliance with Section 5-9-401, TCA.
- C. The purchase of the 18 taser guns (\$13,745.64) made from this account exceeded \$5,000 and was not competitively bid. Disbursements in excess of \$5,000 are to be publicly advertised and competitively bid in compliance with Chapter 23, Private Acts of 1975, as amended.
- D. The office did not remit the revenues earned from its jail telephone operations to the county. The State Attorney General opined in November 1989 (U89-134) that revenues earned from telephone operations are local revenues and should be administered as any other local revenue. Section 8-24-103, TCA, requires that all fees and commissions earned by the Sheriff’s Department be remitted to the county on a monthly basis.

RECOMMENDATION

All contracts should be entered into in accordance with state statutes. All purchases for the Sheriff’s Department should be made by the county through the county’s General Fund. Competitive bids should be solicited for all purchases estimated to exceed \$5,000 as required by provisions of Chapter 23, Private Acts of 1975, as amended. Furthermore, all operating expenses of the office should be appropriated by the County Commission and paid through the county’s budgetary process, and revenues generated from the operation of the jail telephone system should be remitted to the county on a monthly basis.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.10 **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 06.11 **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, 2006

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