

**ANNUAL FINANCIAL REPORT  
CARROLL COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT**  
**CARROLL COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

***DEPARTMENT OF AUDIT***  
***JOHN G. MORGAN***  
***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT***  
***RICHARD V. NORMENT***  
***Assistant to the Comptroller***

***JAMES R. ARNETTE***  
***Director***

***NORMAN R. NORMENT, CGFM***  
***Audit Manager***

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

***MELISSA DARBY, CPA, CFE***  
***WENDY HEATH, CFE***  
***State Auditors***

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

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## CARROLL COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Carroll County, Tennessee  
For the Year Ended June 30, 2007

***Scope***

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2007.

***Results***

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

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF COUNTY MAYOR**

- ◆ The circuit court clerk was overpaid by \$1,626.59.
- ◆ General Fund expenditures exceeded appropriations approved by the County Commission in the Other Charges major appropriation category (the legal level of control) by \$5,565.

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**OFFICE OF HIGHWAY COMMISSION**

- ◆ The Highway Department did not maintain a system to account for materials used on certain types of road projects.

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**OFFICE OF SHERIFF**

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

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## INTRODUCTORY SECTION

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# Carroll County Officials

## June 30, 2007

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### **Officials**

Kenny McBride, County Mayor  
Charlotte Tucker, Director of Schools  
Patricia Rich, Trustee  
Johnny Radford, Assessor of Property  
Carolyn Halter Lutz, County Clerk  
Bertha Taylor, Circuit, General Sessions, and Juvenile Courts Clerk  
Kenneth Todd, Clerk and Master  
Natalie Porter, Register  
Bendell Bartholomew, Sheriff

### **Board of County Commissioners**

Kenny McBride, Chairman	Jimmy McClure
John Mann, Chairman Pro Tempore	Ronnie Murphy
Bobby Argo	Steve Parker
Harold Baker	John Mark Robinson
Marsha Bunn Barger	LaRenda Scarbrough
Johnny Blount	Larry Spencer
Walter Butler	Ben Surber
Richard Goodwin	Gaylon Sydnor
Bill Kirk	Harold Vinson
Wayne Kirk	Joel Washburn
Randy Long	Jerry White

### **Highway Commission**

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

### **Budget Committee**

John Mann, 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**

Bill Kirk, Chairman  
Pat Rich, Secretary  
Carolyn Lutz  
Kenny McBride  
Steve Parker  
Ben Surber

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**FINANCIAL SECTION**

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**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 7, 2008

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, 2007, 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 26.35 percent and 8.17 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 11.37 percent and 10.55 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, 2007, 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 7, 2008, 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 a 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 and pension information on pages 77 through 81 are not required parts of the basic financial statements but they do provide 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". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Carroll County, Tennessee  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Units	
	Governmental	Business-	Total	Carroll	Emergency
	Activities	type		School	Communications
	Activities	Activities	Department	District	
<b>ASSETS</b>					
Cash	\$ 34,422	\$ 1,962,710	\$ 1,997,132	\$ 0	\$ 234,165
Equity in Pooled Cash and Investments	3,952,583	0	3,952,583	3,624,312	0
Inventories	0	451,522	451,522	0	0
Investments	0	4,562,671	4,562,671		491,343
Accounts Receivable	20,655	2,853,577	2,874,232	86,888	24,340
Due from Other Governments	508,103	0	508,103	32,573	0
Due from Component Units	150	0	150	0	0
Property Taxes Receivable	3,001,232	0	3,001,232	532,176	0
Allowance for Uncollectible Property Taxes	(183,866)	0	(183,866)	(33,503)	0
Prepaid Items	0	510,319	510,319	0	0
Accrued Interest Receivable	18,844	0	18,844	0	1,213
Other Current Assets	0	0	0	0	50
Other Restricted Assets	0	304,977	304,977	0	0
Deferred Charges - Debt Issuance Costs	15,442	17,765	33,207	0	0
Notes Receivable	24,000	0	24,000	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,731,143	227,453	1,958,596	176,489	0
Construction in Progress	0	74,261	74,261	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	4,618,067	453,087	5,071,154	1,746,729	81,149
Infrastructure	2,973,026	0	2,973,026	0	0
Other Capital Assets	1,252,826	18,676,016	19,928,842	1,432,253	142,450
Total Assets	\$ 17,966,627	\$ 30,094,358	\$ 48,060,985	\$ 7,597,917	\$ 974,710
<b>LIABILITIES</b>					
Accounts Payable	\$ 3,432	\$ 2,979,682	\$ 2,983,114	\$ 0	\$ 2,185
Payroll Deductions Payable	70	0	70	5,801	0
Accrued Leave	0	902,736	902,736	0	0
Accrued Interest Payable	8,725	0	8,725	139	0
Due to State of Tennessee	11,415	0	11,415	0	0
Due to Primary Government	0	0	0	150	0
Customer Deposits Payable	0	811,526	811,526	0	0
Deferred Revenue - Current Property Taxes	2,714,850	0	2,714,850	479,091	0
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	0	10,147	10,147	0	0
Noncurrent Liabilities:					
Due Within One Year	244,629	125,000	369,629	6,158	0
Due in More Than One Year (net of unamortized discount on debt)	2,506,905	1,193,242	3,700,147	0	0
Total Liabilities	\$ 5,490,026	\$ 6,022,333	\$ 11,512,359	\$ 491,339	\$ 2,185

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 8,039,135	\$ 18,090,817	\$ 26,129,952	\$ 3,349,313	\$ 0
Invested in Capital Assets	0	0	0	0	223,599
Restricted for:					
Debt Service	384,907	294,830	679,737	0	0
Highway/Public Works	1,070,572	0	1,070,572	0	0
Solid Waste/Sanitation	208,764	0	208,764	0	0
Drug Control	36,743	0	36,743	0	0
District Attorney General	33,051	0	33,051	0	0
School Transportation	0	0	0	476,270	0
Other Purposes	206,583	0	206,583	7,471	0
Unrestricted	2,496,846	5,686,378	8,183,224	3,273,524	748,926
Total Net Assets	\$ 12,476,601	\$ 24,072,025	\$ 36,548,626	\$ 7,106,578	\$ 972,525

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, 2007

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business- type Activities	Total	Carroll	Emergency	
								School Department	Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 780,448	\$ 290,346	\$ 21,780	\$ 0	\$ (468,322)	\$ 0	\$ (468,322)	\$ 0	\$ 0	
Finance	603,894	457,849	11,200	0	(134,845)	0	(134,845)	0	0	
Administration of Justice	1,068,138	600,043	0	0	(468,095)	0	(468,095)	0	0	
Public Safety	3,601,126	526,055	1,055,799	85,231	(1,934,041)	0	(1,934,041)	0	0	
Public Health and Welfare	1,316,431	750,557	146,390	2,443	(417,041)	0	(417,041)	0	0	
Social, Cultural, and Recreational Services	656,637	38,448	76,537	3,482	(538,170)	0	(538,170)	0	0	
Agriculture and Natural Resources	106,105	0	0	0	(106,105)	0	(106,105)	0	0	
Other Operations	455,660	184,973	5,776	0	(264,911)	0	(264,911)	0	0	
Highways/Public Works	2,626,959	17,047	1,942,985	296,047	(370,880)	0	(370,880)	0	0	
Interest on Long-term Debt	110,995	0	0	0	(110,995)	0	(110,995)	0	0	
Other Debt Service	7,412	0	0	0	(7,412)	0	(7,412)	0	0	
Total Governmental Activities	\$ 11,333,805	\$ 2,865,318	\$ 3,260,467	\$ 387,203	\$ (4,820,817)	\$ 0	\$ (4,820,817)	\$ 0	\$ 0	
Business-type Activities:										
Public Utility	\$ 32,390,336	\$ 33,365,489	\$ 0	\$ 0	\$ 0	\$ 975,153	\$ 975,153	\$ 0	\$ 0	
Total Business-type Activities	\$ 32,390,336	\$ 33,365,489	\$ 0	\$ 0	\$ 0	\$ 975,153	\$ 975,153	\$ 0	\$ 0	
Total Primary Government	\$ 43,724,141	\$ 36,230,807	\$ 3,260,467	\$ 387,203	\$ (4,820,817)	\$ 975,153	\$ (3,845,664)	\$ 0	\$ 0	
Component Units:										
Carroll County School Department	\$ 3,377,716	\$ 721,125	\$ 163,222	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,493,369)	\$ 0	
Emergency Communications District	240,240	300,544	136,321	0	0	0	0	0	196,625	
Total Component Units	\$ 3,617,956	\$ 1,021,669	\$ 299,543	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,493,369)	\$ 196,625	

(Continued)

Exhibit B

Carroll County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Total Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 2,318,486	\$ 0	\$ 2,318,486	\$ 499,495	\$ 0
Property Taxes Levied for Debt Service					258,012	0	258,012	0	0
Local Option Sales Taxes					184,637	0	184,637	66,697	0
Other Local Taxes					1,207,808	0	1,207,808	151	0
Grants and Contributions Not Restricted to Specific Programs					286,187	0	286,187	2,385,696	0
Unrestricted Investment Income					264,374	281,749	546,123	0	19,369
Miscellaneous					48,491	0	48,491	31,847	0
<b>Total General Revenues</b>					<b>\$ 4,567,995</b>	<b>\$ 281,749</b>	<b>\$ 4,849,744</b>	<b>\$ 2,983,886</b>	<b>\$ 19,369</b>
Transfers					\$ 269,931	\$ (269,931)	\$ 0	\$ 0	\$ 0
Change in Net Assets					\$ 17,109	\$ 986,971	\$ 1,004,080	\$ 490,517	\$ 215,994
Net Assets, July 1, 2006					11,082,342	23,085,054	34,167,396	6,616,061	756,531
Prior-period Adjustment					1,377,150	0	1,377,150	0	0
<b>Net Assets, June 30, 2007</b>					<b>\$ 12,476,601</b>	<b>\$ 24,072,025</b>	<b>\$ 36,548,626</b>	<b>\$ 7,106,578</b>	<b>\$ 972,525</b>

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, 2007

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Highway / Public Works</u>	<u>Funds</u> <u>Other</u> <u>Govern- mental</u> <u>Funds</u>	
<u>ASSETS</u>				
Cash	\$ 450	\$ 0	\$ 38,197	\$ 38,647
Equity in Pooled Cash and Investments	2,553,422	757,605	641,556	3,952,583
Accounts Receivable	15,689	629	4,337	20,655
Due from Other Governments	147,590	344,646	15,867	508,103
Due from Other Funds	10,065	160	0	10,225
Due from Component Units	0	150	0	150
Property Taxes Receivable	2,218,609	283,696	498,927	3,001,232
Allowance for Uncollectible Property Taxes	(133,860)	(17,813)	(32,193)	(183,866)
Accrued Interest Receivable	18,844	0	0	18,844
Notes Receivable - Long-term	24,000	0	0	24,000
Total Assets	<u>\$ 4,854,809</u>	<u>\$ 1,369,073</u>	<u>\$ 1,166,691</u>	<u>\$ 7,390,573</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accrued Payroll	\$ 3,432	\$ 0	\$ 0	\$ 3,432
Payroll Deductions Payable	0	0	70	70
Due to Other Funds	4,385	0	10,065	14,450
Due to State of Tennessee	7,592	3,823	0	11,415
Deferred Revenue - Current Property Taxes	2,012,182	255,516	447,152	2,714,850
Deferred Revenue - Delinquent Property Taxes	62,608	8,944	16,894	88,446
Other Deferred Revenues	79,600	179,466	11,094	270,160
Total Liabilities	<u>\$ 2,169,799</u>	<u>\$ 447,749</u>	<u>\$ 485,275</u>	<u>\$ 3,102,823</u>
<u>Fund Balances</u>				
Reserved for Alcohol and Drug Treatment	\$ 42,372	\$ 0	\$ 0	\$ 42,372
Reserved for Sexual Offender Registration	3,435	0	0	3,435
Reserved for Computer System - Register	60,961	0	0	60,961
Reserved for Automation Purposes - General Sessions Court	18,395	0	0	18,395
Reserved for Automation Purposes - Chancery Court	5,762	0	0	5,762
Reserved for Long-term Notes Receivable	24,000	0	0	24,000
Reserved for Other General Purposes	94,030	0	0	94,030
Unreserved, Reported In:				
General Fund	2,436,055	0	0	2,436,055
Special Revenue Funds	0	921,324	296,728	1,218,052
Debt Service Funds	0	0	384,688	384,688
Total Fund Balances	<u>\$ 2,685,010</u>	<u>\$ 921,324</u>	<u>\$ 681,416</u>	<u>\$ 4,287,750</u>
Total Liabilities and Fund Balances	<u>\$ 4,854,809</u>	<u>\$ 1,369,073</u>	<u>\$ 1,166,691</u>	<u>\$ 7,390,573</u>

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, 2007

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)		\$	4,287,750
(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: buildings and improvements net of accumulated depreciation		4,618,067	
Add: infrastructure net of accumulated depreciation		2,973,026	
Add: other capital assets net of accumulated depreciation		<u>1,252,826</u>	10,575,062
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(429,822)	
Less: other loans payable		(1,967,000)	
Less: capital leases payable		(154,547)	
Add: deferred charges - debt issuance costs		15,442	
Less: accrued interest on notes and capital leases		(8,725)	
Less: compensated absences payable		<u>(200,165)</u>	(2,744,817)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>358,606</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>12,476,601</u></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, 2007

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 2,879,824	\$ 774,901	\$ 532,517	\$ 4,187,242
Licenses and Permits	2,740	0	0	2,740
Fines, Forfeitures, and Penalties	139,438	0	51,382	190,820
Charges for Current Services	38,433	102	883,283	921,818
Other Local Revenues	710,299	46,484	118,645	875,428
Fees Received from County Officials	820,155	0	0	820,155
State of Tennessee	1,509,659	2,227,164	36,273	3,773,096
Federal Government	181,270	2,938	0	184,208
Other Governments and Citizens Groups	57,869	3,225	0	61,094
Total Revenues	<u>\$ 6,339,687</u>	<u>\$ 3,054,814</u>	<u>\$ 1,622,100</u>	<u>\$ 11,016,601</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 1,105,512	\$ 0	\$ 19,944	\$ 1,125,456
Finance	416,349	0	146,693	563,042
Administration of Justice	708,030	0	110,992	819,022
Public Safety	3,270,100	0	55,360	3,325,460
Public Health and Welfare	216,765	0	1,038,026	1,254,791
Social, Cultural, and Recreational Services	537,787	0	0	537,787
Agriculture and Natural Resources	83,866	0	0	83,866
Other Operations	452,109	0	0	452,109
Highways	0	3,031,352	31,488	3,062,840
Debt Service:				
Principal on Debt	0	73,976	257,564	331,540
Interest on Debt	0	3,145	112,191	115,336
Other Debt Service	0	0	6,195	6,195
Capital Projects	0	0	218,957	218,957
Total Expenditures	<u>\$ 6,790,518</u>	<u>\$ 3,108,473</u>	<u>\$ 1,997,410</u>	<u>\$ 11,896,401</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (450,831)</u>	<u>\$ (53,659)</u>	<u>\$ (375,310)</u>	<u>\$ (879,800)</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 228,523	\$ 0	\$ 228,523
Other Loans Issued	0	0	380,958	380,958
Insurance Recovery	21,102	35	0	21,137
Transfers In	191,075	27,296	51,560	269,931
Total Other Financing Sources (Uses)	<u>\$ 212,177</u>	<u>\$ 255,854</u>	<u>\$ 432,518</u>	<u>\$ 900,549</u>
Net Change in Fund Balances	\$ (238,654)	\$ 202,195	\$ 57,208	\$ 20,749
Fund Balance, July 1, 2006	<u>2,923,664</u>	<u>719,129</u>	<u>624,208</u>	<u>4,267,001</u>
Fund Balance, June 30, 2007	<u>\$ 2,685,010</u>	<u>\$ 921,324</u>	<u>\$ 681,416</u>	<u>\$ 4,287,750</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, 2007

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)		\$ 20,749
(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	\$ 1,142,219	
Less: current year depreciation expense	<u>(950,763)</u>	191,456
(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, 2007	\$ 358,606	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(296,536)</u>	62,070
(3) The issuance of long-term debt (e.g. notes, other loans, 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	\$ (380,958)	
Less: capital lease proceeds	(228,523)	
Less: change in deferred debt issuance costs	(1,217)	
Add: principal payments on notes	128,426	
Add: principal payments on other loans	65,000	
Add: principal payments on capital leases	<u>138,114</u>	(279,158)
(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	\$ 4,341	
Change in compensated absences	<u>17,651</u>	<u>21,992</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 17,109</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, 2007

	Business-type Activities
	Major Fund
	Public Utility
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,962,710
Accounts Receivable	2,853,577
Inventories	451,522
Prepaid Items	510,319
Total Current Assets	<u>\$ 5,778,128</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 4,867,648
Deferred Charges - Debt Issuance Costs	17,765
Capital Assets (Net of Accumulated Depreciation):	
Land	227,453
Construction in Progress	74,261
Buildings and Improvements	453,087
Other Capital Assets	18,676,016
Total Noncurrent Assets	<u>\$ 24,316,230</u>
Total Assets	<u>\$ 30,094,358</u>

<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 2,979,682
Accrued Leave	902,736
Customer Deposits Payable	811,526
Current Liabilities Payable from Restricted Assets:	
Revenue Bonds Payable	125,000
Accrued Interest Payable	10,147
Total Current Liabilities	<u>\$ 4,829,091</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 1,215,000
Unamortized Discount on Bonds Payable	(21,758)
Total Noncurrent Liabilities	<u>\$ 1,193,242</u>
Total Liabilities	<u>\$ 6,022,333</u>

<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 18,090,817
Restricted for Debt Service	294,830
Unrestricted	5,686,378
Total Net Assets	<u>\$ 24,072,025</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, 2007

	Business- type Activities
	Major Fund
	Public Utility
<u>Operating Revenues</u>	
Sales of Electric Energy	\$ 32,782,180
Forfeited Discounts	203,608
Rent from Electric Property	215,999
Other Electric Revenue	41,192
Miscellaneous Service Revenue	122,510
Total Operating Revenues	<u>\$ 33,365,489</u>
<u>Operating Expenses</u>	
Purchased Power	\$ 27,086,341
Distribution Expenses:	
Supervision and Engineering	136,668
Station Expense	12,137
Overhead Line Expense	678,965
Underground Line Expense	2,872
Street Lighting and Signal System	8,451
Meter Expense	91,151
Consumer Installations	13,972
Rent Expense	24,773
Miscellaneous Expense	77,671
Customer Accounts Expenses:	
Supervision	75,403
Meter Reading	160,327
Consumer Records and Collection Expense	507,428
Sales Expenses:	
Customer Assistance	4,200
Sales Expense	20,441
Administrative Expenses:	
Salaries	140,689
Office Supplies and Expense	41,512
Outside Services	17,766
Property Insurance	21,274
Injuries and Damages	108,441
Employee Benefits	597,983
Miscellaneous Expense	47,431

(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	\$ 45,063
Station Equipment	40,003
Overhead and Underground Lines	988,157
Line Transformers	51,645
Street Lighting and Signal System	22,247
Meters	9,310
Miscellaneous Expense	11,978
Security Lights	36,988
General Plant and Equipment	20,330
Depreciation and Amortization	998,583
Tax Equivalents	314,454
Amortization of Acquisition Adjustment	(24,318)
Total Operating Expenses	<u>\$ 32,390,336</u>
Operating Income (Loss)	<u>\$ 975,153</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 350,196
Interest Expense	(64,983)
Amortization of Debt Expense	(3,464)
Total Nonoperating Revenues (Expenses)	<u>\$ 281,749</u>
Income before Transfers	\$ 1,256,902
Transfers In (Out)	<u>(269,931)</u>
Change in Net Assets	\$ 986,971
Net Assets, July 1, 2006	<u>23,085,054</u>
Net Assets, June 30, 2007	<u><u>\$ 24,072,025</u></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, 2007

	Business-type Activities
	Major Fund
	Public Utility
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 33,421,208
Payments to Suppliers and Employees	(31,566,223)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,854,985</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Increase (decrease) in customer deposits	\$ 29,925
Transfers to other funds	(269,931)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (240,006)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,619,820)
Plant Removal Cost	(114,204)
Materials Salvaged from Retirements	151,765
Principal Paid on Bonds	(120,000)
Interest Paid on Bonds	(65,803)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,768,062)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (5,676,894)
Proceeds from Sale of Investments	5,617,489
Interest Earned	350,196
Net Cash Provided By (Used In) Investing Activities	<u>\$ 290,791</u>
Net Increase (Decrease) in Cash	\$ 137,708
Cash, July 1, 2006	<u>1,903,399</u>
Cash, June 30, 2007	<u><u>\$ 2,041,107</u></u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ 975,153
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	998,583
Amortization and Acquisition Adjustment	(24,318)
(Increase) Decrease in Accounts Receivable	67,685
(Increase) Decrease in Materials and Supplies	(7,047)
(Increase) Decrease in Prepayments and Other Current Assets	(138,505)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(16,566)
Net Cash Provided By Operating Activities	<u>\$ 1,854,985</u>

(Continued)

Exhibit D-3

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

	Business-type Activities
	Major Fund
	Public Utility
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 1,962,710
Add: Restricted Cash included as a part of the Other Restricted Assets	<u>78,397</u>
Cash, June 30, 2007	<u><u>\$ 2,041,107</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, 2007

	Other Trust Funds		Total	
	Endowment	Indigent	Other	Agency
	Principal	Care Trust	Trust	Funds
			Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 87,597	\$ 0	\$ 87,597	\$ 323,096
Cash	0	122,321	122,321	784,260
Investments	0	2,764,732	2,764,732	52,596
Accounts Receivable	0	0	0	1,934
Due from Other Governments	0	0	0	758,527
Due from Other Funds	0	0	0	4,225
Taxes Receivable	0	0	0	5,246,726
Allowance for Uncollectible Taxes	0	0	0	(329,579)
Prepaid Items	0	499	499	0
Accrued Interest Receivable	126	12,613	12,739	0
Total Assets	\$ 87,723	\$ 2,900,165	\$ 2,987,888	\$ 6,841,785
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 30,059	\$ 30,059	\$ 0
Due to Other Taxing Units	0	0	0	5,966,033
Due to Litigants, Heirs, and Others	0	0	0	834,830
Due to Joint Ventures	0	0	0	40,922
Total Liabilities	\$ 0	\$ 30,059	\$ 30,059	\$ 6,841,785
<u>NET ASSETS</u>				
Held in Trust for Underprivileged Children	\$ 87,723	\$ 0	\$ 87,723	
Held in Trust for Indigent Care	0	2,870,106	2,870,106	
Total Net Assets	\$ 87,723	\$ 2,870,106	\$ 2,957,829	

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, 2007

	<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	\$ 3,386	\$ 151,312	\$ 154,698
Net Increase (Decrease) in Fair Value in Investments	0	(6,742)	(6,742)
Net Investment Income	\$ 3,386	\$ 144,570	\$ 147,956
Total Additions	\$ 3,386	\$ 144,570	\$ 147,956
<u>DEDUCTIONS</u>			
Donations	\$ 2,100	\$ 0	\$ 2,100
Payments for Indigent Care	0	117,008	117,008
Safekeeping Fees and Service Charges	0	3,049	3,049
Audit Fees	0	1,875	1,875
Insurance	0	399	399
Total Deductions	\$ 2,100	\$ 122,331	\$ 124,431
Change in Net Assets	\$ 1,286	\$ 22,239	\$ 23,525
Net Assets, July 1, 2006	86,437	2,847,867	2,934,304
Net Assets, June 30, 2007	\$ 87,723	\$ 2,870,106	\$ 2,957,829

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, 2007**

**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 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 Projects Fund** – The General Capital Projects Fund is 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.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.87 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 (excluding the Carroll County Board of Public Utilities, enterprise fund) 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, enterprise fund) 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

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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, 2007:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Library	\$ 105,498
Self-insurance	928,847
RSVP Program	9,303
Highway/Public Works:	
Bridge construction	182,000

**7. Prior-period Adjustment**

Net capital assets were restated from the prior year in the primary government by \$1,377,150. The prior-period adjustment resulted from the recognition of infrastructure assets acquired between July 1, 1980, and June 30, 2002.

**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 General Capital Projects Fund, which adopts a project length budget. 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. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Other Charges major appropriation category (the legal level of control) in the General Fund by \$5,565.

Such an overexpenditure is a violation of state statutes. This overexpenditure was funded from available fund balance.

## 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.

#### 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, 2007, Carroll County had the following investments carried at fair value. The county had no pooled investments as of June 30, 2007. Nonpooled investments represent amounts held by the Constitutional Officers - Agency Fund at the direction of the court.

#### NONPOOLED INVESTMENTS

Investment	Maturities	Fair Value
Carroll County Constitutional Officers - Agency Fund:		
Circuit Court Clerk:		
Bedford Money Funds	On Demand	\$ 606
U.S. Treasury Securities	8-15-13	51,990
Total		\$ 52,596

**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 (\$24,000) 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 assets activity for the year ended June 30, 2007, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-06	Prior Period Adjustment	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:					
Land	\$ 1,731,143	\$ 0	\$ 0	\$ 0	\$ 1,731,143
Construction in Progress	1,168,441	0	0	1,168,441	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,899,584</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,168,441</b>	<b>\$ 1,731,143</b>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 6,670,934	\$ 0	\$ 1,331,930	\$ 0	\$ 8,002,864
Infrastructure	3,327,411	4,361,883	499,396	0	8,188,690
Other Capital Assets	5,350,772	0	479,334	234,738	5,595,368
<b>Total Capital Assets Depreciated</b>	<b>\$ 15,349,117</b>	<b>\$ 4,361,883</b>	<b>\$ 2,310,660</b>	<b>\$ 234,738</b>	<b>\$ 21,786,922</b>
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 3,192,078	\$ 0	\$ 192,719	\$ 0	\$ 3,384,797
Infrastructure	1,946,806	2,984,733	284,125	0	5,215,664
Other Capital Assets	4,103,361	0	473,919	234,738	4,342,542
<b>Total Accumulated Depreciation</b>	<b>\$ 9,242,245</b>	<b>\$ 2,984,733</b>	<b>\$ 950,763</b>	<b>\$ 234,738</b>	<b>\$ 12,943,003</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 6,106,872</b>	<b>\$ 1,377,150</b>	<b>\$ 1,359,897</b>	<b>\$ 0</b>	<b>\$ 8,843,919</b>
Governmental Activities Capital Assets, Net	\$ 9,006,456	\$ 1,377,150	\$ 1,359,897	\$ 1,168,441	\$ 10,575,062

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

### Governmental Activities:

General Government	\$ 14,112
Finance	12,001
Administration of Justice	17,021
Public Safety	282,125
Public Health and Welfare	60,142

Governmental Activities (Cont.):

Social, Cultural, and Recreational Services	\$ 113,748
Agriculture and Natural Resources	6,839
Other Operations	85,770
Highway/Public Works	<u>359,005</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 950,763</u></u>

**Discretely Presented Carroll County School Department**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 176,489	\$ 0	\$ 0	\$ 176,489
Total Capital Assets Not Depreciated	<u>\$ 176,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,489</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,852,462	\$ 0	\$ 0	\$ 2,852,462
Other Capital Assets	3,101,365	65,162	106,976	3,059,551
Total Capital Assets Depreciated	<u>\$ 5,953,827</u>	<u>\$ 65,162</u>	<u>\$ 106,976</u>	<u>\$ 5,912,013</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 997,645	\$ 108,088	\$ 0	\$ 1,105,733
Other Capital Assets	1,514,879	203,525	91,106	1,627,298
Total Accumulated Depreciation	<u>\$ 2,512,524</u>	<u>\$ 311,613</u>	<u>\$ 91,106</u>	<u>\$ 2,733,031</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,441,303</u>	<u>\$ (246,451)</u>	<u>\$ 15,870</u>	<u>\$ 3,178,982</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 3,617,792</u></u>	<u><u>\$ (246,451)</u></u>	<u><u>\$ 15,870</u></u>	<u><u>\$ 3,355,471</u></u>

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

Governmental Activities:

Instruction	\$ 82,046
Support Services	<u>229,567</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 311,613</u></u>

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

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 10,065
Highway/Public Works	General	160
Judicial District Drug	General	4,225

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

**Due to/from primary government and component units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Highway/Public Works	Component Unit: General Purpose School	150

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Funds
Public Utility	\$ 191,075	\$ 27,296	\$ 51,560
Total	\$ 191,075	\$ 27,296	\$ 51,560

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

**E. Capital Leases**

On September 6, 2006, Carroll County entered into a four-year lease-purchase agreement for the purchase of two tractors. The terms of the agreement require total lease payments of \$71,796 plus interest of 5.75 percent. Title to the leased tractors transfers to Carroll County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On October 25, 2006, Carroll County entered into a three-year lease-purchase agreement for the purchase of four pickup trucks. The terms of the agreement require total lease payments of \$56,752 plus interest of 5.8 percent. Title to the leased trucks transferred to Carroll County on March 20, 2007, when the county paid off the lease early. The lease payments were made from the Highway/Public Works Fund.

On May 18, 2007, Carroll County entered into a five-year lease-purchase agreement for the purchase of a front-end loader. The terms of the agreement require total lease payments of \$99,975 plus interest of 4.5 percent. Title to the leased front-end loader transfers to Carroll County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Activities
2008	\$ 41,434
2009	41,434
2010	41,433
2011	21,912
2012	<u>21,912</u>
Total Minimum Lease Payments	\$ 168,125
Amount Representing Interest	<u>(13,578)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 154,547</u></u>

**F. 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, 2007, will be retired from the General Debt Service Fund.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note - Refunding	4.82 %	\$ 1,007,504	\$ 429,822
Other Loans	variable	2,200,000	1,967,000
Capital Leases	4.5 to 5.75	171,771	154,547

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Carroll County for various capital projects. 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 (letter of credit, debt remarketing, administrative, etc.) in connection with this loan. At June 30, 2007, the variable interest rate was 3.95 percent based on the LIBOR rate and other fees amounted to approximately .47 percent (letter of credit), .08 percent (debt remarketing), and .15 percent (administrative) of the outstanding loan principal.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2007, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 135,588	\$ 17,450
2009	143,104	10,733
2010	151,130	3,642
Total	<u>\$ 429,822</u>	<u>\$ 31,825</u>

Year Ending June 30	Other Loan (\$2,200,000)			
	Principal	Interest	Other Fees	Total
2008	\$ 67,000	\$ 77,697	\$ 13,769	\$ 158,466
2009	69,000	75,050	13,300	157,350
2010	72,000	72,325	12,817	157,142
2011	74,000	69,481	12,313	155,794
2012	76,000	66,558	11,795	154,353
2013-2017	419,000	285,664	50,624	755,288
2018-2022	490,000	197,500	35,000	722,500
2023-2027	574,000	94,287	16,709	684,996
2028	126,000	4,977	882	131,859
Total	<u>\$ 1,967,000</u>	<u>\$ 943,539</u>	<u>\$ 167,209</u>	<u>\$ 3,077,748</u>

There is \$384,688 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes, other loans, and capital leases totaled \$87, 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, 2007, was as follows:

Governmental Activities:

	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2006	\$ 558,248	\$ 1,651,042
Additions	0	380,958
Deductions	<u>(128,426)</u>	<u>(65,000)</u>
Balance, June 30, 2007	<u>\$ 429,822</u>	<u>\$ 1,967,000</u>
Balance Due Within One Year	<u>\$ 135,588</u>	<u>\$ 67,000</u>
	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 64,138	\$ 217,816
Additions	228,523	158,419
Deductions	<u>(138,114)</u>	<u>(176,070)</u>
Balance, June 30, 2007	<u>\$ 154,547</u>	<u>\$ 200,165</u>
Balance Due Within One Year	<u>\$ 38,695</u>	<u>\$ 3,346</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 2,751,534
Less: Balance Due Within One Year	<u>(244,629)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,506,905</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, 2007, was as follows:

Governmental Activities:

	<u>Note</u>
Balance, July 1, 2006	\$ 12,137
Deductions	<u>(5,979)</u>
Balance, June 30, 2007	<u>\$ 6,158</u>
Balance Due Within One Year	<u>\$ 6,158</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, 2007, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	3%	\$ 39,519	\$ 6,158

The annual requirements to amortize the note outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	<u>Note</u>	
	Principal	Interest
2008	<u>\$ 6,158</u>	<u>\$ 185</u>
Total	<u>\$ 6,158</u>	<u>\$ 185</u>

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 was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### Workers' Compensation Insurance

Carroll County joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays annual premiums to the TN-RMT for its worker's compensation insurance coverage. The creation of the TN-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, 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 joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

#### **B. Subsequent Events**

Subsequent to June 30, 2007, Carroll County issued a capital outlay note totaling \$60,000 to provide funds for the purchase of a horizontal baler with conveyor for use by the county.

On September 10, 2007, the threshold for soliciting competitive bids for the Office of County Mayor increased from \$5,000 to \$10,000.

#### **C. Contingent Liabilities**

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

#### **D. Changes in Administration**

Paul Newmon, Circuit Court Clerk, died on July 3, 2006. Bertha Taylor was appointed interim clerk until August 15, 2006, when she was certified as the winner of the August general election and sworn in as circuit court clerk.

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

#### **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, 2007, 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 line 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**

**Employees**

**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 <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, 2007, was 6.9 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, 2007, Carroll County's annual pension cost of \$350,248 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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 Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$350,248	100%	\$0
6-30-06	282,321	100	0
6-30-05	264,696	100	0

### 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 <http://www.treasury.state.tn.us>.

## **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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$53,903, \$47,230, and \$48,654, 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 (\$10,000 effective September 10, 2007) 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. 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 nonoperating 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**

Investments were made up entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2007.

**Custodial Credit Risk.** The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.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, 2007, all bank deposits were fully collateralized or insured.

**2. Receivables**

Receivables as of the fiscal year ended June 30, 2007, were made up of the following:

Billed services for utility customers	\$ 2,703,953
Other receivables for utility service	163,624
Allowance for doubtful accounts	<u>(14,000)</u>
 Total	 <u><u>\$ 2,853,577</u></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 the 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, 2007</u>
Restricted assets consist of the following:	
2001 Electric Plant Revenue Bond Fund:	
Interest and sinking fund	<u><u>\$ 304,977</u></u>
 Of this amount, certificates of deposit and savings accounts totaled	 <u><u>\$ 226,580</u></u>

**4. Capital Assets**

Capital assets activity during the year was as follows:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 220,415	\$ 7,038	\$ 0	\$ 227,453
Construction in Progress	<u>3,875</u>	<u>70,386</u>	<u>0</u>	<u>74,261</u>
Total Capital Assets Not Depreciated	<u>\$ 224,290</u>	<u>\$ 77,424</u>	<u>\$ 0</u>	<u>\$ 301,714</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 699,674	\$ 13,540	\$ 8,620	\$ 704,594
Other Capital Assets	<u>31,306,851</u>	<u>1,581,199</u>	<u>734,000</u>	<u>32,154,050</u>
Total Capital Assets Depreciated	<u>\$ 32,006,525</u>	<u>\$ 1,594,739</u>	<u>\$ 742,620</u>	<u>\$ 32,858,644</u>

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Less Accumulated Depreciation For: Buildings and Improvements	\$ 246,057	\$ 14,071	\$ 8,621	\$ 251,507
Other Capital Assets	13,161,935	1,005,502	689,403	13,478,034
Total Accumulated Depreciation	<u>\$ 13,407,992</u>	<u>\$ 1,019,573</u>	<u>\$ 698,024</u>	<u>\$ 13,729,541</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,598,533</u>	<u>\$ 575,166</u>	<u>\$ 44,596</u>	<u>\$ 19,129,103</u>
Capital Assets, Net	<u>\$ 18,822,823</u>	<u>\$ 652,590</u>	<u>\$ 44,596</u>	<u>\$ 19,430,817</u>

Depreciation expense totaled \$1,019,573 for the fiscal year ended June 30, 2007.

## 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	\$ 1,340,000
Total Revenue Bonds	<u>\$ 1,340,000</u>
Total current portion of Revenue Bonds	<u>\$ 125,000</u>
Total long-term portion of Revenue Bonds	<u>\$ 1,215,000</u>

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, 2007.

	Balance 7-1-06	Retirements	Balance 6-30-07
Revenue Bonds Payable	\$ 1,460,000	\$ 120,000	\$ 1,340,000

The scheduled annual requirements for long-term debt at June 30, 2007, including interest of \$328,390 are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 125,000	\$ 60,882	\$ 185,882
2009	130,000	55,633	185,633
2010	135,000	50,042	185,042
2011	140,000	44,170	184,170
2012	150,000	37,940	187,940
2013 - 2016	660,000	79,723	739,723
Total	\$ 1,340,000	\$ 328,390	\$ 1,668,390

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	\$ 19,430,817
Less: debt	(1,340,000)
Total invested in capital assets, net of related liabilities	<u>\$ 18,090,817</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 78,397
Restricted investments	226,580
Less: Accrued interest payable from restricted assets	(10,147)
Total restricted for debt service	<u>\$ 294,830</u>

Unrestricted	<u>\$ 5,686,378</u>
Total net assets	<u>\$ 24,072,025</u>

**D. Other Information**

**1. Pension Plan**

Effective January 1, 1997, the electric system adopted a profit sharing plan titled the Carroll County Electrical Department Profit Sharing Plan. Participants of the plan must meet the plan's eligibility requirements. Once an employee becomes a participant, the electric system will maintain an individual account for each employee. Each plan year, employee accounts will be adjusted to reflect contributions, gains, losses, etc. The percentage of each employee account to which an employee is entitled upon separation from the system depends on the plan's vesting schedule. Participants will generally be vested in their individual account after five years of service. All contributions made to the plan on an employee's behalf will be placed in a trust fund established to hold dollars for the benefit of all participants. Each participants individuals account will be used to track their share in the total trust fund.

Each year, the managing body of the electric system will determine the amount, if any, which it will contribute to the plan. Employer contributions to profit sharing plan in general can range from one percent to 15 percent of participants compensation each year. Compensation will be determined as the participant's wages excluding overtime, commissions and bonuses.

For the year ended June 30, 2007, total employer contributions were \$182,890, based on total covered wages of \$1,925,261.

**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, 2007, 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 \$4,905 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.

**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 net assets. 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, 2007, is \$2,764,732.

**D. Indigent Accounts**

At July 1, 2006, approved indigent care accounts totaling \$212,297 were available for payment. During the year, new claims totaling \$386,704 were approved, and \$116,106 was paid during the year, bringing the unpaid balance at June 30, 2007, to \$482,895. 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 2007 earnings, have been accrued as a liability entitled accrued indigent payments of \$30,059 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 \$122,321, 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'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, 2007, 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.

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. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- 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.

## **B. Detailed Notes on Accounts**

### **1. Deposits and Investments**

**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, the Tennessee Bank Collateral Pool, or 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, 2007, all bank deposits were fully collateralized or insured.

**2. Capital Assets**

Capital assets activity during the year was as follows:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Depreciated:			
Office Equipment	\$ 18,789	\$ 3,216	\$ 22,005
Vehicles	21,185	0	21,185
Communications Equipment	122,159	48,328	170,487
Buildings and Improvements	91,355	10,602	101,957
Total Capital Assets	<u>253,488</u>	<u>62,146</u>	<u>315,634</u>
Depreciated	\$ 253,488	\$ 62,146	\$ 315,634
Less Accumulated			
Depreciation For:			
Office Equipment	\$ 13,587	\$ 1,595	\$ 15,182
Vehicles	9,180	4,237	13,417
Communications Equipment	26,597	16,031	42,628
Buildings and Improvements	15,265	5,543	20,808
Total Accumulated	<u>64,629</u>	<u>27,406</u>	<u>92,035</u>
Depreciation	\$ 64,629	\$ 27,406	\$ 92,035
Capital Assets, Net	<u>\$ 188,859</u>	<u>\$ 34,740</u>	<u>\$ 223,599</u>

**C. Other Information**

**1. Risk Management**

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

**2. Unemployment Taxes**

Effective with the beginning of operations, the Carroll County Emergency Communications District 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 <http://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, 2007, was 21.65 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, 2007, the Carroll County Emergency Communications District's annual pension cost of \$12,798 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-07	\$ 12,798	100 %	\$ 0
6-30-06	10120	100	0
6-30-05	9860	100	0

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,879,824	\$ 3,251,045	\$ 3,059,970	\$ (180,146)
Licenses and Permits	2,740	8,000	8,000	(5,260)
Fines, Forfeitures, and Penalties	139,438	202,100	202,100	(62,662)
Charges for Current Services	38,433	53,500	53,500	(15,067)
Other Local Revenues	710,299	514,520	597,484	112,815
Fees Received from County Officials	820,155	727,000	913,668	(93,513)
State of Tennessee	1,509,659	1,621,112	1,639,972	(130,313)
Federal Government	181,270	162,125	162,125	19,145
Other Governments and Citizens Groups	57,869	51,240	61,024	(3,155)
Total Revenues	\$ 6,339,687	\$ 6,590,642	\$ 6,697,843	\$ (358,156)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 51,000	\$ 58,834	\$ 58,834	\$ 7,834
Board of Equalization	10,794	13,101	13,101	2,307
Beer Board	125	600	600	475
Other Boards and Committees	765	1,500	1,500	735
County Mayor/Executive	205,313	217,476	217,476	12,163
County Attorney	9,527	15,000	15,000	5,473
Election Commission	139,407	143,768	151,468	12,061
Register of Deeds	127,973	34,280	132,974	5,001
County Buildings	560,608	447,537	589,699	29,091
<u>Finance</u>				
Property Assessor's Office	200,514	211,880	211,880	11,366
Reappraisal Program	23,874	43,430	43,429	19,555
County Trustee's Office	154,656	162,634	162,634	7,978
County Clerk's Office	37,305	35,110	39,720	2,415
<u>Administration of Justice</u>				
Circuit Court	284,563	309,665	309,665	25,102
General Sessions Judge	105,050	94,076	105,206	156
Chancery Court	147,271	161,992	161,992	14,721
Juvenile Court	166,180	163,679	168,594	2,414
Judicial Commissioners	4,966	5,236	5,236	270
<u>Public Safety</u>				
Sheriff's Department	967,483	986,528	989,752	22,269
Administration of the Sexual Offender Registry	47	1,600	1,600	1,553
Jail	837,507	840,040	839,040	1,533
Juvenile Services	1,077,781	1,070,679	1,119,620	41,839
Fire Prevention and Control	145,489	93,020	151,170	5,681
Civil Defense	156,464	158,268	158,267	1,803
County Coroner/Medical Examiner	32,162	28,675	33,675	1,513
Other Public Safety	53,167	38,608	53,486	319
<u>Public Health and Welfare</u>				
Local Health Center	174,877	172,878	189,101	14,224
Rabies and Animal Control	18,388	18,900	18,900	512

(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 (Cont.)</u>				
General Welfare Assistance	\$ 1,585	\$ 2,400	\$ 2,400	\$ 815
Other Local Welfare Services	21,915	25,000	25,000	3,085
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	6,170	0	9,784	3,614
Senior Citizens Assistance	111,578	127,258	127,258	15,680
Libraries	77,610	67,092	78,339	729
Parks and Fair Boards	100,304	101,344	101,344	1,040
Other Social, Cultural, and Recreational	242,125	250,000	250,000	7,875
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	48,736	50,886	50,886	2,150
Forest Service	2,000	2,000	2,000	0
Soil Conservation	24,880	24,882	24,899	19
Flood Control	8,250	16,500	16,500	8,250
<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	220,551	189,964	244,964	24,413
Veterans' Services	20,976	22,517	22,517	1,541
Other Charges	162,482	128,425	156,917	(5,565)
Contributions to Other Agencies	21,100	25,700	25,700	4,600
Total Expenditures	\$ 6,790,518	\$ 6,589,962	\$ 7,109,127	\$ 318,609
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (450,831)	\$ 680	\$ (411,284)	\$ (39,547)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 21,102	\$ 0	\$ 0	\$ 21,102
Transfers In	191,075	0	191,075	0
Total Other Financing Sources (Uses)	\$ 212,177	\$ 0	\$ 191,075	\$ 21,102
Net Change in Fund Balance				
Fund Balance, July 1, 2006	\$ (238,654)	\$ 680	\$ (220,209)	\$ (18,445)
Fund Balance, June 30, 2007	2,923,664	2,726,003	2,726,003	197,661
	\$ 2,685,010	\$ 2,726,683	\$ 2,505,794	\$ 179,216

Exhibit F-2

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 774,901	\$ 854,800	\$ 827,504	\$ (52,603)
Charges for Current Services	102	150	150	(48)
Other Local Revenues	46,484	5,600	5,600	40,884
State of Tennessee	2,227,164	2,242,002	2,242,002	(14,838)
Federal Government	2,938	0	0	2,938
Other Governments and Citizens Groups	3,225	2,000	2,000	1,225
Total Revenues	<u>\$ 3,054,814</u>	<u>\$ 3,104,552</u>	<u>\$ 3,077,256</u>	<u>\$ (22,442)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 201,641	\$ 203,438	\$ 203,438	\$ 1,797
Highway and Bridge Maintenance	599,104	783,000	783,000	183,896
Operation and Maintenance of Equipment	414,634	451,790	451,790	37,156
Other Charges	120,677	123,423	123,423	2,746
Employee Benefits	420,689	447,400	447,400	26,711
Capital Outlay	1,274,607	1,270,800	1,499,323	224,716
<u>Principal on Debt</u>				
Highways and Streets	73,976	0	73,976	0
<u>Interest on Debt</u>				
Highways and Streets	3,145	0	3,145	0
Total Expenditures	<u>\$ 3,108,473</u>	<u>\$ 3,279,851</u>	<u>\$ 3,585,495</u>	<u>\$ 477,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (53,659)</u>	<u>\$ (175,299)</u>	<u>\$ (508,239)</u>	<u>\$ 454,580</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 228,523	\$ 0	\$ 228,523	\$ 0
Insurance Recovery	35	0	0	35
Transfers In	27,296	0	27,296	0
Total Other Financing Sources (Uses)	<u>\$ 255,854</u>	<u>\$ 0</u>	<u>\$ 255,819</u>	<u>\$ 35</u>
Net Change in Fund Balance	\$ 202,195	\$ (175,299)	\$ (252,420)	\$ 454,615
Fund Balance, July 1, 2006	<u>719,129</u>	<u>555,943</u>	<u>555,943</u>	<u>163,186</u>
Fund Balance, June 30, 2007	<u>\$ 921,324</u>	<u>\$ 380,644</u>	<u>\$ 303,523</u>	<u>\$ 617,801</u>

Exhibit F-3

Carroll County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

(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	97.16 %	\$ 4,595	6.14 %
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

**CARROLL COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**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 Other Charges (\$5,565) major appropriation category (the legal level of control) of the General Fund. Such an overexpenditure is a violation of state statutes. This overexpenditure was funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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

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

# Capital Projects Fund

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

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

Exhibit G-1

Carroll County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects	
<b>ASSETS</b>								
Cash	\$ 400	\$ 0	\$ 0	\$ 37,797	\$ 38,197	\$ 0	\$ 0	\$ 38,197
Equity in Pooled Cash and Investments	183,167	32,696	33,051	0	248,914	383,161	9,481	641,556
Accounts Receivable	182	4,051	0	0	4,233	104	0	4,337
Due from Other Governments	15,867	0	0	0	15,867	0	0	15,867
Property Taxes Receivable	248,480	0	0	0	248,480	250,447	0	498,927
Allowance for Uncollectible Property Taxes	(15,689)	0	0	0	(15,689)	(16,504)	0	(32,193)
<b>Total Assets</b>	<b>\$ 432,407</b>	<b>\$ 36,747</b>	<b>\$ 33,051</b>	<b>\$ 37,797</b>	<b>\$ 540,002</b>	<b>\$ 617,208</b>	<b>\$ 9,481</b>	<b>\$ 1,166,691</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Payroll Deductions Payable	\$ 66	\$ 4	\$ 0	\$ 0	\$ 70	\$ 0	\$ 0	\$ 70
Due to Other Funds	0	0	0	584	584	0	9,481	10,065
Deferred Revenue - Current Property Taxes	223,576	0	0	0	223,576	223,576	0	447,152
Deferred Revenue - Delinquent Property Taxes	7,950	0	0	0	7,950	8,944	0	16,894
Other Deferred Revenues	11,094	0	0	0	11,094	0	0	11,094
<b>Total Liabilities</b>	<b>\$ 242,686</b>	<b>\$ 4</b>	<b>\$ 0</b>	<b>\$ 584</b>	<b>\$ 243,274</b>	<b>\$ 232,520</b>	<b>\$ 9,481</b>	<b>\$ 485,275</b>
<b>Fund Balances</b>								
Unreserved	\$ 189,721	\$ 36,743	\$ 33,051	\$ 37,213	\$ 296,728	\$ 384,688	\$ 0	\$ 681,416
<b>Total Fund Balances</b>	<b>\$ 189,721</b>	<b>\$ 36,743</b>	<b>\$ 33,051</b>	<b>\$ 37,213</b>	<b>\$ 296,728</b>	<b>\$ 384,688</b>	<b>\$ 0</b>	<b>\$ 681,416</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 432,407</b>	<b>\$ 36,747</b>	<b>\$ 33,051</b>	<b>\$ 37,797</b>	<b>\$ 540,002</b>	<b>\$ 617,208</b>	<b>\$ 9,481</b>	<b>\$ 1,166,691</b>

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, 2007

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Total	General Debt Service	General Capital Projects	
<b>Revenues</b>								
Local Taxes	\$ 239,309	\$ 0	\$ 0	\$ 0	\$ 239,309	\$ 293,208	\$ 0	\$ 532,517
Fines, Forfeitures, and Penalties	0	37,696	13,686	0	51,382	0	0	51,382
Charges for Current Services	680,181	0	0	203,102	883,283	0	0	883,283
Other Local Revenues	76,899	8	1,738	0	78,645	40,000	0	118,645
State of Tennessee	35,673	600	0	0	36,273	0	0	36,273
<b>Total Revenues</b>	<b>\$ 1,032,062</b>	<b>\$ 38,304</b>	<b>\$ 15,424</b>	<b>\$ 203,102</b>	<b>\$ 1,288,892</b>	<b>\$ 333,208</b>	<b>\$ 0</b>	<b>\$ 1,622,100</b>
<b>Expenditures</b>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 19,944	\$ 19,944	\$ 0	\$ 0	\$ 19,944
Finance	0	0	0	146,693	146,693	0	0	146,693
Administration of Justice	0	0	34,325	76,667	110,992	0	0	110,992
Public Safety	0	55,360	0	0	55,360	0	0	55,360
Public Health and Welfare	1,038,026	0	0	0	1,038,026	0	0	1,038,026
Highways	31,488	0	0	0	31,488	0	0	31,488
Debt Service:								
Principal on Debt	0	0	0	0	0	257,564	0	257,564
Interest on Debt	0	0	0	0	0	112,191	0	112,191
Other Debt Service	0	0	0	0	0	6,195	0	6,195
Capital Projects	0	0	0	0	0	0	218,957	218,957
<b>Total Expenditures</b>	<b>\$ 1,069,514</b>	<b>\$ 55,360</b>	<b>\$ 34,325</b>	<b>\$ 243,304</b>	<b>\$ 1,402,503</b>	<b>\$ 375,950</b>	<b>\$ 218,957</b>	<b>\$ 1,997,410</b>
Excess (Deficiency) of Revenues Over Expenditures								
	\$ (37,452)	\$ (17,056)	\$ (18,901)	\$ (40,202)	\$ (113,611)	\$ (42,742)	\$ (218,957)	\$ (375,310)
<b>Other Financing Sources (Uses)</b>								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 380,958	\$ 380,958
Transfers In	24,264	0	0	0	24,264	27,296	0	51,560
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 24,264</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,264</b>	<b>\$ 27,296</b>	<b>\$ 380,958</b>	<b>\$ 432,518</b>
Net Change in Fund Balances								
Fund Balance, July 1, 2006	\$ (13,188)	\$ (17,056)	\$ (18,901)	\$ (40,202)	\$ (89,347)	\$ (15,446)	\$ 162,001	\$ 57,208
	202,909	53,799	51,952	77,415	386,075	400,134	(162,001)	624,208
<b>Fund Balance, June 30, 2007</b>	<b>\$ 189,721</b>	<b>\$ 36,743</b>	<b>\$ 33,051</b>	<b>\$ 37,213</b>	<b>\$ 296,728</b>	<b>\$ 384,688</b>	<b>\$ 0</b>	<b>\$ 681,416</b>

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 239,309	\$ 267,800	\$ 243,536	\$ (4,227)
Charges for Current Services	680,181	720,200	720,200	(40,019)
Other Local Revenues	76,899	49,025	49,025	27,874
State of Tennessee	35,673	119,333	119,333	(83,660)
Total Revenues	<u>\$ 1,032,062</u>	<u>\$ 1,156,358</u>	<u>\$ 1,132,094</u>	<u>\$ (100,032)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 645,199	\$ 647,088	\$ 652,088	\$ 6,889
Recycling Center	392,827	468,111	468,111	75,284
<u>Highways</u>				
Litter and Trash Collection	31,488	34,333	34,333	2,845
Total Expenditures	<u>\$ 1,069,514</u>	<u>\$ 1,149,532</u>	<u>\$ 1,154,532</u>	<u>\$ 85,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (37,452)</u>	<u>\$ 6,826</u>	<u>\$ (22,438)</u>	<u>\$ (15,014)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 24,264	\$ 0	\$ 24,264	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 24,264</u>	<u>\$ 0</u>	<u>\$ 24,264</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (13,188)	\$ 6,826	\$ 1,826	\$ (15,014)
Fund Balance, July 1, 2006	<u>202,909</u>	<u>221,804</u>	<u>221,804</u>	<u>(18,895)</u>
Fund Balance, June 30, 2007	<u>\$ 189,721</u>	<u>\$ 228,630</u>	<u>\$ 223,630</u>	<u>\$ (33,909)</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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 37,696	\$ 69,000	\$ 69,000	\$ (31,304)
Other Local Revenues	8	0	0	8
State of Tennessee	600	600	600	0
Total Revenues	<u>\$ 38,304</u>	<u>\$ 69,600</u>	<u>\$ 69,600</u>	<u>\$ (31,296)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 55,360	\$ 70,546	\$ 70,546	\$ 15,186
Total Expenditures	<u>\$ 55,360</u>	<u>\$ 70,546</u>	<u>\$ 70,546</u>	<u>\$ 15,186</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,056)</u>	<u>\$ (946)</u>	<u>\$ (946)</u>	<u>\$ (16,110)</u>
Net Change in Fund Balance	\$ (17,056)	\$ (946)	\$ (946)	\$ (16,110)
Fund Balance, July 1, 2006	<u>53,799</u>	<u>51,624</u>	<u>51,624</u>	<u>2,175</u>
Fund Balance, June 30, 2007	<u>\$ 36,743</u>	<u>\$ 50,678</u>	<u>\$ 50,678</u>	<u>\$ (13,935)</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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 293,208	\$ 328,387	\$ 301,091	\$ (7,883)
Other Local Revenues	40,000	40,000	40,000	0
Total Revenues	<u>\$ 333,208</u>	<u>\$ 368,387</u>	<u>\$ 341,091</u>	<u>\$ (7,883)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 257,564	\$ 257,565	\$ 259,553	\$ 1,989
<u>Interest on Debt</u>				
General Government	112,191	93,908	114,420	2,229
<u>Other Debt Service</u>				
General Government	6,195	5,500	6,100	(95)
Total Expenditures	<u>\$ 375,950</u>	<u>\$ 356,973</u>	<u>\$ 380,073</u>	<u>\$ 4,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (42,742)</u>	<u>\$ 11,414</u>	<u>\$ (38,982)</u>	<u>\$ (3,760)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 27,296	0	\$ 27,296	0
Total Other Financing Sources (Uses)	<u>\$ 27,296</u>	<u>\$ 0</u>	<u>\$ 27,296</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (15,446)	\$ 11,414	\$ (11,686)	\$ (3,760)
Fund Balance, July 1, 2006	400,134	388,953	388,953	11,181
Fund Balance, June 30, 2007	<u>\$ 384,688</u>	<u>\$ 400,367</u>	<u>\$ 377,267</u>	<u>\$ 7,421</u>

# Fiduciary Funds

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

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of 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 monthly.

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.

Exhibit H-1

Carroll County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	Agency Funds				Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 290,680	\$ 0	\$ 32,416	\$ 323,096
Cash	0	0	782,234	2,026	784,260
Investments	0	0	52,596	0	52,596
Accounts Receivable	0	1,934	0	0	1,934
Due from Other Governments	369,512	386,760	0	2,255	758,527
Due from Other Funds	0	0	0	4,225	4,225
Taxes Receivable	0	5,246,726	0	0	5,246,726
Allowance for Uncollectible Taxes	0	(329,579)	0	0	(329,579)
Total Assets	<u>\$ 369,512</u>	<u>\$ 5,596,521</u>	<u>\$ 834,830</u>	<u>\$ 40,922</u>	<u>\$ 6,841,785</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 369,512	\$ 5,596,521	\$ 0	\$ 0	\$ 5,966,033
Due to Litigants, Heirs, and Others	0	0	834,830	0	834,830
Due to Joint Ventures	0	0	0	40,922	40,922
Total Liabilities	<u>\$ 369,512</u>	<u>\$ 5,596,521</u>	<u>\$ 834,830</u>	<u>\$ 40,922</u>	<u>\$ 6,841,785</u>

Exhibit H-2

Carroll County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,154,824	\$ 2,154,824	\$ 0
Due from Other Governments	368,181	369,512	368,181	369,512
Total Assets	\$ 368,181	\$ 2,524,336	\$ 2,523,005	\$ 369,512
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 368,181	\$ 2,524,336	\$ 2,523,005	\$ 369,512
Total Liabilities	\$ 368,181	\$ 2,524,336	\$ 2,523,005	\$ 369,512
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 302,960	\$ 7,290,766	\$ 7,303,046	\$ 290,680
Accounts Receivable	1,374	1,934	1,374	1,934
Due from Other Governments	565,093	386,760	565,093	386,760
Taxes Receivable	5,104,813	5,246,726	5,104,813	5,246,726
Allowance for Uncollectible Taxes	(371,560)	(329,579)	(371,560)	(329,579)
Total Assets	\$ 5,602,680	\$ 12,596,607	\$ 12,602,766	\$ 5,596,521
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,602,680	\$ 12,596,607	\$ 12,602,766	\$ 5,596,521
Total Liabilities	\$ 5,602,680	\$ 12,596,607	\$ 12,602,766	\$ 5,596,521
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 779,404	\$ 5,656,484	\$ 5,653,654	\$ 782,234
Investments	61,216	0	8,620	52,596
Accounts Receivable	16,807	0	16,807	0
Total Assets	\$ 857,427	\$ 5,656,484	\$ 5,679,081	\$ 834,830
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 857,427	\$ 5,656,484	\$ 5,679,081	\$ 834,830
Total Liabilities	\$ 857,427	\$ 5,656,484	\$ 5,679,081	\$ 834,830
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 18,344	\$ 271,938	\$ 257,866	\$ 32,416
Cash	1,759	267	0	2,026
Due from Other Governments	7,231	2,255	7,231	2,255
Due from Other Funds	0	4,225	0	4,225
Total Assets	\$ 27,334	\$ 278,685	\$ 265,097	\$ 40,922

(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	\$ 27,334	\$ 278,685	\$ 265,097	\$ 40,922
Total Liabilities	<u>\$ 27,334</u>	<u>\$ 278,685</u>	<u>\$ 265,097</u>	<u>\$ 40,922</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 321,304	\$ 9,717,528	\$ 9,715,736	\$ 323,096
Cash	781,163	5,656,751	5,653,654	784,260
Investments	61,216	0	8,620	52,596
Accounts Receivable	18,181	1,934	18,181	1,934
Due from Other Governments	940,505	758,527	940,505	758,527
Due from Other Funds	0	4,225	0	4,225
Taxes Receivable	5,104,813	5,246,726	5,104,813	5,246,726
Allowance for Uncollectible Taxes	(371,560)	(329,579)	(371,560)	(329,579)
Total Assets	<u>\$ 6,855,622</u>	<u>\$ 21,056,112</u>	<u>\$ 21,069,949</u>	<u>\$ 6,841,785</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,970,861	\$ 15,120,943	\$ 15,125,771	\$ 5,966,033
Due to Litigants, Heirs, and Others	857,427	5,656,484	5,679,081	834,830
Due to Joint Ventures	27,334	278,685	265,097	40,922
Total Liabilities	<u>\$ 6,855,622</u>	<u>\$ 21,056,112</u>	<u>\$ 21,069,949</u>	<u>\$ 6,841,785</u>

# Carroll County School Department

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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.

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

School 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, 2007

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	\$ 1,188,176	\$ 672,478	\$ 150,640	\$ (365,058)
Support Services	2,168,102	43,396	7,124	(2,117,582)
Operation of Non-Instructional Services	21,178	5,251	5,458	(10,469)
Interest on Long-term Debt	260	0	0	(260)
<b>Total Governmental Activities</b>	<b>\$ 3,377,716</b>	<b>\$ 721,125</b>	<b>\$ 163,222</b>	<b>\$ (2,493,369)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 499,495
Local Option Sales Taxes				66,697
Other Local Taxes				151
Grants and Contributions Not Restricted to Specific Programs				2,385,696
Miscellaneous				31,847
<b>Total General Revenues</b>				<b>\$ 2,983,886</b>
Change in Net Assets				\$ 490,517
Net Assets, July 1, 2006				6,616,061
Net Assets, June 30, 2007				<b>\$ 7,106,578</b>

Exhibit I-2

Carroll County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Carroll County School Department  
June 30, 2007

	Major Funds		Total Govern- mental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,166,617	\$ 457,695	\$ 3,624,312
Accounts Receivable	86,692	196	86,888
Due from Other Governments	32,573	0	32,573
Property Taxes Receivable	0	532,176	532,176
Allowance for Uncollectible Property Taxes	0	(33,503)	(33,503)
Total Assets	\$ 3,285,882	\$ 956,564	\$ 4,242,446
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 4,598	\$ 1,203	\$ 5,801
Due to Primary Government	150	0	150
Deferred Revenue - Current Property Taxes	0	479,091	479,091
Deferred Revenue - Delinquent Property Taxes	0	16,895	16,895
Other Deferred Revenues	6,538	0	6,538
Total Liabilities	\$ 11,286	\$ 497,189	\$ 508,475
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 283,249	\$ 0	\$ 283,249
Reserved for Food Service	4,292	0	4,292
Reserved for Career Ladder - Extended Contract	2,002	0	2,002
Reserved for Career Ladder Program	1,177	0	1,177
Unreserved, Reported In:			
General Fund	2,983,876	0	2,983,876
Special Revenue Funds	0	459,375	459,375
Total Fund Balances	\$ 3,274,596	\$ 459,375	\$ 3,733,971
Total Liabilities and Fund Balances	\$ 3,285,882	\$ 956,564	\$ 4,242,446

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, 2007

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)		\$ 3,733,971
(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	1,746,729	
Add: other capital assets net of accumulated depreciation	<u>1,432,253</u>	3,355,471
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (6,158)	
Less: accrued interest on notes payable	<u>(139)</u>	(6,297)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>23,433</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 7,106,578</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, 2007

	<u>Major Funds</u>		
	General Purpose School	School Transpor - tation	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 76,064	\$ 560,026	\$ 636,090
Licenses and Permits	65	0	65
Charges for Current Services	836,583	0	836,583
Other Local Revenues	41,588	49	41,637
State of Tennessee	1,818,427	544,590	2,363,017
Federal Government	118,513	0	118,513
Total Revenues	<u>\$ 2,891,240</u>	<u>\$ 1,104,665</u>	<u>\$ 3,995,905</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,095,490	\$ 0	\$ 1,095,490
Support Services	929,014	1,061,112	1,990,126
Operation of Non-Instructional Services	20,620	0	20,620
Capital Outlay	15,712	0	15,712
Debt Service:			
Principal on Debt	5,979	0	5,979
Interest on Debt	364	0	364
Total Expenditures	<u>\$ 2,067,179</u>	<u>\$ 1,061,112</u>	<u>\$ 3,128,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 824,061</u>	<u>\$ 43,553</u>	<u>\$ 867,614</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 567	\$ 1,585	\$ 2,152
Total Other Financing Sources (Uses)	<u>\$ 567</u>	<u>\$ 1,585</u>	<u>\$ 2,152</u>
Net Change in Fund Balances	\$ 824,628	\$ 45,138	\$ 869,766
Fund Balance, July 1, 2006	<u>2,449,968</u>	<u>414,237</u>	<u>2,864,205</u>
Fund Balance, June 30, 2007	<u><u>\$ 3,274,596</u></u>	<u><u>\$ 459,375</u></u>	<u><u>\$ 3,733,971</u></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, 2007

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)		\$ 869,766
<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	\$ 65,162	
Less: current year depreciation expense	<u>(311,613)</u>	(246,451)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets:</p>		
Less: loss on disposal of capital assets	\$ (10,651)	
Less: proceeds from disposal of capital assets	<u>(5,219)</u>	(15,870)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes/other deferred June 30, 2007	\$ 23,433	
Less: deferred delinquent property taxes/other deferred June 30, 2006	<u>(146,444)</u>	(123,011)
<p>(4) 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		5,979
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest		<u>104</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 490,517</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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 76,064	\$ 0	\$ 0	\$ 76,064	\$ 80,200	\$ 80,200	\$ (4,136)
Licenses and Permits	65	0	0	65	75	75	(10)
Charges for Current Services	836,583	0	0	836,583	760,150	760,150	76,433
Other Local Revenues	41,588	0	0	41,588	18,760	39,760	1,828
State of Tennessee	1,818,427	0	0	1,818,427	1,642,800	1,669,800	148,627
Federal Government	118,513	0	0	118,513	133,836	133,836	(15,323)
<b>Total Revenues</b>	<b>\$ 2,891,240</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,891,240</b>	<b>\$ 2,635,821</b>	<b>\$ 2,683,821</b>	<b>\$ 207,419</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 26,250	\$ 0	\$ 0	\$ 26,250	\$ 10,570	\$ 32,570	\$ 6,320
Alternative Instruction Program	73,752	0	0	73,752	74,575	74,575	823
Special Education Program	454,757	0	0	454,757	536,642	536,642	81,885
Vocational Education Program	489,997	0	0	489,997	526,174	526,174	36,177
Adult Education Program	50,734	0	0	50,734	77,190	77,190	26,456
<u>Support Services</u>							
Health Services	13,374	0	0	13,374	15,086	15,086	1,712
Other Student Support	40,281	0	0	40,281	40,738	40,738	457
Special Education Program	68,950	0	0	68,950	71,419	71,419	2,469
Vocational Education Program	64,227	(49,996)	49,996	64,227	60,327	64,327	100
Adult Programs	51,029	0	0	51,029	53,526	53,526	2,497
Board of Education	70,526	0	0	70,526	75,852	75,852	5,326
Director of Schools	97,644	0	0	97,644	101,330	101,330	3,686
Office of the Principal	75,575	0	0	75,575	86,355	86,355	10,780
Fiscal Services	66,439	0	0	66,439	65,365	67,365	926
Operation of Plant	109,866	0	0	109,866	132,200	132,200	22,334

(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)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 90,966	\$ 0	\$ 600	\$ 91,566	\$ 83,437	\$ 93,437	\$ 1,871
Transportation	114,967	(17,787)	226,278	323,458	323,888	323,888	430
Central and Other	65,170	0	0	65,170	55,302	65,302	132
<u>Operation of Non-Instructional Services</u>							
Food Service	20,620	0	0	20,620	27,256	27,256	6,636
<u>Capital Outlay</u>							
Regular Capital Outlay	15,712	0	6,375	22,087	55,000	55,000	32,913
<u>Principal on Debt</u>							
Education	5,979	0	0	5,979	5,979	5,979	0
<u>Interest on Debt</u>							
Education	364	0	0	364	365	365	1
Total Expenditures	\$ 2,067,179	\$ (67,783)	\$ 283,249	\$ 2,282,645	\$ 2,478,576	\$ 2,526,576	\$ 243,931
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 824,061	\$ 67,783	\$ (283,249)	\$ 608,595	\$ 157,245	\$ 157,245	\$ 451,350
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 567	\$ 0	\$ 0	\$ 567	\$ 0	\$ 0	\$ 567
Total Other Financing Sources (Uses)	\$ 567	\$ 0	\$ 0	\$ 567	\$ 0	\$ 0	\$ 567
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 2,449,968	(67,783)	0	2,382,185	2,357,394	2,357,394	24,791
Fund Balance, June 30, 2007	\$ 3,274,596	\$ 0	\$ (283,249)	\$ 2,991,347	\$ 2,514,639	\$ 2,514,639	\$ 476,708

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 560,026	\$ 0	\$ 560,026	\$ 569,737	\$ 569,737	\$ (9,711)
Other Local Revenues	49	0	49	0	0	49
State of Tennessee	544,590	0	544,590	480,000	480,000	64,590
Total Revenues	<u>\$ 1,104,665</u>	<u>\$ 0</u>	<u>\$ 1,104,665</u>	<u>\$ 1,049,737</u>	<u>\$ 1,049,737</u>	<u>\$ 54,928</u>
<u>Expenditures</u>						
<u>Support Services</u>						
Board of Education	\$ 61,320	\$ 0	\$ 61,320	\$ 74,000	\$ 74,000	\$ 12,680
Transportation	999,792	(296)	999,496	1,125,344	1,125,344	125,848
Total Expenditures	<u>\$ 1,061,112</u>	<u>\$ (296)</u>	<u>\$ 1,060,816</u>	<u>\$ 1,199,344</u>	<u>\$ 1,199,344</u>	<u>\$ 138,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,006)</u>	<u>\$ 296</u>	<u>\$ (7,710)</u>	<u>\$ (149,607)</u>	<u>\$ (201,166)</u>	<u>\$ 193,456</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,585	\$ 0	\$ 1,585	\$ 0	\$ 0	\$ 1,585
Total Other Financing Sources (Uses)	<u>\$ 1,585</u>	<u>\$ 0</u>	<u>\$ 1,585</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,585</u>
Net Change in Fund Balance	\$ 45,138	\$ 296	\$ 45,434	\$ (149,607)	\$ (149,607)	\$ 195,041
Fund Balance, July 1, 2006	<u>414,237</u>	<u>(296)</u>	<u>413,941</u>	<u>361,627</u>	<u>361,627</u>	<u>52,314</u>
Fund Balance, June 30, 2007	<u>\$ 459,375</u>	<u>\$ 0</u>	<u>\$ 459,375</u>	<u>\$ 212,020</u>	<u>\$ 212,020</u>	<u>\$ 247,355</u>

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## MISCELLANEOUS SCHEDULES

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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, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
County Office Building Renovation - Refunding	\$ 1,007,504	4.82 %	8-20-01	8-1-09	\$ 558,248	\$ 0	\$ 128,426	\$ 429,822
Total Notes Payable					\$ 558,248	\$ 0	\$ 128,426	\$ 429,822
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Tractors	71,796	5.75	9-6-06	9-6-10	\$ 0	\$ 71,796	\$ 17,224	\$ 54,572
Trucks	56,752	5.80	10-25-06	3-20-07	0	56,752	56,752	0
Front-end Loader	99,975	4.50	5-18-07	7-5-11	0	99,975	0	99,975
Total Payable through Highway/Public Works Fund					\$ 0	\$ 228,523	\$ 73,976	\$ 154,547
<u>Payable through General Debt Service Fund</u>								
Sheriff Vehicles	192,475	3.1	10-13-04	10-15-06	\$ 64,138	\$ 0	\$ 64,138	\$ 0
Total Payable through General Debt Service Fund					\$ 64,138	\$ 0	\$ 64,138	\$ 0
Total Capital Leases Payable					\$ 64,138	\$ 228,523	\$ 138,114	\$ 154,547
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,651,042	\$ 380,958	\$ 65,000	\$ 1,967,000
Total Other Loans Payable					\$ 1,651,042	\$ 380,958	\$ 65,000	\$ 1,967,000
<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	\$ 12,137	\$ 0	\$ 5,979	\$ 6,158
Total Notes Payable					\$ 12,137	\$ 0	\$ 5,979	\$ 6,158

Exhibit J-2

Carroll County, Tennessee  
Schedule of Investments  
June 30, 2007

<u>Fund and Type</u>	<u>Amount</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Circuit Court Clerk</u>	
Bedford Money Funds	\$ 606
U.S. Government Securities	<u>51,990</u>
Total Constitutional Officers - Agency Fund	<u>\$ 52,596</u>
 <u>Public Utility Fund</u>	
Certificates of Deposit	<u>\$ 4,562,671</u>
 <u>Indigent Care Trust Fund</u>	
U.S. Government Securities	<u>\$ 2,764,732</u>
 Total Investments	 <u><u>\$ 7,379,999</u></u>

Exhibit J-3

Carroll County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 191,075
Public Utility	Solid Waste/Sanitation	Payment in-lieu-of taxes	24,264
Public Utility	Highway/Public Works	Payment in-lieu-of taxes	27,296
Public Utility	General Debt Service	Payment in-lieu-of taxes	<u>27,296</u>
Total Transfers			<u>\$ 269,931</u>

Exhibit J-4

Carroll County, Tennessee  
Schedule of Notes Receivable  
June 30, 2007

<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 6-30-07</u>
<u>General Fund</u>						
Warehouse Sale	Purity Foods	\$ 31,000	1-10-06	12-10-07	0%	<u>\$ 24,000</u>
Total Notes Receivable						<u><u>\$ 24,000</u></u>

Exhibit J-5

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, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 74,759 (1) \$	75,000	RLI Insurance Company
Road Supervisors	Section 8-24-102, <u>TCA</u> , and County Commission	122,700 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	67,118 (4)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	56,069	569,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,069	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	"
Circuit Court Clerk:				
Paul Newmon (7-1-06 through 7-3-06)	Section 8-24-102, <u>TCA</u>	452	50,000	"
Vacant (7-4-06 through 8-14-06)				
Bertha Taylor (8-15-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	49,437	50,000	"
Clerk and Master Register:	Section 8-24-102, <u>TCA</u> and Chancery Court Judge	64,021 (5)	60,000	Auto Owners Mutual Insurance Company
Judy Baker (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,345	25,000	RLI Insurance Company
Natalie Porter (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	46,724	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	62,276 (6)	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 Risk Management Trust

- (1) Includes purchasing agent salary of \$10,000.
- (2) Includes four road supervisors' salaries at \$30,675 each.
- (3) Includes four road supervisors' bonds at \$5,000 each.
- (4) Includes chief executive officer training supplement of \$1,000.
- (5) Includes special commissioner fees of \$7,952.
- (6) Includes law enforcement training supplement of \$600.

Exhibit J-6

Carroll County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,676,678	\$ 212,904	\$ 0	\$ 0	\$ 0	\$ 238,114	\$ 239,537	\$ 2,367,233
Trustee's Collections - Prior Year	56,193	6,915	0	0	0	9,205	6,052	78,365
Trustee's Collections - Bankruptcy	638	79	0	0	0	89	72	878
Circuit/Clerk & Master Collections - Prior Years	70,066	8,624	0	0	0	9,701	7,546	95,937
Interest and Penalty	12,056	1,500	0	0	0	1,688	1,450	16,694
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	0	12
Payments in-Lieu-of Taxes - Local Utilities	9,023	1,140	0	0	0	1,283	1,241	12,687
Payments in-Lieu-of Taxes - Other	64,154	8,147	0	0	0	9,165	9,165	90,631
<u>County Local Option Taxes</u>								
Local Option Sales Tax	190,484	0	0	0	0	0	0	190,484
Wheel Tax	242,125	0	0	0	0	484,250	0	726,375
Litigation Tax - General	83,309	0	0	0	0	0	0	83,309
Litigation Tax - Special Purpose	87,568	0	0	0	0	0	0	87,568
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	28,145	28,145
Business Tax	183,612	0	0	0	0	0	0	183,612
Mineral Severance Tax	0	0	0	0	0	21,406	0	21,406
<u>Statutory Local Taxes</u>								
Bank Excise Tax	126,454	0	0	0	0	0	0	126,454
Wholesale Beer Tax	73,512	0	0	0	0	0	0	73,512
Beer Privilege Tax	1,434	0	0	0	0	0	0	1,434
Interstate Telecommunications Tax	2,506	0	0	0	0	0	0	2,506
<b>Total Local Taxes</b>	<b>\$ 2,879,824</b>	<b>\$ 239,309</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 774,901</b>	<b>\$ 293,208</b>	<b>\$ 4,187,242</b>
<u>Licenses and Permits</u>								
<u>Permits</u>								
Beer Permits	\$ 750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750
Building Permits	1,990	0	0	0	0	0	0	1,990
<b>Total Licenses and Permits</b>	<b>\$ 2,740</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,740</b>
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 784

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Officers Costs	\$ 3,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,161
Drug Control Fines	7,495	0	8,053	0	0	0	0	15,548
Drug Court Fees	1,646	0	0	0	0	0	0	1,646
Jail Fees	2,427	0	0	0	0	0	0	2,427
District Attorney General Fees	0	0	0	86	0	0	0	86
DUI Treatment Fines	309	0	0	0	0	0	0	309
Data Entry Fee - Circuit Court	746	0	0	0	0	0	0	746
Courtroom Security Fee	2	0	0	0	0	0	0	2
<u>General Sessions Court</u>								
Fines	17,718	0	0	0	0	0	0	17,718
Officers Costs	55,291	0	0	0	0	0	0	55,291
Game and Fish Fines	596	0	0	0	0	0	0	596
Drug Control Fines	7,774	0	6,711	0	0	0	0	14,485
Drug Court Fees	5,946	0	0	0	0	0	0	5,946
Jail Fees	12,576	0	0	0	0	0	0	12,576
District Attorney General Fees	0	0	0	2,089	0	0	0	2,089
Judicial Commissioner Fees	1,273	0	0	0	0	0	0	1,273
DUI Treatment Fines	4,972	0	0	0	0	0	0	4,972
Data Entry Fee - General Sessions Court	5,064	0	0	0	0	0	0	5,064
Courtroom Security Fee	23	0	0	0	0	0	0	23
<u>Juvenile Court</u>								
Fines	48	0	0	0	0	0	0	48
Drug Control Fines	25	0	0	0	0	0	0	25
Data Entry Fee - Juvenile Court	1,088	0	0	0	0	0	0	1,088
Courtroom Security Fee	403	0	0	0	0	0	0	403
<u>Chancery Court</u>								
Officers Costs	3,672	0	0	0	0	0	0	3,672
Data Entry Fee - Chancery Court	2,914	0	0	0	0	0	0	2,914
<u>Courts in Other District Counties</u>								
District Attorney General Fees	0	0	0	11,511	0	0	0	11,511
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures	0	0	13,432	0	0	0	0	13,432

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	\$ 3,485	\$ 0	\$ 9,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,985
Total Fines, Forfeitures, and Penalties	\$ 139,438	\$ 0	\$ 37,696	\$ 13,686	\$ 0	\$ 0	\$ 0	\$ 190,820
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Residential Waste Collection Charge	\$ 0	\$ 679,887	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 679,887
Solid Waste Disposal Fees	0	294	0	0	0	0	0	294
Other General Service Charges	2,127	0	0	0	0	0	0	2,127
<u>Fees</u>								
Copy Fees	415	0	0	0	0	0	0	415
Library Fees	3,218	0	0	0	0	0	0	3,218
Vending Machine Collections	170	0	0	0	0	102	0	272
Constitutional Officers' Fees and Commissions	0	0	0	0	203,102	0	0	203,102
Data Processing Fee - Register	11,444	0	0	0	0	0	0	11,444
Data Processing Fee - Sheriff	6,259	0	0	0	0	0	0	6,259
Sexual Offender Registration Fees - Sheriff	1,800	0	0	0	0	0	0	1,800
<u>Education Charges</u>								
Tuition - Other	1,000	0	0	0	0	0	0	1,000
Contract for Administrative Services with Other LEAs	12,000	0	0	0	0	0	0	12,000
Total Charges for Current Services	\$ 38,433	\$ 680,181	\$ 0	\$ 0	\$ 203,102	\$ 102	\$ 0	\$ 921,818
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 264,374	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 264,374
Lease/Rentals	38,163	0	0	0	0	0	40,000	78,163
Sale of Materials and Supplies	0	0	0	0	0	805	0	805
Commissary Sales	22,098	0	0	0	0	0	0	22,098
Sale of Gasoline	168,178	0	0	0	0	0	0	168,178
Sale of Recycled Materials	467	68,546	0	0	0	0	0	69,013
Miscellaneous Refunds	97,910	1,453	8	1,738	0	13,075	0	114,184
<u>Nonrecurring Items</u>								
Sale of Equipment	0	6,900	0	0	0	31,654	0	38,554

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items (Cont.)</u>								
Sale of Property	\$ 30,765	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,765
Damages Recovered from Individuals	0	0	0	0	0	950	0	950
Contributions and Gifts	7,684	0	0	0	0	0	0	7,684
<u>Other Local Revenues</u>								
Other Local Revenues	80,660	0	0	0	0	0	0	80,660
Total Other Local Revenues	\$ 710,299	\$ 76,899	\$ 8	\$ 1,738	\$ 0	\$ 46,484	\$ 40,000	\$ 875,428
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 49,062	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,062
Clerk and Master	74,560	0	0	0	0	0	0	74,560
Register	32,361	0	0	0	0	0	0	32,361
<u>Fees-In-Lieu of Salary</u>								
Circuit Court Clerk	68,129	0	0	0	0	0	0	68,129
General Sessions Court Clerk	160,295	0	0	0	0	0	0	160,295
Juvenile Court Clerk	40,963	0	0	0	0	0	0	40,963
Register	113,656	0	0	0	0	0	0	113,656
Sheriff	10,583	0	0	0	0	0	0	10,583
Trustee	270,546	0	0	0	0	0	0	270,546
Total Fees Received from County Officials	\$ 820,155	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 820,155
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	2,585	0	0	0	0	0	0	2,585
Aging Programs	63,952	0	0	0	0	0	0	63,952
Alternative School Program	794,794	0	0	0	0	0	0	794,794
State Reappraisal Grant	11,200	0	0	0	0	0	0	11,200
Solid Waste Grants	0	16,741	0	0	0	0	0	16,741
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	9,000	0	600	0	0	0	0	9,600
Other Public Safety Grants	44,877	0	0	0	0	0	0	44,877

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>								
<u>Health and Welfare Grants</u>								
Health Department Programs	\$ 102,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	102,067
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	0	98,529	0	98,529
State Aid Program	0	0	0	0	0	197,518	0	197,518
Litter Program	0	18,932	0	0	0	0	0	18,932
<u>Other State Revenues</u>								
Income Tax	19,163	0	0	0	0	0	0	19,163
Beer Tax	18,753	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	50,383	0	0	0	0	0	0	50,383
Mixed Drink Tax	3,220	0	0	0	0	0	0	3,220
Contracted Prisoner Boarding	223,976	0	0	0	0	0	0	223,976
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,907,408	0	1,907,408
Petroleum Special Tax	0	0	0	0	0	23,709	0	23,709
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	8,882	0	0	0	0	0	0	8,882
Other State Revenues	131,427	0	0	0	0	0	0	131,427
Total State of Tennessee	\$ 1,509,659	\$ 35,673	\$ 600	\$ 0	\$ 0	\$ 2,227,164	\$ 0	\$ 3,773,096
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA School Lunch Program	\$ 33,694	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,694
Breakfast	21,904	0	0	0	0	0	0	21,904
Civil Defense Reimbursement	30,504	0	0	0	0	0	0	30,504
Disaster Relief	0	0	0	0	0	2,938	0	2,938
Homeland Security Grants	85,231	0	0	0	0	0	0	85,231
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	9,937	0	0	0	0	0	0	9,937
Total Federal Government	\$ 181,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,938	\$ 0	\$ 184,208
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 6,341	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,341

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Governments and Citizens Groups (Cont.)</u>								
<u>Other Governments (Cont.)</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,225	\$ 0	\$ 3,225
<u>Citizens Groups</u>								
Donations	12,585	0	0	0	0	0	0	12,585
<u>Other</u>								
Other	38,943	0	0	0	0	0	0	38,943
Total Other Governments and Citizens Groups	\$ 57,869	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,225	\$ 0	\$ 61,094
Total	\$ 6,339,687	\$ 1,032,062	\$ 38,304	\$ 15,424	\$ 203,102	\$ 3,054,814	\$ 333,208	\$ 11,016,601

Exhibit J-7

Carroll County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2007

	General Purpose School	School Transpor - tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 452,362	\$ 452,362
Trustee's Collections - Prior Year	7,441	14,693	22,134
Trustee's Collections - Bankruptcy	0	164	164
Circuit/Clerk & Master Collections - Prior Years	0	18,325	18,325
Interest and Penalty	0	3,188	3,188
Payments in-Lieu-of Taxes - Local Utilities	0	53,983	53,983
Payments in-Lieu-of Taxes - Other	0	17,311	17,311
<u>County Local Option Taxes</u>			
Local Option Sales Tax	68,466	0	68,466
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	157	0	157
Total Local Taxes	\$ 76,064	\$ 560,026	\$ 636,090
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 65	\$ 0	\$ 65
Total Licenses and Permits	\$ 65	\$ 0	\$ 65
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Lunch Payments - Children	\$ 2,569	\$ 0	\$ 2,569
Lunch Payments - Adults	2,682	0	2,682
Transportation - Other State Systems	34,296	0	34,296
Contract for Instructional Services with Other LEAs	712,262	0	712,262
<u>Other Charges for Services</u>			
Other Charges for Services	84,774	0	84,774
Total Charges for Current Services	\$ 836,583	\$ 0	\$ 836,583
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 39	\$ 0	\$ 39
Lease/Rentals	9,100	0	9,100
Miscellaneous Refunds	16,002	49	16,051
<u>Nonrecurring Items</u>			
Sale of Equipment	9,588	0	9,588
Sale of Property	6,110	0	6,110
Damages Recovered from Individuals	98	0	98
Contributions and Gifts	651	0	651
Total Other Local Revenues	\$ 41,588	\$ 49	\$ 41,637
<u>State of Tennessee</u>			
<u>State Education Funds</u>			
Basic Education Program	\$ 1,769,000	\$ 0	\$ 1,769,000
School Food Service	138	0	138
Other State Education Funds	19,024	0	19,024
Career Ladder Program	19,581	0	19,581
Career Ladder - Extended Contract	10,588	0	10,588

(Continued)

Exhibit J-7

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</u>			
Mixed Drink Tax	\$ 96	\$ 0	\$ 96
State Revenue Sharing - T.V.A.	0	544,590	544,590
Total State of Tennessee	<u>\$ 1,818,427</u>	<u>\$ 544,590</u>	<u>\$ 2,363,017</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 4,723	\$ 0	\$ 4,723
Adult Education State Grant Program	73,968	0	73,968
Other Federal through State	39,822	0	39,822
Total Federal Government	<u>\$ 118,513</u>	<u>\$ 0</u>	<u>\$ 118,513</u>
Total	<u>\$ 2,891,240</u>	<u>\$ 1,104,665</u>	<u>\$ 3,995,905</u>

Exhibit J-8

Carroll County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,185	
Social Security		1,924	
Unemployment Compensation		102	
Employer Medicare		450	
Audit Services		6,680	
Consultants		1,250	
Dues and Memberships		3,284	
Legal Notices, Recording, and Court Costs		1,359	
Periodicals		645	
Other Charges		3,121	
Total County Commission			\$ 51,000

Board of Equalization

Board and Committee Members Fees	\$	1,222	
Data Processing Services		9,572	
Total Board of Equalization			10,794

Beer Board

Legal Notices, Recording, and Court Costs	\$	125	
Total Beer Board			125

Other Boards and Committees

Board and Committee Members Fees	\$	620	
Legal Notices, Recording, and Court Costs		145	
Total Other Boards and Committees			765

County Mayor/Executive

County Official/Administrative Officer	\$	64,759	
Assistant(s)		35,000	
Purchasing Personnel		10,000	
Secretary(ies)		25,750	
Part-time Personnel		3,257	
Social Security		8,111	
State Retirement		9,350	
Employee and Dependent Insurance		17,556	
Unemployment Compensation		241	
Employer Medicare		1,897	
Communication		2,737	
Data Processing Services		4,673	
Dues and Memberships		1,500	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Maintenance Agreements	\$	3,179	
Postal Charges		2,654	
Printing, Stationery, and Forms		2,361	
Travel		5,923	
Office Supplies		3,843	
Office Equipment		<u>2,522</u>	
Total County Mayor/Executive			\$ 205,313

County Attorney

Consultants	\$	2,750	
Legal Services		<u>6,777</u>	
Total County Attorney			9,527

Election Commission

County Official/Administrative Officer	\$	50,462	
Deputy(ies)		21,633	
Part-time Personnel		3,826	
Election Commission		3,480	
Election Workers		22,215	
Social Security		4,245	
State Retirement		4,975	
Employee and Dependent Insurance		4,415	
Unemployment Compensation		250	
Employer Medicare		993	
Communication		849	
Legal Notices, Recording, and Court Costs		3,551	
Maintenance Agreements		6,825	
Postal Charges		2,769	
Printing, Stationery, and Forms		3,224	
Travel		953	
Office Supplies		1,128	
Office Equipment		<u>3,614</u>	
Total Election Commission			139,407

Register of Deeds

County Official/Administrative Officer	\$	46,724	
Deputy(ies)		34,729	
Part-time Personnel		2,520	
Social Security		4,776	
State Retirement		6,038	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Employee and Dependent Insurance	\$	12,061	
Unemployment Compensation		626	
Employer Medicare		1,116	
Communication		2,443	
Data Processing Services		6,696	
Dues and Memberships		15	
Maintenance Agreements		2,460	
Postal Charges		1,293	
Travel		1,342	
Other Contracted Services		2,500	
Office Supplies		2,533	
Office Equipment		101	
Total Register of Deeds			\$ 127,973

County Buildings

Custodial Personnel	\$	19,142	
Maintenance Personnel		25,253	
Other Salaries and Wages		22,556	
Social Security		3,818	
State Retirement		4,620	
Employee and Dependent Insurance		16,873	
Unemployment Compensation		294	
Employer Medicare		893	
Communication		1,372	
Maintenance Agreements		3,477	
Maintenance and Repair Services - Buildings		48,059	
Maintenance and Repair Services - Equipment		407	
Maintenance and Repair Services - Vehicles		2,959	
Permits		360	
Other Contracted Services		14,075	
Custodial Supplies		15,282	
Gasoline		5,695	
Utilities		75,726	
Other Supplies and Materials		3,322	
Building and Contents Insurance		41,369	
Liability Insurance		56,482	
Building Improvements		194,668	
Data Processing Equipment		3,906	
Total County Buildings			560,608

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		66,548	
In-Service Training		90	
Social Security		6,385	
State Retirement		8,460	
Employee and Dependent Insurance		40,049	
Unemployment Compensation		294	
Employer Medicare		1,493	
Communication		1,096	
Contracts with Private Agencies		14,855	
Dues and Memberships		1,295	
Maintenance Agreements		1,380	
Postal Charges		1,035	
Travel		146	
Gasoline		413	
Office Supplies		698	
Office Equipment		208	
Total Property Assessor's Office			\$ 200,514

Reappraisal Program

Deputy(ies)	\$	9,854	
Social Security		44	
Unemployment Compensation		10	
Employer Medicare		10	
Communication		1,208	
Data Processing Services		8,558	
Rentals		4,000	
Office Supplies		190	
Total Reappraisal Program			23,874

County Trustee's Office

County Official/Administrative Officer	\$	56,069
Deputy(ies)		44,914
Part-time Personnel		2,491
Social Security		5,822
State Retirement		6,968
Employee and Dependent Insurance		20,742
Unemployment Compensation		231
Employer Medicare		1,362
Communication		1,112

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Services	\$	3,200	
Dues and Memberships		636	
Legal Notices, Recording, and Court Costs		212	
Maintenance Agreements		66	
Postal Charges		5,262	
Travel		1,212	
Office Supplies		4,092	
Office Equipment		<u>265</u>	
Total County Trustee's Office	\$		154,656

County Clerk's Office

State Retirement	\$	9,384	
Employee and Dependent Insurance		23,609	
Communication		418	
Maintenance Agreements		672	
Office Supplies		<u>3,222</u>	
Total County Clerk's Office			37,305

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	49,889	
Deputy(ies)		118,973	
Board and Committee Members Fees		75	
Jury and Witness Fees		7,570	
Social Security		9,661	
State Retirement		11,626	
Employee and Dependent Insurance		26,507	
Unemployment Compensation		773	
Employer Medicare		2,260	
Communication		3,166	
Data Processing Services		25,514	
Dues and Memberships		586	
Legal Notices, Recording, and Court Costs		812	
Maintenance Agreements		5,382	
Postal Charges		2,219	
Travel		1,555	
Office Supplies		12,637	
Data Processing Equipment		2,886	
Office Equipment		<u>2,472</u>	
Total Circuit Court			284,563

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

Judge(s)	\$	87,285	
Social Security		5,293	
State Retirement		6,405	
Employee and Dependent Insurance		4,717	
Employer Medicare		1,238	
Dues and Memberships		112	
Total General Sessions Judge			\$ 105,050

Chancery Court

Deputy(ies)	\$	84,598	
Social Security		4,604	
State Retirement		9,706	
Employee and Dependent Insurance		31,971	
Unemployment Compensation		392	
Employer Medicare		1,077	
Communication		2,271	
Data Processing Services		4,244	
Dues and Memberships		506	
Maintenance Agreements		2,460	
Postal Charges		249	
Travel		165	
Office Supplies		4,628	
Data Processing Equipment		400	
Total Chancery Court			147,271

Juvenile Court

Supervisor/Director	\$	47,018	
Youth Service Officer(s)		33,388	
Guidance Personnel		32,203	
Social Security		6,472	
State Retirement		7,770	
Employee and Dependent Insurance		27,163	
Unemployment Compensation		278	
Employer Medicare		1,514	
Communication		1,782	
Maintenance Agreements		2,542	
Travel		38	
Other Contracted Services		300	
Office Supplies		797	
Other Supplies and Materials		4,915	
Total Juvenile Court			166,180

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

Board and Committee Members Fees	\$	4,600	
Social Security		285	
Unemployment Compensation		14	
Employer Medicare		67	
Total Judicial Commissioners			\$ 4,966

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,676	
Deputy(ies)		454,362	
Detective(s)		15,444	
Investigator(s)		61,635	
Salary Supplements		9,000	
Part-time Personnel		26,506	
Other Salaries and Wages		7,080	
In-Service Training		7,456	
Social Security		37,117	
State Retirement		39,860	
Employee and Dependent Insurance		92,244	
Unemployment Compensation		2,405	
Employer Medicare		8,681	
Contracts with Other Public Agencies		1,792	
Dues and Memberships		1,935	
Maintenance Agreements		10,278	
Maintenance and Repair Services - Equipment		5,962	
Maintenance and Repair Services - Vehicles		21,599	
Postal Charges		1,443	
Travel		3,912	
Electricity		9,393	
Gasoline		56,410	
Law Enforcement Supplies		1,072	
Natural Gas		1,042	
Office Supplies		5,176	
Uniforms		7,293	
Water and Sewer		671	
Other Supplies and Materials		1,219	
Other Charges		500	
Data Processing Equipment		5,864	
Other Equipment		8,456	
Total Sheriff's Department			967,483

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Data Processing Supplies	\$ 47		
Total Administration of the Sexual Offender Registry		\$	47

Jail

Medical Personnel	\$ 7,696		
Dispatchers/Radio Operators	118,133		
Guards	279,211		
Clerical Personnel	24,297		
Cafeteria Personnel	21,173		
Social Security	26,166		
State Retirement	29,515		
Employee and Dependent Insurance	69,491		
Unemployment Compensation	2,196		
Employer Medicare	6,119		
Communication	16,071		
Maintenance Agreements	9,688		
Maintenance and Repair Services - Equipment	2,980		
Medical and Dental Services	56,464		
Custodial Supplies	8,124		
Electricity	24,329		
Food Supplies	95,292		
Library Books/Media	2,520		
Natural Gas	12,620		
Prisoners Clothing	2,358		
Uniforms	3,059		
Water and Sewer	14,621		
Other Supplies and Materials	2,588		
Other Equipment	2,796		
Total Jail			837,507

Juvenile Services

Educational Assistants	\$ 587,275
Social Security	34,826
State Retirement	39,767
Employee and Dependent Insurance	111,871
Unemployment Compensation	2,331
Employer Medicare	8,145
Accounting Services	12,000
Communication	2,474
Dues and Memberships	600

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Licenses	\$	1,110	
Maintenance Agreements		4,039	
Maintenance and Repair Services - Equipment		972	
Maintenance and Repair Services - Vehicles		6,487	
Medical and Dental Services		2,427	
Postal Charges		195	
Rentals		40,000	
Travel		216	
Other Contracted Services		27,587	
Custodial Supplies		3,476	
Food Supplies		34,307	
Gasoline		29,875	
Instructional Supplies and Materials		7,555	
Office Supplies		4,299	
Utilities		19,524	
Other Supplies and Materials		14,801	
Building and Contents Insurance		1,682	
Liability Insurance		14,230	
Workers' Compensation Insurance		2,755	
Motor Vehicles		60,417	
Office Equipment		1,533	
Other Equipment		1,005	
Total Juvenile Services			\$ 1,077,781

Fire Prevention and Control

Supervisor/Director	\$	14,322
In-Service Training		3,623
Social Security		812
State Retirement		988
Employee and Dependent Insurance		4,043
Unemployment Compensation		50
Employer Medicare		190
Dues and Memberships		215
Maintenance and Repair Services - Equipment		9,598
Maintenance and Repair Services - Vehicles		18,208
Medical and Dental Services		111
Postal Charges		14
Travel		3,678
Gasoline		10,442
Office Supplies		2,073

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Supplies and Materials	\$	934	
Liability Insurance		7,212	
Other Charges		2,099	
Communication Equipment		4,876	
Office Equipment		180	
Other Equipment		61,821	
Total Fire Prevention and Control			\$ 145,489

Civil Defense

Assistant(s)	\$	14,322	
Supervisor/Director		35,917	
Social Security		3,017	
State Retirement		3,466	
Employee and Dependent Insurance		4,160	
Unemployment Compensation		146	
Employer Medicare		706	
Communication		2,486	
Dues and Memberships		190	
Maintenance and Repair Services - Equipment		1,121	
Maintenance and Repair Services - Vehicles		786	
Travel		616	
Gasoline		2,125	
Office Supplies		640	
Other Supplies and Materials		85,858	
Other Charges		908	
Total Civil Defense			156,464

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		12,462	
Transportation - Other than Students		450	
Travel		2,375	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			32,162

Other Public Safety

Salary Supplements	\$	10,240	
Part-time Personnel		37,059	
Social Security		2,868	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

State Retirement	\$	707	
Unemployment Compensation		380	
Employer Medicare		671	
Travel		1,242	
Total Other Public Safety			\$ 53,167

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	68,506	
Social Security		3,649	
State Retirement		4,378	
Employee and Dependent Insurance		28,272	
Unemployment Compensation		463	
Employer Medicare		853	
Communication		4,518	
Contracts with Government Agencies		25,066	
Dues and Memberships		100	
Janitorial Services		5,215	
Maintenance and Repair Services - Buildings		1,970	
Maintenance and Repair Services - Office Equipment		931	
Matching Share		1,873	
Postal Charges		4,309	
Travel		4,617	
Other Contracted Services		2,906	
Custodial Supplies		2,456	
Drugs and Medical Supplies		624	
Office Supplies		3,855	
Utilities		9,178	
Office Equipment		1,138	
Total Local Health Center			174,877

Rabies and Animal Control

Communication	\$	357	
Maintenance and Repair Services - Vehicles		394	
Pest Control		12,000	
Veterinary Services		3,458	
Gasoline		2,179	
Total Rabies and Animal Control			18,388

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Contributions	\$	235	
Pauper Burials		750	
Other Charges		600	
Total General Welfare Assistance			\$ 1,585

Other Local Welfare Services

Contracts with Private Agencies	\$	13,957	
Dues and Memberships		7,958	
Total Other Local Welfare Services			21,915

Social, Cultural, and Recreational Services

Adult Activities

Maintenance Agreements	\$	225	
Postal Charges		648	
Printing, Stationery, and Forms		63	
Travel		500	
Food Supplies		1,316	
Office Supplies		1,402	
Other Supplies and Materials		2,016	
Total Adult Activities			6,170

Senior Citizens Assistance

Supervisor/Director	\$	21,748	
Social Workers		14,380	
Medical Personnel		5,746	
Secretary(ies)		16,549	
Other Salaries and Wages		19,159	
Social Security		4,458	
State Retirement		3,635	
Employee and Dependent Insurance		8,751	
Unemployment Compensation		561	
Employer Medicare		1,043	
Communication		1,945	
Contracts with Other Public Agencies		4,902	
Contracts with Private Agencies		800	
Licenses		810	
Maintenance Agreements		375	
Matching Share		585	
Printing, Stationery, and Forms		1,727	
Travel		1,502	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Food Supplies	\$	599	
Gasoline		1,459	
Office Supplies		359	
Other Charges		485	
Total Senior Citizens Assistance			\$ 111,578

Libraries

Assistant(s)	\$	13,718	
Librarians		20,026	
Other Salaries and Wages		9,742	
Social Security		2,607	
State Retirement		2,328	
Employee and Dependent Insurance		4,334	
Unemployment Compensation		301	
Employer Medicare		610	
Communication		2,005	
Dues and Memberships		295	
Maintenance and Repair Services - Equipment		920	
Postal Charges		234	
Travel		300	
Library Books/Media		11,219	
Office Supplies		2,833	
Periodicals		398	
Office Equipment		5,740	
Total Libraries			77,610

Parks and Fair Boards

Supervisor/Director	\$	40,452	
Other Salaries and Wages		165	
Social Security		2,313	
State Retirement		2,791	
Employee and Dependent Insurance		8,582	
Unemployment Compensation		98	
Employer Medicare		541	
Communication		1,307	
Maintenance Agreements		217	
Maintenance and Repair Services - Buildings		6,498	
Maintenance and Repair Services - Equipment		924	
Permits		2,015	
Custodial Supplies		4,420	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Office Supplies	\$	719	
Utilities		<u>29,262</u>	
Total Parks and Fair Boards			\$ 100,304

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	<u>242,125</u>	
Total Other Social, Cultural, and Recreational			242,125

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	31,745	
Secretary(ies)		5,585	
Other Fringe Benefits		8,759	
Communication		1,847	
Travel		<u>800</u>	
Total Agriculture Extension Service			48,736

Forest Service

Dues and Memberships	\$	<u>2,000</u>	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	21,634	
Social Security		1,341	
State Retirement		1,493	
Unemployment Compensation		98	
Employer Medicare		<u>314</u>	
Total Soil Conservation			24,880

Flood Control

Dues and Memberships	\$	<u>8,250</u>	
Total Flood Control			8,250

Other Operations

Industrial Development

Dues and Memberships	\$	<u>10,000</u>	
Total Industrial Development			10,000

Other Economic and Community Development

Dues and Memberships	\$	<u>17,000</u>	
Total Other Economic and Community Development			17,000

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Supervisor/Director	\$	30,161	
Other Salaries and Wages		12,061	
Social Security		2,462	
State Retirement		2,913	
Employee and Dependent Insurance		8,392	
Unemployment Compensation		198	
Employer Medicare		576	
Communication		1,461	
Maintenance and Repair Services - Buildings		5,423	
Maintenance and Repair Services - Equipment		5,398	
Postal Charges		39	
Travel		497	
Custodial Supplies		563	
Gasoline		132,606	
Office Supplies		516	
Utilities		11,190	
Liability Insurance		4,500	
Airport Improvement		1,595	
Total Airport			\$ 220,551

Veterans' Services

Supervisor/Director	\$	16,761	
Social Security		1,039	
State Retirement		1,157	
Unemployment Compensation		98	
Employer Medicare		243	
Communication		387	
Maintenance Agreements		72	
Postal Charges		156	
Travel		619	
Office Supplies		444	
Total Veterans' Services			20,976

Other Charges

Handling Charges and Administrative Costs	\$	120	
Contributions		7,592	
Library Books/Media		3,000	
Road Signs		2,199	
Premiums on Corporate Surety Bonds		8,890	
Trustee's Commission		58,148	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$ 43,695	
Liability Claims	38,838	
Total Other Charges		\$ 162,482

Contributions to Other Agencies

Contributions	\$ 21,100	
Total Contributions to Other Agencies		21,100

Total General Fund \$ 6,790,518

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$ 18,599	
Social Security	1,068	
State Retirement	1,283	
Employee and Dependent Insurance	4,145	
Unemployment Compensation	98	
Employer Medicare	250	
Communication	536	
Contracts with Private Agencies	563,987	
Legal Services	8,123	
Legal Notices, Recording, and Court Costs	12	
Postal Charges	544	
Maintenance and Repair Services - Records	44,161	
Office Supplies	970	
Other Charges	1,185	
Office Equipment	238	
Total Waste Pickup		\$ 645,199

Recycling Center

Supervisor/Director	\$ 45,801
Clerical Personnel	21,634
Part-time Personnel	1,138
Other Salaries and Wages	121,483
Social Security	11,058
State Retirement	12,974
Employee and Dependent Insurance	35,052
Unemployment Compensation	844
Employer Medicare	2,586

(Continued)

Exhibit J-8

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.)

Communication	\$	916	
Contracts with Private Agencies		22,204	
Freight Expenses		5,145	
Legal Notices, Recording, and Court Costs		136	
Maintenance and Repair Services - Buildings		288	
Maintenance and Repair Services - Equipment		2,456	
Maintenance and Repair Services - Vehicles		6,313	
Transportation - Other than Students		17,962	
Travel		1,042	
Brokerage Fees - Recyclables		14	
Custodial Supplies		418	
Gasoline		19,725	
Office Supplies		467	
Utilities		10,880	
Other Supplies and Materials		2,307	
Building and Contents Insurance		2,050	
Liability Insurance		11,173	
Trustee's Commission		11,660	
Workers' Compensation Insurance		9,301	
Other Charges		1,989	
Building Improvements		8,811	
Other Equipment		5,000	
Total Recycling Center			\$ 392,827

Highways

Litter and Trash Collection

Truck Drivers	\$	13,307	
Social Security		755	
State Retirement		757	
Employee and Dependent Insurance		2,838	
Unemployment Compensation		119	
Employer Medicare		176	
Contracts with Government Agencies		93	
Maintenance and Repair Services - Vehicles		187	
Gasoline		1,660	
Other Supplies and Materials		785	
Other Charges		10,811	
Total Litter and Trash Collection			31,488

Total Solid Waste/Sanitation Fund \$ 1,069,514

(Continued)

Exhibit J-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	34,150	
Salary Supplements		600	
Social Security		1,976	
State Retirement		2,356	
Employee and Dependent Insurance		4,334	
Unemployment Compensation		98	
Employer Medicare		462	
Communication		750	
Confidential Drug Enforcement Payments		7,000	
Maintenance and Repair Services - Vehicles		1,740	
Travel		892	
Trustee's Commission		353	
Law Enforcement Equipment		649	
Total Drug Enforcement			\$ 55,360

Total Drug Control Fund \$ 55,360

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	5,314	
Maintenance and Repair Services - Equipment		60	
Travel		4,309	
Tuition		2,300	
Other Contracted Services		495	
Office Supplies		1,760	
Trustee's Commission		143	
Other Charges		19,734	
Office Equipment		210	
Total District Attorney General			\$ 34,325

Total District Attorney General Fund 34,325

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	19,944	
Total Register of Deeds			\$ 19,944

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund (Cont.)

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 146,693	
Total County Clerk's Office		\$ 146,693

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 76,667	
Total Chancery Court		<u>76,667</u>

Total Constitutional Officers - Fees Fund		\$ 243,304
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 122,700	
Accountants/Bookkeepers	23,281	
Secretary(ies)	21,634	
Communication	3,475	
Data Processing Services	4,884	
Dues and Memberships	3,021	
Evaluation and Testing	434	
Maintenance and Repair Services - Office Equipment	140	
Postal Charges	312	
Printing, Stationery, and Forms	281	
Travel	2,337	
Tuition	875	
Data Processing Supplies	592	
Drugs and Medical Supplies	354	
Electricity	3,753	
Natural Gas	2,248	
Office Supplies	498	
Utilities	789	
Water and Sewer	634	
Building and Contents Insurance	4,712	
Other Equipment	<u>4,687</u>	
Total Administration		\$ 201,641

Highway and Bridge Maintenance

Equipment Operators	\$ 255,091
Truck Drivers	165,616
Laborers	97,054

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Contracts with Private Agencies	\$	4,875	
Engineering Services		5,991	
Asphalt - Liquid		9,184	
Crushed Stone		17,256	
Fertilizer, Lime, and Seed		300	
General Construction Materials		105	
Ice		401	
Other Road Supplies		488	
Pipe - Metal		28,055	
Road Signs		8,797	
Wood Products		3,110	
Chemicals		1,064	
Other Supplies and Materials		1,717	
Total Highway and Bridge Maintenance			\$ 599,104

Operation and Maintenance of Equipment

Mechanic(s)	\$	103,075	
Maintenance and Repair Services - Equipment		9,724	
Maintenance and Repair Services - Vehicles		779	
Tow-in Services		275	
Diesel Fuel		102,470	
Equipment and Machinery Parts		117,911	
Garage Supplies		4,997	
Gasoline		37,596	
Lubricants		8,941	
Small Tools		113	
Tires and Tubes		27,270	
Other Supplies and Materials		487	
Other Charges		996	
Total Operation and Maintenance of Equipment			414,634

Other Charges

Liability Insurance	\$	25,000	
Trustee's Commission		30,254	
Workers' Compensation Insurance		65,423	
Total Other Charges			120,677

Employee Benefits

Social Security	\$	58,350	
State Retirement		53,089	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Medical Insurance	\$ 301,530	
Unemployment Compensation	7,720	
Total Employee Benefits		\$ 420,689

Capital Outlay

Bridge Construction	\$ 134,018	
Communication Equipment	2,465	
Highway Construction	625,985	
Motor Vehicles	72,952	
State Aid Projects	197,518	
Other Equipment	219,713	
Other Capital Outlay	21,956	
Total Capital Outlay		1,274,607

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$ 73,976	
Total Highways and Streets		73,976

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ 3,145	
Total Highways and Streets		3,145

Total Highway/Public Works Fund \$ 3,108,473

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 128,426	
Principal on Capital Leases	64,138	
Principal on Other Loans	65,000	
Total General Government		\$ 257,564

Interest on Debt

General Government

Interest on Notes	\$ 23,812	
Interest on Capital Leases	1,989	
Interest on Other Loans	86,390	
Total General Government		112,191

(Continued)

Exhibit J-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 6,195	
Total General Government		\$ 6,195
Total General Debt Service Fund		\$ 375,950
 <u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Administration of Justice Projects</u>		
Building Improvements	\$ 218,957	
Total Administration of Justice Projects		\$ 218,957
Total General Capital Projects Fund		<u>218,957</u>
Total Governmental Funds - Primary Government		<u>\$ 11,896,401</u>

Exhibit J-9

Carroll County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Instructional Supplies and Materials	\$ 26,250	
Total Regular Instruction Program		\$ 26,250

Alternative Instruction Program

Teachers	\$ 44,792	
Career Ladder Program	1,000	
Educational Assistants	12,987	
Social Security	3,210	
State Retirement	3,703	
Medical Insurance	5,215	
Unemployment Compensation	94	
Employer Medicare	751	
Instructional Supplies and Materials	2,000	
Total Alternative Instruction Program		73,752

Special Education Program

Teachers	\$ 235,479	
Career Ladder Program	7,965	
Educational Assistants	81,320	
Speech Pathologist	34,238	
Other Salaries and Wages	2,657	
Non-certified Substitute Teachers	5,815	
Social Security	21,427	
State Retirement	23,164	
Medical Insurance	15,893	
Unemployment Compensation	633	
Employer Medicare	5,011	
Travel	538	
Other Contracted Services	10,806	
Instructional Supplies and Materials	8,399	
Other Supplies and Materials	81	
Other Charges	1,200	
Special Education Equipment	131	
Total Special Education Program		454,757

Vocational Education Program

Teachers	\$ 353,514
Career Ladder Program	4,000
Career Ladder Extended Contracts	4,604

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Certified Substitute Teachers	\$	94	
Non-certified Substitute Teachers		4,573	
Social Security		21,838	
State Retirement		22,229	
Medical Insurance		13,500	
Unemployment Compensation		497	
Employer Medicare		5,107	
Maintenance and Repair Services - Equipment		2,293	
Travel		298	
Instructional Supplies and Materials		26,513	
Textbooks		8,904	
Other Supplies and Materials		507	
Other Charges		275	
Vocational Instruction Equipment		21,251	
Total Vocational Education Program			\$ 489,997

Adult Education Program

Teachers	\$	31,741	
Other Salaries and Wages		14,878	
Social Security		2,890	
Unemployment Compensation		242	
Employer Medicare		676	
Instructional Supplies and Materials		307	
Total Adult Education Program			50,734

Support Services

Health Services

Medical Personnel	\$	11,321	
Social Security		702	
State Retirement		89	
Unemployment Compensation		45	
Employer Medicare		164	
Drugs and Medical Supplies		1,007	
Other Supplies and Materials		46	
Total Health Services			13,374

Other Student Support

Secretary(ies)	\$	21,672	
Other Salaries and Wages		410	

(Continued)

Exhibit J-9

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.)

Social Security	\$	1,211	
State Retirement		1,495	
Medical Insurance		2,540	
Unemployment Compensation		50	
Employer Medicare		283	
Evaluation and Testing		1,400	
Operating Lease Payments		2,156	
Travel		87	
Other Supplies and Materials		1,792	
Other Charges		7,185	
Total Other Student Support			\$ 40,281

Special Education Program

Supervisor/Director	\$	51,005	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		3,397	
State Retirement		3,556	
Medical Insurance		2,280	
Unemployment Compensation		47	
Employer Medicare		795	
In Service/Staff Development		731	
Other Equipment		139	
Total Special Education Program			68,950

Vocational Education Program

Instructional Computer Personnel	\$	23,837	
Secretary(ies)		21,071	
Social Security		2,698	
State Retirement		3,099	
Unemployment Compensation		94	
Employer Medicare		631	
Travel		293	
In Service/Staff Development		6,654	
Other Charges		5,850	
Total Vocational Education Program			64,227

Adult Programs

Supervisor/Director	\$	41,958	
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(Continued)

Exhibit J-9

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.)

Adult Programs (Cont.)

Social Security	\$	2,529	
State Retirement		2,572	
Unemployment Compensation		47	
Employer Medicare		592	
Communication		1,879	
In Service/Staff Development		1,343	
Other Charges		109	
Total Adult Programs			\$ 51,029

Board of Education

Board and Committee Members Fees	\$	7,400	
Social Security		459	
Employer Medicare		107	
Other Fringe Benefits		275	
Audit Services		2,075	
Dues and Memberships		1,390	
Legal Services		2,603	
Travel		494	
Liability Insurance		23,214	
Trustee's Commission		5,170	
Workers' Compensation Insurance		21,699	
In Service/Staff Development		2,654	
Criminal Investigation of Applicants - TBI		1,280	
Other Charges		1,706	
Total Board of Education			70,526

Director of Schools

County Official/Administrative Officer	\$	66,118	
Career Ladder Program		1,000	
Social Security		4,066	
State Retirement		4,114	
Life Insurance		108	
Medical Insurance		12,645	
Unemployment Compensation		47	
Employer Medicare		951	
Communication		3,565	
Dues and Memberships		1,132	
Postal Charges		2,319	
Other Supplies and Materials		161	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

In Service/Staff Development	\$	654	
Other Charges		348	
Administration Equipment		416	
Total Director of Schools			\$ 97,644

Office of the Principal

Principals	\$	57,757	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		684	
Social Security		3,387	
State Retirement		3,644	
Medical Insurance		4,318	
Unemployment Compensation		47	
Employer Medicare		792	
Communication		2,458	
Postal Charges		839	
Travel		252	
In Service/Staff Development		397	
Total Office of the Principal			75,575

Fiscal Services

Accountants/Bookkeepers	\$	37,701	
Clerical Personnel		5,266	
Social Security		2,376	
State Retirement		2,965	
Medical Insurance		2,540	
Unemployment Compensation		55	
Employer Medicare		556	
Data Processing Services		5,131	
Data Processing Supplies		1,829	
Office Supplies		3,635	
In Service/Staff Development		55	
Administration Equipment		4,330	
Total Fiscal Services			66,439

Operation of Plant

Janitorial Services	\$	30,240	
Disposal Fees		2,187	
Other Contracted Services		2,252	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Supplies	\$	8,096	
Electricity		43,113	
Natural Gas		20,847	
Water and Sewer		3,100	
Other Supplies and Materials		31	
Total Operation of Plant			\$ 109,866

Maintenance of Plant

Maintenance Personnel	\$	23,534	
Other Salaries and Wages		23,200	
Social Security		2,687	
State Retirement		3,225	
Medical Insurance		3,387	
Unemployment Compensation		136	
Employer Medicare		628	
Maintenance and Repair Services - Buildings		15,042	
Maintenance and Repair Services - Equipment		11,976	
Travel		369	
Other Contracted Services		2,176	
Other Supplies and Materials		4,485	
Maintenance Equipment		121	
Total Maintenance of Plant			90,966

Transportation

Bus Drivers	\$	34,305	
Clerical Personnel		232	
Social Security		2,141	
State Retirement		2,054	
Unemployment Compensation		79	
Employer Medicare		501	
Communication		3,428	
Other Charges		160	
Transportation Equipment		17,787	
Other Equipment		54,280	
Total Transportation			114,967

Central and Other

Other Salaries and Wages	\$	26,940	
Social Security		1,521	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

State Retirement	\$	1,859	
Medical Insurance		2,540	
Unemployment Compensation		70	
Employer Medicare		356	
Travel		35	
Other Contracted Services		15,595	
Other Supplies and Materials		317	
Other Charges		550	
Other Equipment		15,387	
Total Central and Other			\$ 65,170

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	10,285	
Social Security		638	
State Retirement		710	
Unemployment Compensation		35	
Employer Medicare		149	
Travel		18	
Food Supplies		8,204	
Other Supplies and Materials		235	
In Service/Staff Development		20	
Other Charges		326	
Total Food Service			20,620

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	12,225	
Other Capital Outlay		3,487	
Total Regular Capital Outlay			15,712

Principal on Debt

Education

Principal on Notes	\$	5,979	
Total Education			5,979

Interest on Debt

Education

Interest on Notes	\$	364	
Total Education			364

Total General Purpose School Fund \$ 2,067,179

(Continued)

Exhibit J-9

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

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	382	
Liability Insurance		23,214	
Trustee's Commission		15,771	
Workers' Compensation Insurance		21,953	
Total Board of Education			\$ 61,320

Transportation

Supervisor/Director	\$	34,715	
Mechanic(s)		78,351	
Bus Drivers		409,878	
Clerical Personnel		20,748	
Other Salaries and Wages		20,774	
Social Security		34,551	
State Retirement		37,299	
Medical Insurance		7,621	
Unemployment Compensation		2,412	
Employer Medicare		8,080	
Communication		948	
Laundry Service		5,298	
Maintenance and Repair Services - Equipment		4,863	
Medical and Dental Services		4,830	
Other Contracted Services		3,187	
Diesel Fuel		195,707	
Garage Supplies		2,487	
Gasoline		5,967	
Lubricants		13,633	
Tires and Tubes		31,945	
Vehicle Parts		63,393	
Gravel and Chert		1,023	
Other Supplies and Materials		1,696	
In Service/Staff Development		2,128	
Other Charges		3,479	
Other Equipment		4,779	
Total Transportation			999,792

Total School Transportation Fund \$ 1,061,112

Total Governmental Funds - Carroll County School Department \$ 3,128,291

Exhibit J-10

Carroll County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2007

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 1,780	\$ 1,780
Circuit/Clerk & Master Collections - Prior Years	0	178,024	178,024
Local Option Sales Tax	2,154,824	2,268,763	4,423,587
Interstate Telecommunications Tax	0	4,801	4,801
City/School District Property Taxes:			
Current Property Tax	0	4,413,159	4,413,159
Prior Year's Property Tax	0	164,709	164,709
Interest and Penalty	0	31,097	31,097
Payments in-Lieu-of Taxes	0	151,888	151,888
Marriage Licenses	0	1,996	1,996
Mixed Drink Tax	0	2,241	2,241
Total Cash Receipts	<u>\$ 2,154,824</u>	<u>\$ 7,218,458</u>	<u>\$ 9,373,282</u>
<u>Other Sources</u>			
Transfers In	\$ 0	\$ 72,308	\$ 72,308
Total Sources of Cash	<u>\$ 2,154,824</u>	<u>\$ 7,290,766</u>	<u>\$ 9,445,590</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,133,276	\$ 7,183,774	\$ 9,317,050
Trustee's Commission	21,548	119,272	140,820
Total Cash Disbursements	<u>\$ 2,154,824</u>	<u>\$ 7,303,046</u>	<u>\$ 9,457,870</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ (12,280)	\$ (12,280)
Cash Balance, July 1, 2006	0	302,960	302,960
Cash Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 290,680</u>	<u>\$ 290,680</u>

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## AUDIT FINDINGS SECTION

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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 7, 2008

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, 2007, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated February 7, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Carroll County Board of Public Utilities, the Carroll County Indigent Care Board, and the discretely presented Carroll County Emergency Communications District as described in our report on Carroll County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Recommendations to be significant deficiencies in internal control over financial reporting: 07.03 and 07.05.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Carroll County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies 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 Recommendations as items 07.01, 07.02, and 07.04.

We consider item 07.06 described in the accompanying Schedule of Findings and Recommendations to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Carroll County in separate communications.

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

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/yu

Carroll County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2007

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, 2006, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	174	Expenditures exceeded appropriations

**OFFICE OF HIGHWAY COMMISSION**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.06	177	The Highway Department did not maintain a system to account for materials used on some types of road projects

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.09	178	Deficiencies were noted in the operations related to a telephone contract

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.10	180	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
06.11	180	A central system of accounting, budgeting, and purchasing had not been adopted

Carroll County, Tennessee  
Schedule of Expenditures of State Grants (1)  
For the Year Ended June 30, 2007

<u>Program Title/State Grantor</u>	<u>Expenditures</u>
State Grants:	
Custodial Prevention Services - State Department of Children's Services	\$ 794,794
State Reappraisal Program - Comptroller of the Treasury	11,200
Election Officials Training Grant	5,400
Safe Schools Act - State Department of Education	1,522
HIV Prevention Education	6,000
Solid Waste Grants - State Department of Environment and Conservation	16,741
Rural Local Health Services - State Department of Health	102,067
Airport Maintenance - State Department of Transportation	2,585
Rural Dispatchers Grant - State Emergency Communications Board	44,877
Litter Grant - State Department of Transportation	<u>18,932</u>
Total State Grants	<u>\$ 1,004,118</u>

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

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**CARROLL COUNTY, TENNESSEE**

**SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS**

**For the Year Ended June 30, 2007**

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**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 are paraphrased 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 07.01**      **THE CIRCUIT COURT CLERK WAS PAID IN EXCESS OF THE AMOUNT SET BY STATE STATUTE**  
(Noncompliance Under Government Auditing Standards)

The circuit court clerk died while in office on July 3, 2006. An examination of the salary paid to the clerk from the General Fund revealed that he was paid \$1,626.59 more than permitted by state statute. Carroll County followed a practice of paying all county officials every two weeks. This practice resulted in all county officials receiving compensation in advance of being earned throughout the 2006-07 year. For example, on July 5, 2006, all county officials received pay for the first 14 days of July, resulting in advance payment for the days of July 6 through July 14. At the time of his death, the clerk was due \$452.17 for three days compensation in the month of July. However, the clerk's estate received a payroll check dated July 5, 2006, for the gross amount of \$2,078.76 representing 1/26th of the annual salary due the clerk for the 2006-07 fiscal year (before the adjustment for the 2006-07 state mandated salary increase). As a result of the salary overpayment to the circuit court clerk, a receivable totaling \$1,626.59 has been reflected in the financial statements of this report. It should be noted that in January 2008, the county began paying county officials on the 15th and the last working day of the month instead of every two weeks.

**RECOMMENDATION**

County officials should not receive salary payments in advance of salary earned. Officials should take steps to recover the overpaid salary.

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

The county's Budget Committee will look into this overpayment and make a recommendation to the County Commission.

**FINDING 07.02      EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under Government Auditing Standards)

General Fund expenditures exceeded appropriations approved by the County Commission in the Other Charges (\$5,565) major appropriation category (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**

After discussion with the auditors, it has been determined that the Drug Court revenues in the General Fund should have been set up as a payable at the end of the fiscal year. This will be done prior to the close of the next fiscal year.

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**OFFICE OF HIGHWAY COMMISSION**

**FINDING 07.03      THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**  
(Internal Control – Significant Deficiency 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 SHERIFF**

### **FINDING 07.04      **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 five years. 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. As reported in the prior year's report, commissions of \$14,607.59 were deposited into this account from October 2005 through November 2006, and invoices totaling \$24,996.34 were paid during this period. Additionally, from December 2006 through October 2007, the account earned commissions of \$13,641.08, and the company paid invoices for the Sheriff's Department totaling \$632.32. The balance in the escrow account at October 31, 2007, was \$22,620.01.

Below is a description of invoices paid by Securus Technologies on behalf of the Sheriff's Department from December 2006 through October 2007:

Gulf States Distributors – \$399.32 for twelve 15-foot cartridges, four 21-foot cartridges, and four DPM batteries.

Gall's – \$233.00 for a cross-draw vest with utility pouch, two camouflage jackets, and two pairs of camouflage pants.

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. From October 2005 through October 2007, at the direction of the sheriff, Securus Technologies used proceeds from the county's telephone commissions and signing bonus to purchase items totaling \$25,628.64 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 office did not remit the revenues earned from its jail telephone operations to the county. The State Attorney General opined in November 1989 (U90-134) 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. 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.

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## OTHER FINDINGS AND RECOMMENDATIONS

**FINDING 07.05 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**  
(Internal Control – Significant Deficiency 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.

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**FINDING 07.06 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

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.