

**ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT
CARROLL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008**

**DEPARTMENT OF AUDIT
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Comptroller of the Treasury**

**DIVISION OF COUNTY AUDIT
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Assistant to the Comptroller**

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WENDY HEATH, CFE
State Auditors**

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

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Audit Highlights

Annual Financial Report
Carroll County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2008.

Results

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

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

Findings

The following are summaries of the audit findings:

CARROLL COUNTY

- ◆ Carroll County does not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations approved by the County Commission in certain major appropriation categories (the legal level of control) in the General and Solid Waste/Sanitation funds.
 - ◆ Deficiencies were noted in the sale and disposal of several vehicles of the Sheriff's Department.
 - ◆ The office failed to comply with state statutes when entering into a lease-purchase agreement.
 - ◆ Deficiencies were noted in the collection and disposition of flea market booth rentals at the Civic Center.
-

OFFICE OF HIGHWAY COMMISSION

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
 - ◆ The office failed to comply with state statutes when entering into a lease-purchase agreement.
 - ◆ The Highway Department did not maintain a system to account for materials used on certain types of road projects.
-

OFFICE OF SHERIFF

- ◆ The office did not properly account for revenues received from a telephone service contract.
-

OTHER FINDINGS

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

INTRODUCTORY SECTION

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Carroll County Officials
June 30, 2008

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, County Mayor, Chairman
Bill Kirk
Bobby Argo
Harold Baker
Marsha Bunn Barger
Johnny Blount
Walter Butler
Richard Goodwin
Wayne Kirk
Randy Long
Jimmy McClure

John Mann
Ronnie Murphy
Steve Parker
John Mark Robinson
LaRenda Scarbrough
Larry Spencer
Ben Surber
Gaylon Sydnor
Harold Vinson
Joel Washburn
Jerry White

Highway Commission

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

Budget Committee

John Mann, Chairman
Marsha Bunn Barger
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
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 37243-1402
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INDEPENDENT AUDITOR'S REPORT

March 30, 2009

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, 2008, 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 25.05 percent and 5.37 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Furthermore, we did not audit the financial statements of the Carroll County Emergency Communications District, which represent 12.34 percent and 8.88 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, 2008, 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 March 30, 2009, on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Carroll County has adopted Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

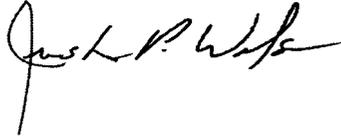
The management of Carroll County did not prepare a management's discussion and analysis. The management's discussions and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 87 through 95 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Carroll County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Carroll County School Department	Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 39,931	\$ 2,075,882	\$ 2,115,813	\$ 0	\$ 284,892
Equity in Pooled Cash and Investments	3,645,461	0	3,645,461	3,665,115	0
Inventories	0	495,757	495,757	0	0
Investments	0	4,582,674	4,582,674	0	525,129
Accounts Receivable	15,155	3,165,054	3,180,209	128,662	25,227
Due from Other Governments	573,626	0	573,626	104,932	0
Property Taxes Receivable	3,069,035	0	3,069,035	541,594	0
Allowance for Uncollectible Property Taxes	(216,574)	0	(216,574)	(38,219)	0
Prepaid Items	0	619,639	619,639	0	0
Accrued Interest Receivable	0	0	0	0	3,713
Other Current Assets	0	0	0	0	50
Other Restricted Assets	0	327,928	327,928	0	0
Deferred Charges - Debt Issuance Costs	14,225	15,754	29,979	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,747,068	253,775	2,000,843	176,489	0
Construction in Progress	294,864	147,182	442,046	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	4,723,242	596,999	5,320,241	1,646,845	101,957
Infrastructure	3,095,974	0	3,095,974	0	0
Other Capital Assets	1,363,317	18,802,253	20,165,570	1,802,209	189,278
Total Assets	\$ 18,365,324	\$ 31,082,897	\$ 49,448,221	\$ 8,027,627	\$ 1,130,246
<u>LIABILITIES</u>					
Accounts Payable	\$ 445	\$ 3,299,809	\$ 3,300,254	\$ 1,141	\$ 2,732
Accrued Payroll	890	0	890	0	0
Payroll Deductions Payable	266	0	266	8,333	1,344
Accrued Leave	0	918,286	918,286	0	977
Accrued Interest Payable	4,992	0	4,992	0	0
Due to State of Tennessee	14,332	0	14,332	0	0
Customer Deposits Payable	0	838,272	838,272	0	0
Deferred Revenue - Current Property Taxes	2,760,165	0	2,760,165	487,088	0
Other Current Liabilities	0	0	0	0	202
Current Liabilities Payable From:					
Restricted Assets	0	139,272	139,272	0	0
Noncurrent Liabilities:					
Due Within One Year	337,922	0	337,922	0	0
Due in More Than One Year (net of unamortized discount on debt)	2,408,496	1,064,756	3,473,252	11,518	0
Total Liabilities	\$ 5,527,508	\$ 6,260,395	\$ 11,787,903	\$ 508,080	\$ 5,255

(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
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 8,708,397	\$ 18,585,209	\$ 27,293,606	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	3,625,543	291,235
Restricted for:					
Debt Service	408,637	318,656	727,293	0	0
Highway/Public Works	1,036,740	0	1,036,740	0	0
Solid Waste/Sanitation	158,040	0	158,040	0	0
Drug Control	79,162	0	79,162	0	0
District Attorney General	25,799	0	25,799	0	0
School Transportation	0	0	0	591,352	0
Alcohol and Drug Treatment	96,741	0	96,741	0	0
Automation Purposes - Register of Deeds	72,117	0	72,117	0	0
Other Purposes	63,955	0	63,955	5,596	0
Unrestricted	2,188,228	5,918,637	8,106,865	3,297,056	833,756
Total Net Assets	\$ 12,837,816	\$ 24,822,502	\$ 37,660,318	\$ 7,519,547	\$ 1,124,991

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

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	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	Carroll County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes	\$ 2,611,923	\$ 0	\$ 0	\$ 2,611,923	\$ 0	\$ 503,726	\$ 0
Property Taxes Levied for Debt Service	235,065	0	0	235,065	0	0	0
Local Option Sales Taxes	157,818	0	0	157,818	0	85,582	0
Wheel Tax	751,722	0	0	751,722	0	0	0
Wholesale Beer Tax	53,188	0	0	53,188	0	0	0
Bank Excise Tax	97,770	0	0	97,770	0	0	0
Litigation Taxes	237,324	0	0	237,324	0	0	0
Other Local Taxes	121,526	0	0	121,526	0	136	0
Grants and Contributions Not Restricted to Specific Programs	511,856	0	0	511,856	0	2,517,451	0
Unrestricted Investment Income	289,236	0	0	281,753	281,753	0	22,906
Miscellaneous	45,067	0	0	45,067	0	16,631	702
Gain on Disposal of Capital Assets	154,621	0	0	154,621	0	0	0
Total General Revenues	\$ 5,267,116	\$ 281,753	\$ 281,753	\$ 5,548,869	\$ 0	\$ 3,123,526	\$ 23,608
Transfers	\$ 285,245	\$ (285,245)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Assets	\$ 336,215	\$ 750,477	\$ 1,086,692	\$ 1,086,692	\$ 412,969	\$ 152,466	\$ 152,466
Prior-period Adjustment	25,000	0	25,000	25,000	0	0	0
Net Assets, July 1, 2007	12,476,601	24,072,025	36,548,626	36,548,626	7,106,578	972,525	972,525
Net Assets, June 30, 2008	\$ 12,837,816	\$ 24,822,502	\$ 37,660,318	\$ 37,660,318	\$ 7,519,547	\$ 1,124,991	\$ 1,124,991

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, 2008

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Funds Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 450	\$ 0	\$ 39,481	\$ 39,931
Equity in Pooled Cash and Investments	2,272,242	743,744	629,475	3,645,461
Accounts Receivable	5,354	0	9,801	15,155
Due from Other Governments	211,601	330,792	31,233	573,626
Due from Other Funds	10,058	0	0	10,058
Property Taxes Receivable	2,240,893	322,654	505,488	3,069,035
Allowance for Uncollectible Property Taxes	(159,190)	(21,714)	(35,670)	(216,574)
Total Assets	<u>\$ 4,581,408</u>	<u>\$ 1,375,476</u>	<u>\$ 1,179,808</u>	<u>\$ 7,136,692</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 445	\$ 0	\$ 0	\$ 445
Accrued Payroll	890	0	0	890
Payroll Deductions Payable	266	0	0	266
Due to Other Funds	0	0	10,058	10,058
Due to State of Tennessee	10,814	3,518	0	14,332
Deferred Revenue - Current Property Taxes	2,013,296	292,253	454,616	2,760,165
Deferred Revenue - Delinquent Property Taxes	56,879	7,223	12,640	76,742
Other Deferred Revenues	128,684	160,228	21,945	310,857
Total Liabilities	<u>\$ 2,211,274</u>	<u>\$ 463,222</u>	<u>\$ 499,259</u>	<u>\$ 3,173,755</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 166,900	\$ 0	\$ 0	\$ 166,900
Reserved for Alcohol and Drug Treatment	96,741	0	0	96,741
Reserved for Sexual Offender Registration	4,741	0	0	4,741
Reserved for Courtroom Security	124	0	0	124
Reserved for Computer System - Register	72,117	0	0	72,117
Reserved for Automation Purposes - Circuit Court	433	0	0	433
Reserved for Automation Purposes - General Sessions Court	22,978	0	0	22,978
Reserved for Automation Purposes - Juvenile Court	1,114	0	0	1,114
Reserved for Automation Purposes - Chancery Court	7,622	0	0	7,622
Reserved for Capital Outlay	0	0	578	578
Reserved for Other General Purposes	26,943			26,943
Unreserved, Reported In:				
General Fund	1,970,421	0	0	1,970,421
Special Revenue Funds	0	912,254	295,127	1,207,381
Debt Service Funds	0	0	384,844	384,844
Total Fund Balances	<u>\$ 2,370,134</u>	<u>\$ 912,254</u>	<u>\$ 680,549</u>	<u>\$ 3,962,937</u>
Total Liabilities and Fund Balances	<u>\$ 4,581,408</u>	<u>\$ 1,375,476</u>	<u>\$ 1,179,808</u>	<u>\$ 7,136,692</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, 2008

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)		\$ 3,962,937
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,747,068	
Add: construction in progress	294,864	
Add: buildings and improvements net of accumulated depreciation	4,723,241	
Add: infrastructure net of accumulated depreciation	3,095,974	
Add: other capital assets net of accumulated depreciation	<u>1,363,318</u>	11,224,465
(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	\$ (354,234)	
Less: other loans payable	(1,900,000)	
Less: capital leases payable	(276,059)	
Add: deferred charges - debt issuance costs	14,225	
Less: accrued interest on notes and capital leases	(4,992)	
Less: compensated absences payable	<u>(216,125)</u>	(2,737,185)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>387,599</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 12,837,816</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, 2008

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,123,439	\$ 807,976	\$ 545,009	\$ 4,476,424
Licenses and Permits	505	0	0	505
Fines, Forfeitures, and Penalties	150,382	0	76,891	227,273
Charges for Current Services	37,083	18	927,949	965,050
Other Local Revenues	608,061	29,621	149,584	787,266
Fees Received from County Officials	835,461	0	0	835,461
State of Tennessee	1,864,448	2,149,608	76,953	4,091,009
Federal Government	77,369	0	0	77,369
Other Governments and Citizens Groups	47,601	0	0	47,601
Total Revenues	\$ 6,744,349	\$ 2,987,223	\$ 1,776,386	\$ 11,507,958
<u>Expenditures</u>				
Current:				
General Government	\$ 1,348,306	\$ 0	\$ 0	\$ 1,348,306
Finance	459,718	0	153,660	613,378
Administration of Justice	769,644	0	123,778	893,422
Public Safety	3,567,610	0	19,697	3,587,307
Public Health and Welfare	222,608	0	1,191,892	1,414,500
Social, Cultural, and Recreational Services	554,527	0	0	554,527
Agriculture and Natural Resources	86,394	0	0	86,394
Other Operations	698,500	0	0	698,500
Highways	0	3,014,405	30,603	3,045,008
Debt Service:				
Principal on Debt	0	52,274	272,098	324,372
Interest on Debt	0	1,182	86,597	87,779
Other Debt Service	0	0	5,910	5,910
Total Expenditures	\$ 7,707,307	\$ 3,067,861	\$ 1,884,235	\$ 12,659,403
Excess (Deficiency) of Revenues Over Expenditures	\$ (962,958)	\$ (80,638)	\$ (107,849)	\$ (1,151,445)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 60,000	\$ 60,000
Capital Leases Issued	198,575	44,721	0	243,296
Proceeds from Sale of Capital Assets	175,000	0	0	175,000
Insurance Recovery	63,091	0	0	63,091
Transfers In	211,416	26,847	46,982	285,245
Total Other Financing Sources (Uses)	\$ 648,082	\$ 71,568	\$ 106,982	\$ 826,632
Net Change in Fund Balances	\$ (314,876)	\$ (9,070)	\$ (867)	\$ (324,813)
Fund Balance, July 1, 2007	2,685,010	921,324	681,416	4,287,750
Fund Balance, June 30, 2008	\$ 2,370,134	\$ 912,254	\$ 680,549	\$ 3,962,937

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, 2008

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)		\$ (324,813)	
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>			
Add: capital assets purchased in the current period	\$ 1,576,824		
Less: current year depreciation expense	<u>(994,042)</u>	582,782	
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets:</p>			
Add: assets donated and capitalized	\$ 62,000		
Add: gain on disposal of capital assets	154,621		
Less: proceeds from sale of capital assets	<u>(175,000)</u>	41,621	
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 387,599		
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(358,606)</u>	28,993	
<p>(4) 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 on 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.</p>			
Less: capital lease proceeds	\$ (243,296)		
Less: note proceeds	(60,000)		
Less: change in deferred debt issuance costs	(1,217)		
Add: principal payments on notes	135,588		
Add: principal payments on other loans	67,000		
Add: principal payments on capital leases	<u>121,784</u>	19,859	
<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 payable	\$ 3,733		
Change in compensated absences payable	<u>(15,960)</u>	<u>(12,227)</u>	
Change in net assets of governmental activities (Exhibit B)		<u>\$ 336,215</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, 2008

	Business-type Activities
	Major Fund
	Public
	Utility
<u>ASSETS</u>	
Cash	\$ 2,075,882
Accounts Receivable	3,165,054
Inventories	495,757
Investments	4,582,674
Prepaid Items and Other Current Assets	619,639
Other Restricted Assets	327,928
Deferred Charges - Debt Issuance Costs	15,754
Capital Assets (Net of Accumulated Depreciation):	
Land	253,775
Construction in Progress	147,182
Buildings and Improvements	596,999
Other Capital Assets	18,802,253
Total Assets	<u>\$ 31,082,897</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 3,299,809
Accrued Leave	918,286
Current Liabilities Payable From:	
Restricted Assets (Includes Current Maturities of Long-term Debt)	139,272
Customer Deposits	838,272
Revenue Bonds Payable - Long-term	1,085,000
Unamortized Discount on Bonds Payable	(20,244)
Total Liabilities	<u>\$ 6,260,395</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 18,585,209
Restricted for Debt Service	318,656
Unrestricted	5,918,637
Total Net Assets	<u>\$ 24,822,502</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, 2008

	Business-type Activities
	Major Fund
	Public Utility
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 34,733,729
Other Electric Revenue	593,315
Total Operating Revenues	<u>\$ 35,327,044</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 29,049,854
Operations Expense	1,916,646
Maintenance Expense	1,259,648
Administrative Expense	1,021,034
Payroll Taxes	147,920
Depreciation and Amortization	1,028,176
Tax Equivalents	174,115
Amortization of Acquisition Adjustment	(24,318)
Total Operating Expenses	<u>\$ 34,573,075</u>
Operating Income (Loss)	<u>\$ 753,969</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 345,285
Interest Expense	(60,008)
Amortization of Debt Expense	(3,524)
Total Nonoperating Revenues (Expenses)	<u>\$ 281,753</u>
Income Before Transfers	\$ 1,035,722
Transfers In (Out)	<u>(285,245)</u>
Change in Net Assets	\$ 750,477
Net Assets, July 1, 2007	<u>24,072,025</u>
Net Assets, June 30, 2008	<u><u>\$ 24,822,502</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, 2008

	Business-type Activities
	Major Fund
	Public Utility
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 35,015,567
Payments to Suppliers and Employees	(33,387,095)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,628,472</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Increase (Decrease) in Customer Deposits	\$ 26,747
Transfers to Other Funds	(285,245)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (258,498)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,348,679)
Plant Removal Cost	(121,498)
Materials Salvaged from Retirements	96,926
Principal Paid on Bonds	(125,000)
Interest Paid on Bonds	(60,882)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,559,133)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (9,785,545)
Proceeds from Sale of Investments	9,756,750
Interest Earned	345,285
Net Cash Provided By (Used In) Investing Activities	<u>\$ 316,490</u>
Net Increase (Decrease) in Cash	\$ 127,331
Cash, July 1, 2007	<u>2,041,107</u>
Cash, June 30, 2008	<u>\$ 2,168,438</u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ 753,969
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	1,028,176
Amortization and Acquisition Adjustment	(24,318)
(Increase) Decrease in Accounts Receivable	(298,081)
(Increase) Decrease in Materials and Supplies	(44,235)
(Increase) Decrease in Prepayments and Other Current Assets	(122,716)
Increase (Decrease) in Accounts Payable and Accrued Expenses	335,677
Net Cash Provided By Operating Activities	<u>\$ 1,628,472</u>

(Continued)

Exhibit D-3

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

	<u>Business-type</u> <u>Activities</u>
	<u>Major</u> <u>Fund</u>
	<u>Public</u> <u>Utility</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 2,075,882
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>92,556</u>
Cash, June 30, 2008	<u>\$ 2,168,438</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, 2008

	<u>Other Trust Funds</u>		<u>Total Other Trust Funds</u>	<u>Agency Funds</u>
	<u>Endowment Principal</u>	<u>Indigent Care Trust</u>		
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 90,238	\$ 0	\$ 90,238	\$ 353,315
Cash	0	0	0	1,231,678
Investments	0	2,871,210	2,871,210	0
Accounts Receivable	0	0	0	1,884
Due from Other Governments	0	0	0	815,943
Taxes Receivable	0	0	0	5,332,965
Allowance for Uncollectible Taxes	0	0	0	(375,844)
Prepaid Items	0	100	100	0
Accrued Interest Receivable	86	13,325	13,411	0
Total Assets	\$ 90,324	\$ 2,884,635	\$ 2,974,959	\$ 7,359,941
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 30,892	\$ 30,892	\$ 0
Cash Overdraft	0	8,487	8,487	0
Due to Other Taxing Units	0	0	0	6,115,463
Due to Litigants, Heirs, and Others	0	0	0	1,230,177
Due to Joint Ventures	0	0	0	14,301
Total Liabilities	\$ 0	\$ 39,379	\$ 39,379	\$ 7,359,941
<u>NET ASSETS</u>				
Held in Trust for Underprivileged Children	\$ 90,324	\$ 0	\$ 90,324	
Held in Trust for Indigent Care	0	2,845,256	2,845,256	
Total Net Assets	\$ 90,324	\$ 2,845,256	\$ 2,935,580	

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, 2008

	<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	\$ 3,703	\$ 156,316	\$ 160,019
Net Increase (Decrease) in Fair Value in Investments	0	(55,310)	(55,310)
Net Investment Income	\$ 3,703	\$ 101,006	\$ 104,709
Total Additions	\$ 3,703	\$ 101,006	\$ 104,709
<u>DEDUCTIONS</u>			
Donations	\$ 1,102	\$ 0	\$ 1,102
Payments for Indigent Care	0	120,586	120,586
Safekeeping Fees and Service Charges	0	2,876	2,876
Audit Fees	0	1,995	1,995
Insurance	0	399	399
Total Deductions	\$ 1,102	\$ 125,856	\$ 126,958
Change in Net Assets	\$ 2,601	\$ (24,850)	\$ (22,249)
Net Assets, July 1, 2007	87,723	2,870,106	2,957,829
Net Assets, June 30, 2008	\$ 90,324	\$ 2,845,256	\$ 2,935,580

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, 2008

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 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 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. Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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 3.64 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 and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. 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 and other postemployment benefits, 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 and the proprietary fund in the fund financial statements, equity is classified as net assets and displayed in three components:

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2008:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Library	\$ 112,200
Self-insurance	903,973
RSVP Program	8,781
Carroll Academy	249,202
Highway/Public Works Fund:	
Bridge construction	260,000

7. Prior-period Adjustment

Capital assets were restated \$25,000 from the prior-year because the land acquired for the Highway Department building had been omitted.

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 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 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 Juvenile Court (\$6,237) and Other Social, Cultural and Recreational (\$574) major appropriation categories (the legal level of control) of the General Fund and in the Highways and Streets (\$51) major appropriation category of the Solid Waste/Sanitation Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balances.

C. Lease-Purchase Agreements Were Not Entered Into in Compliance With State Statutes

During the year, officials failed to comply with state statutes when entering into two lease-purchase agreements. These lease-purchase agreements were for a utility tractor (\$44,721) for the Highway Department and nine vehicles (\$198,575) for the Sheriff's Department. Officials entered into these agreements without the prior approval of the County Commission and did not file Reports on Debt Obligations with the state Director of Local Finance as required by state statutes.

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.

The county (excluding the Carroll County Board of Public Utilities, enterprise fund) had no pooled and nonpooled investments as of June 30, 2008.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Prior Period Adjustment	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:					
Land	\$ 1,731,143	\$ 25,000	\$ 0	\$ 9,075	\$ 1,747,068
Construction in Progress	0	0	294,864	0	294,864
Total Capital Assets Not Depreciated	<u>\$ 1,731,143</u>	<u>\$ 25,000</u>	<u>\$ 294,864</u>	<u>\$ 9,075</u>	<u>\$ 2,041,932</u>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 8,002,864	\$ 0	\$ 358,415	\$ 113,696	\$ 8,247,583
Infrastructure	8,188,690	0	422,137	0	8,610,827
Other Capital Assets	5,595,368	0	563,408	298,613	5,860,163
Total Capital Assets Depreciated	<u>\$ 21,786,922</u>	<u>\$ 0</u>	<u>\$ 1,343,960</u>	<u>\$ 412,309</u>	<u>\$ 22,718,573</u>

Governmental Activities (Cont.):

	Balance 7-1-07	Prior Period Adjustment	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 3,384,797	\$ 0	\$ 241,937	\$ 102,393	\$ 3,524,341
Infrastructure	5,215,664	0	299,189	0	5,514,853
Other Capital Assets	4,342,542	0	452,916	298,612	4,496,846
Total Accumulated Depreciation	<u>\$ 12,943,003</u>	<u>\$ 0</u>	<u>\$ 994,042</u>	<u>\$ 401,005</u>	<u>\$ 13,536,040</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,843,919</u>	<u>\$ 0</u>	<u>\$ 349,918</u>	<u>\$ 11,304</u>	<u>\$ 9,182,533</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,575,062</u>	<u>\$ 25,000</u>	<u>\$ 644,782</u>	<u>\$ 20,379</u>	<u>\$ 11,224,465</u>

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

Governmental Activities:

General Government	\$ 14,112
Finance	12,001
Administration of Justice	81,105
Public Safety	304,841
Public Health and Welfare	66,403
Social, Cultural, and Recreational Services	49,883
Agriculture and Natural Resources	6,839
Other Operations	83,290
Highway/Public Works	<u>375,568</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 994,042</u></u>

Discretely Presented Carroll County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
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	\$ 8,450	\$ 0	\$ 2,860,912
Other Capital Assets	3,059,551	585,391	57,788	3,587,154
Total Capital Assets Depreciated	<u>\$ 5,912,013</u>	<u>\$ 593,841</u>	<u>\$ 57,788</u>	<u>\$ 6,448,066</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,105,733	\$ 108,334	\$ 0	\$ 1,214,067
Other Capital Assets	1,627,298	207,658	50,011	1,784,945
Total Accumulated Depreciation	<u>\$ 2,733,031</u>	<u>\$ 315,992</u>	<u>\$ 50,011</u>	<u>\$ 2,999,012</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,178,982</u>	<u>\$ 277,849</u>	<u>\$ 7,777</u>	<u>\$ 3,449,054</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,355,471</u>	<u>\$ 277,849</u>	<u>\$ 7,777</u>	<u>\$ 3,625,543</u>

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

Governmental Activities:

Instruction	\$ 84,375
Support Services	<u>231,617</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 315,992</u>

C. Construction Commitments

At June 30, 2008, the county had uncompleted construction contracts of approximately \$166,900 for an airport construction project. Funding for these future expenditures is expected to be received from federal grants.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 10,058

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Highway/ Public Works Fund</u>	<u>Nonmajor Governmental Funds</u>
Public Utility	\$ 211,416	\$ 26,847	\$ 46,982

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 December 28, 2007, Carroll County entered into a two-year lease agreement for nine Sheriff's Department vehicles. The terms of the agreement require total lease payments of \$198,575 plus interest of 5.1 percent. Title to the vehicles transfers to Carroll County at the end of the lease period. The lease payments are made from the General Debt Service Fund. This lease-purchase agreement was not entered into in compliance with state statutes.

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

On May 18, 2007, Carroll County entered into a four-year lease agreement for 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 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.

On February 15, 2008, Carroll County entered into a three-year lease agreement for a utility tractor. The terms of the agreement require total lease payments of \$44,721 plus interest of 4.95 percent. Title to the tractor transfers to Carroll County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund. This lease-purchase agreement was not entered into in compliance with state statutes.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 122,666
2010	120,864
2011	33,934
2012	<u>21,912</u>
Total Minimum Lease Payments	\$ 299,376
Amount Representing Interest	<u>(23,317)</u>
Present Value of Minimum of Minimum Lease Payments	<u>\$ 276,059</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, 2008, will be retired from the General Debt Service or the Solid Waste/Sanitation funds.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Note - Refunding	4.82 %	\$ 1,007,504	\$ 294,234
Capital Outlay Note	5.2	60,000	60,000
Other Loans	variable	2,200,000	1,900,000
Capital Leases	4.5 to 5.75	415,067	276,059

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, 2008, the variable interest rate was 2.5 percent based on the LIBOR rate and other fees totaled approximately .51 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, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 154,104	\$ 13,567	\$ 167,671
2010	162,130	5,904	168,034
2011	12,000	1,664	13,664
2012	13,000	1,014	14,014
2013	13,000	338	13,338
Total	\$ 354,234	\$ 22,487	\$ 376,721

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2009	\$ 69,000	\$ 47,500	\$ 14,060	\$ 130,560
2010	72,000	45,775	13,549	131,324
2011	74,000	43,975	13,017	130,992
2012	76,000	42,125	12,469	130,594
2013	79,000	40,225	11,907	131,132
2014-2018	432,000	170,325	50,417	652,742
2019-2023	506,000	112,750	33,374	652,124
2024-2028	592,000	45,325	13,415	650,740
Total	\$ 1,900,000	\$ 548,000	\$ 162,208	\$ 2,610,208

There is \$384,844 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes, other loans, and capital leases totaled \$86, 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, 2008, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2007	\$ 429,822	\$ 1,967,000
Additions	60,000	0
Deductions	(135,588)	(67,000)
Balance, June 30, 2008	\$ 354,234	\$ 1,900,000
Balance Due Within One Year	\$ 154,104	\$ 69,000
	Capital Leases	Compensated Absences
Balance, July 1, 2007	\$ 154,547	\$ 200,165
Additions	243,296	169,310
Deductions	(121,784)	(153,350)
Balance, June 30, 2008	\$ 276,059	\$ 216,125
Balance Due Within One Year	\$ 109,946	\$ 3,359

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 2,746,418
Less: Balance Due Within One Year	<u>(337,922)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,408,496</u>
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Compensated absences will be paid from the employing funds, primarily the General and the Highway/Public Works funds.

Discretely Presented Carroll County School Department

Long-term liability activity for the discretely presented Carroll County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Note	Other Postemployment Benefits
Balance, July 1, 2007	\$ 6,158	\$ 0
Additions	0	15,894
Deductions	<u>(6,158)</u>	<u>(4,376)</u>
Balance, June 30, 2008	<u>\$ 0</u>	<u>\$ 11,518</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

G. On-Behalf Payments – Discretely Presented Carroll County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carroll County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$9,562 and \$1,800, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

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

Employee Health Insurance

Carroll County purchases commercial insurance for employee health insurance.

Workers' Compensation Insurance

Carroll County participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The 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 participates in 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 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through

member premiums. The School Department also provides commercial health insurance coverage for nonprofessional 12-month employees.

Liability, Property, Casualty, and Workers' Compensation Insurance

The discretely presented Carroll County School Department participates in the Tennessee 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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Carroll County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. The primary government of Carroll County does not currently offer other postemployment benefits.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge of receivables or sale of future revenue will not apply to Carroll County. GASB Statement No. 48 had no effect on the financial statements of Carroll County for the year ended June 30, 2008, since the county has not pledged any of its future revenues.

However, it is reasonably expected that Carroll County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for OPEB and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Carroll County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Contingent Liabilities

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

D. Joint Ventures

The Twenty-Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Fourth Judicial District; Benton, Carroll, Decatur, Hardin, and Henry counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2008, 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.

E. 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.tn.gov/treasury/tcrs>.

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, 2008, Carroll County's annual pension cost of \$363,118 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 postretirement 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, 2007, which established contribution rates effective July 1, 2008.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$363,118	100%	\$0
6-30-07	350,248	100	0
6-30-06	282,321	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 93.43 percent funded. The actuarial accrued liability for benefits was \$12.08 million, and the actuarial value of assets was \$11.28 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.97 million, and the ratio of the UAAL to the covered payroll was 15.97 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry

age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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.tn.gov/treasury/tcrs>.

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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$27,208, \$53,903, and \$47,230, respectively, equal to the required contributions for each year.

F. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2008, the Carroll County School Department contributed \$4,376 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 15,894
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 15,894
Less: Amount of contribution	(4,376)
Increase/decrease in NPO	<hr/> \$ 11,518
Net OPEB obligation, 7-1-07	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 11,518

Year Ended* Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08 Local Education Group	\$ 15,894	28%	\$ 11,518

* Data not available for two preceding years.

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 145,625
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 145,625
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 752,294
UAAL as a % of covered payroll	19%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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 \$10,000. 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. Summary of Significant Accounting Policies

1. Reporting Entity

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 electric system's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Assets, Liabilities, and Equity

Deposits and Investments

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

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

Accounts Receivable

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

Inventories and Prepaid Items

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

Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts, and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress are defined by the electric system as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the electric system are depreciated using the straight line method over the following useful lives:

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

Compensated Absences

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

Long-term Obligations

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

Net Assets

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

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

B. Stewardship, Compliance, and Accountability

Budgetary Information

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

C. Detailed Notes on All Funds

1. Deposits and Investments

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

Investments consisted entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2008.

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 electric system’s agent in the electric system’s name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the electric system 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, 2008, all bank deposits were fully collateralized or insured.

2. Receivables

Receivables as of the fiscal year ended June 30, 2008, consisted of the following:

Billed services for utility customers	\$ 3,003,034
Other receivables for utility service	177,020
Allowance for doubtful accounts	<u>(15,000)</u>
 Total	 <u>\$ 3,165,054</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, 2008</u>
Restricted assets consist of the following:	
2001 Electric Plant Revenue Bond Fund:	
Interest and Sinking Fund	<u>\$ 92,556</u>
 Certificates of deposit and savings accounts totaled	 <u>\$ 235,372</u>

4. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 227,453	\$ 26,322	\$ 0	\$ 253,775
Construction in Progress	74,261	72,921	0	147,182

Capital Assets (Cont.)

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Unamortized				
Acquisition Adjustment	\$ (42,555)	\$ 24,317	\$ 0	\$ (18,238)
Total Capital Assets Not Depreciated	<u>\$ 259,159</u>	<u>\$ 123,560</u>	<u>\$ 0</u>	<u>\$ 382,719</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 704,594	\$ 148,677	\$ 0	\$ 853,271
Other Capital Assets	<u>32,196,605</u>	<u>1,221,258</u>	<u>451,778</u>	<u>32,966,085</u>
Total Capital Assets Depreciated	<u>\$ 32,901,199</u>	<u>\$ 1,369,935</u>	<u>\$ 451,778</u>	<u>\$ 33,819,356</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 251,507	\$ 14,136	\$ 9,371	\$ 256,272
Other Capital Assets	<u>13,478,034</u>	<u>1,134,538</u>	<u>466,978</u>	<u>14,145,594</u>
Total Accumulated Depreciation	<u>\$ 13,729,541</u>	<u>\$ 1,148,674</u>	<u>\$ 476,349</u>	<u>\$ 14,401,866</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,171,658</u>	<u>\$ 221,261</u>	<u>\$ (24,571)</u>	<u>\$ 19,417,490</u>
Capital Assets, Net	<u>\$ 19,430,817</u>	<u>\$ 344,821</u>	<u>\$ (24,571)</u>	<u>\$ 19,800,209</u>

Depreciation expense totaled \$1,028,176 for the fiscal year ended June 30, 2008.

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	<u>\$ 1,215,000</u>
Total Revenue Bonds	<u>\$ 1,215,000</u>
Total Current Portion of Revenue Bonds	<u>\$ 130,000</u>
Total Long-term Portion of Revenue Bonds	<u>\$ 1,085,000</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 \$130,000 in fiscal year 2008 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, 2008.

	Balance 7-1-07	Retirements	Balance 6-30-08
Revenue Bonds Payable	\$ 1,340,000	\$ 125,000	\$ 1,215,000

The scheduled annual requirements for long-term debt at June 30, 2008, including interest of \$267,508 are as follows:

Year Ending June 30	Principal	Interest	Total
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	\$ 1,215,000	\$ 267,508	\$ 1,482,508

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	\$ 19,800,209
Less: debt	<u>(1,215,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 18,585,209</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 92,556
Restricted investments	235,372
Less: Accrued interest payable from restricted assets	<u>(9,272)</u>
Total restricted for debt service	<u>\$ 318,656</u>
Unrestricted	<u>\$ 5,918,637</u>
Total net assets	<u><u>\$ 24,822,502</u></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 of the participants individual accounts 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, it will contribute to the plan. Employer contributions to the profit-sharing plan in general can range from one percent to 15 percent of participant's compensation each year. Compensation will be determined as the participant's wages excluding overtime, commissions, and bonuses.

For the year ended June 30, 2008, total employer contributions were \$196,869, based on total covered wages of \$2,072,308.

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, 2008, 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.

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, 2008, is \$2,871,210.

D. Indigent Accounts

At July 1, 2007, approved indigent care accounts totaling \$482,895 were available for payment. During the year, new claims totaling \$460,461 were approved, and \$119,754 was paid during the year, bringing the unpaid balance at June 30, 2008, to \$823,602. 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 2008 earnings, have been accrued as a liability entitled accrued indigent payments of \$30,892 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 \$8,487, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

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

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the board's agent in the board's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2008, 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 that differs from generally accepted accounting principles 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 net assets – 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

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

Custodial Credit Risk. The district’s policies limit investments to those instruments allowed by applicable state laws as described in Note VIII.A.3. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, 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, 2008, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital assets activity during the year was as follows:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Depreciated:			
Office Equipment	\$ 22,005	\$ 0	\$ 22,005
Vehicles	21,185	0	21,185
Communications Equipment	170,487	99,940	270,427
Buildings and Improvements	101,957	0	101,957
Total Capital Assets			
Depreciated	<u>\$ 315,634</u>	<u>\$ 99,940</u>	<u>\$ 415,574</u>
Less Accumulated			
Depreciation For:			
Office Equipment	\$ 15,182	\$ 1,844	\$ 17,026
Vehicles	13,417	4,237	17,654
Communications Equipment	42,628	20,398	63,026
Buildings and Improvements	20,808	5,825	26,633
Total Accumulated			
Depreciation	<u>\$ 92,035</u>	<u>\$ 32,304</u>	<u>\$ 124,339</u>
Capital Assets, Net	<u>\$ 223,599</u>	<u>\$ 67,636</u>	<u>\$ 291,235</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.tn.gov/treasury/tcrs>.

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, 2008, 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, 2008, the Carroll County Emergency Communications District's annual pension cost of \$13,242 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$ 13,242	100 %	\$ 0
6-30-07	12,798	100	0
6-30-06	10,120	100	0

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 83.74 percent funded. The actuarial accrued liability for benefits was \$.10 million, and the actuarial value of assets was \$.09 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.06 million, and the ratio of the UAAL to the covered payroll was 28.29 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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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 (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 3,123,439	\$ 0	\$ 3,123,439	\$ 3,599,134	\$ 3,387,718	\$ (264,279)
Licenses and Permits	505	0	505	9,500	9,500	(8,995)
Fines, Forfeitures, and Penalties	150,382	0	150,382	204,300	204,300	(53,918)
Charges for Current Services	37,083	0	37,083	41,500	41,500	(4,417)
Other Local Revenues	608,061	0	608,061	809,510	634,510	(26,449)
Fees Received from County Officials	835,461	0	835,461	922,000	922,000	(86,539)
State of Tennessee	1,864,448	0	1,864,448	1,626,512	2,000,485	(136,037)
Federal Government	77,369	0	77,369	128,407	128,407	(51,038)
Other Governments and Citizens Groups	47,601	0	47,601	59,275	59,275	(11,674)
Total Revenues	\$ 6,744,349	\$ 0	\$ 6,744,349	\$ 7,400,138	\$ 7,387,695	\$ (643,346)
Expenditures						
General Government						
County Commission	\$ 54,897	\$ 0	\$ 54,897	\$ 60,694	\$ 60,694	\$ 5,797
Board of Equalization	10,381	0	10,381	13,101	13,101	2,720
Beer Board	112	0	112	600	600	488
Other Boards and Committees	409	0	409	1,500	1,500	1,091
County Mayor/Executive	212,765	0	212,765	226,421	226,421	13,656
County Attorney	7,493	0	7,493	15,000	15,000	7,507
Election Commission	128,746	0	128,746	134,600	136,373	7,627
Register of Deeds	157,112	0	157,112	162,484	162,485	5,373
County Buildings	776,391	0	776,391	752,212	812,449	36,058
Finance						
Property Assessor's Office	212,920	0	212,920	222,276	222,276	9,356
Reappraisal Program	42,039	0	42,039	24,300	46,636	4,597

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Expenditures (Cont.)						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 165,056	\$ 0	\$ 165,056	\$ 170,616	\$ 170,615	\$ 5,559
County Clerk's Office	39,703	0	39,703	42,902	42,901	3,198
<u>Administration of Justice</u>						
Circuit Court	309,770	0	309,770	326,148	326,148	16,378
General Sessions Judge	116,866	0	116,866	118,340	118,340	1,474
Drug Court	10,814	0	10,814	0	10,814	0
Chancery Court	150,746	0	150,746	161,481	161,481	10,735
Juvenile Court	176,901	0	176,901	170,664	170,664	(6,237)
Judicial Commissioners	4,547	0	4,547	5,236	5,236	689
<u>Public Safety</u>						
Sheriff's Department	1,303,655	0	1,303,655	1,128,225	1,345,053	41,398
Drug Enforcement	0	0	0	10	10	10
Administration of the Sexual Offender Registry	495	0	495	1,200	1,200	705
Jail	826,964	0	826,964	877,285	877,285	50,321
Juvenile Services	954,358	0	954,358	1,070,929	1,070,929	116,571
Fire Prevention and Control	329,341	0	329,341	238,329	387,393	58,052
Civil Defense	94,662	0	94,662	94,851	99,229	4,567
County Coroner/Medical Examiner	28,232	0	28,232	28,675	28,675	443
Other Public Safety	29,903	0	29,903	30,000	30,000	97
<u>Public Health and Welfare</u>						
Local Health Center	183,060	0	183,060	197,674	197,674	14,614
Rabies and Animal Control	17,708	0	17,708	18,850	18,850	1,142
General Welfare Assistance	1,100	0	1,100	2,400	2,400	1,300
Other Local Welfare Services	20,740	0	20,740	24,450	24,450	3,710

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Expenditures (Cont.)						
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	\$ 4,875	\$ 0	\$ 4,875	\$ 6,035	\$ 6,035	\$ 1,160
Senior Citizens Assistance	112,426	0	112,426	124,044	125,844	13,418
Libraries	90,143	0	90,143	73,601	91,322	1,179
Parks and Fair Boards	96,509	0	96,509	108,785	108,785	12,276
Other Social, Cultural, and Recreational	250,574	0	250,574	250,000	250,000	(574)
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	50,534	0	50,534	52,274	52,274	1,740
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	25,610	0	25,610	25,669	25,669	59
Flood Control	8,250	0	8,250	16,500	16,500	8,250
<u>Other Operations</u>						
Industrial Development	0	0	0	10,000	10,000	10,000
Other Economic and Community Development	17,000	0	17,000	17,000	17,000	0
Airport	488,034	166,900	654,934	330,356	665,856	10,922
Veterans' Services	26,116	0	26,116	28,740	28,740	2,624
Other Charges	138,150	0	138,150	133,328	140,895	2,745
Contributions to Other Agencies	29,200	0	29,200	25,700	29,200	0
Total Expenditures	\$ 7,707,307	\$ 166,900	\$ 7,874,207	\$ 7,525,485	\$ 8,357,002	\$ 482,795
Excess (Deficiency) of Revenues Over Expenditures	\$ (962,958)	\$ (166,900)	\$ (1,129,858)	\$ (125,347)	\$ (969,307)	\$ (160,551)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 198,575	\$ 0	\$ 198,575	\$ 0	\$ 198,575	\$ 0
Proceeds from Sale of Capital Assets	175,000	0	175,000	0	175,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Insurance Recovery	\$ 63,091	\$ 0	\$ 63,091	\$ 0	\$ 68,445	\$ (5,354)
Transfers In	211,416	0	211,416	0	211,416	0
Total Other Financing Sources (Uses)	\$ 648,082	\$ 0	\$ 648,082	\$ 0	\$ 653,436	\$ (5,354)
Net Change in Fund Balance	\$ (314,876)	\$ (166,900)	\$ (481,776)	\$ (125,347)	\$ (315,871)	\$ (165,905)
Fund Balance, July 1, 2007	2,685,010	0	2,685,010	2,739,917	2,739,917	(54,907)
Fund Balance, June 30, 2008	\$ 2,370,134	\$ (166,900)	\$ 2,203,234	\$ 2,614,570	\$ 2,424,046	\$ (220,812)

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 807,976	\$ 824,185	\$ 797,338	\$ 10,638
Charges for Current Services	18	150	150	(132)
Other Local Revenues	29,621	6,500	6,500	23,121
State of Tennessee	2,149,608	2,197,700	2,197,700	(48,092)
Other Governments and Citizens Groups	0	2,000	2,000	(2,000)
Total Revenues	\$ 2,987,223	\$ 3,030,535	\$ 3,003,688	\$ (16,465)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 212,355	\$ 215,520	\$ 215,520	\$ 3,165
Highway and Bridge Maintenance	651,711	712,540	712,540	60,829
Operation and Maintenance of Equipment	461,298	457,300	473,300	12,002
Other Charges	119,643	125,500	121,500	1,857
Employee Benefits	416,434	418,000	418,000	1,566
Capital Outlay	1,152,964	1,311,100	1,331,321	178,357
<u>Principal on Debt</u>				
Highways and Streets	52,274	41,519	52,837	563
<u>Interest on Debt</u>				
Highways and Streets	1,182	0	1,182	0
Total Expenditures	\$ 3,067,861	\$ 3,281,479	\$ 3,326,200	\$ 258,339
Excess (Deficiency) of Revenues Over Expenditures	\$ (80,638)	\$ (250,944)	\$ (322,512)	\$ 241,874
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 44,721	\$ 0	\$ 44,721	\$ 0
Transfers In	26,847	0	26,847	0
Total Other Financing Sources (Uses)	\$ 71,568	\$ 0	\$ 71,568	\$ 0
Net Change in Fund Balance	\$ (9,070)	\$ (250,944)	\$ (250,944)	\$ 241,874
Fund Balance, July 1, 2007	921,324	736,001	736,001	185,323
Fund Balance, June 30, 2008	\$ 912,254	\$ 485,057	\$ 485,057	\$ 427,197

Exhibit F-3

Carroll County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 11,288	\$ 12,082	\$ 794	93.43 %	\$ 4,972	15.97 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-4

Carroll County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Carroll County Emergency Communications District
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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)
6-30-07	\$ 86	\$ 103	\$ 17	83.74 %	\$ 59	28.29%

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-5

Carroll County, Tennessee
Schedule of Funding Progress - Other Postemployment Benefits Plan
Discretely Presented Carroll County School Department
June 30, 2008

(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)
Local Education Group Plan 6-30-07	\$ 11,288	\$ 12,083	\$ 795	93.42 %	\$ 4,972	15.98%

*Data not available for two preceding years.

CARROLL COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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 Juvenile Court (\$6,237) and Other Social, Cultural, and Recreational (\$574) major appropriation categories (the legal level of control) of the General Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were 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

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

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

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

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

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

Debt Service Fund

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

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

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

Exhibit G-1

Carroll County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds							Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	General Debt Service	Capital Projects Fund	Nonmajor Governmental Funds	
\$ 400 \$	0 \$	0 \$	0 \$	39,081 \$	0 \$	0 \$	39,481	
Equity in Pooled Cash and Investments	69,553	25,799	25,799	0	383,467	9,481	629,475	
Accounts Receivable	96	0	0	0	96	0	9,801	
Due from Other Governments	31,233	0	0	0	0	0	31,233	
Property Taxes Receivable	252,744	0	0	0	252,744	0	505,488	
Allowance for Uncollectible Property Taxes	(17,835)	0	0	0	(17,835)	0	(35,670)	
Total Assets	\$ 407,813 \$	79,162 \$	25,799 \$	39,081 \$	618,472 \$	9,481 \$	1,179,808	

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

\$ 0 \$	0 \$	0 \$	577 \$	577 \$	0 \$	9,481 \$	10,058
227,308	0	0	0	227,308	227,308	0	454,616
6,320	0	0	0	6,320	6,320	0	12,640
21,945	0	0	0	21,945	0	0	21,945
\$ 255,573 \$	0 \$	0 \$	577 \$	256,150 \$	233,628 \$	9,481 \$	499,259

Fund Balances

Reserved for Capital Outlay
 Unreserved
 Total Fund Balances

\$ 578 \$	0 \$	0 \$	0 \$	578 \$	0 \$	0 \$	578
151,662	79,162	25,799	38,504	295,127	384,844	0	679,971
\$ 152,240 \$	79,162 \$	25,799 \$	38,504 \$	295,705 \$	384,844 \$	0 \$	680,549

Total Liabilities and Fund Balances

\$ 407,813 \$	79,162 \$	25,799 \$	39,081 \$	551,855 \$	618,472 \$	9,481 \$	1,179,808
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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, 2008

	Special Revenue Funds						Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional		General Debt Service	
				Officers - Fees	Total		
Revenues							
Local Taxes	\$ 245,290	\$ 0	\$ 0	\$ 0	\$ 245,290	\$ 299,719	\$ 545,009
Fines, Forfeitures, and Penalties	0	62,114	14,777	0	76,891	0	76,891
Charges for Current Services	671,754	0	0	256,195	927,949	0	927,949
Other Local Revenues	109,077	2	505	0	109,584	40,000	149,584
State of Tennessee	76,953	0	0	0	76,953	0	76,953
Total Revenues	\$ 1,103,074	\$ 62,116	\$ 15,282	\$ 256,195	\$ 1,436,667	\$ 339,719	\$ 1,776,386
Expenditures							
Current:							
Finance	\$ 0	\$ 0	\$ 0	\$ 153,660	\$ 153,660	\$ 0	\$ 153,660
Administration of Justice	0	0	22,534	101,244	123,778	0	123,778
Public Safety	0	19,697	0	0	19,697	0	19,697
Public Health and Welfare	1,191,892	0	0	0	1,191,892	0	1,191,892
Highways	30,603	0	0	0	30,603	0	30,603
Debt Service:							
Principal on Debt	0	0	0	0	0	272,098	272,098
Interest on Debt	1,551	0	0	0	1,551	85,046	86,597
Other Debt Service	0	0	0	0	0	5,910	5,910
Total Expenditures	\$ 1,224,046	\$ 19,697	\$ 22,534	\$ 254,904	\$ 1,521,181	\$ 363,054	\$ 1,884,235
Excess (Deficiency) of Revenues Over Expenditures	\$ (120,972)	\$ 42,419	\$ (7,252)	\$ 1,291	\$ (84,514)	\$ (23,335)	\$ (107,849)
Other Financing Sources (Uses)							
Notes Issued	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 60,000	\$ 0	\$ 60,000
Transfers In	23,491	0	0	0	23,491	23,491	46,982
Total Other Financing Sources (Uses)	\$ 83,491	\$ 0	\$ 0	\$ 0	\$ 83,491	\$ 23,491	\$ 106,982
Net Change in Fund Balances Fund Balance, July 1, 2007	\$ (37,481)	\$ 42,419	\$ (7,252)	\$ 1,291	\$ (1,023)	\$ 156	\$ (867)
Fund Balance, June 30, 2008	\$ 189,721	\$ 36,743	\$ 33,051	\$ 37,213	\$ 296,728	\$ 384,688	\$ 681,416
Fund Balance, June 30, 2008	\$ 152,240	\$ 79,162	\$ 25,799	\$ 38,504	\$ 295,705	\$ 384,844	\$ 680,549

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 245,290	\$ 270,624	\$ 247,133	\$ (1,843)
Charges for Current Services	671,754	744,300	744,300	(72,546)
Other Local Revenues	109,077	47,100	47,100	61,977
State of Tennessee	76,953	122,583	122,583	(45,630)
Total Revenues	\$ 1,103,074	\$ 1,184,607	\$ 1,161,116	\$ (58,042)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 670,832	\$ 671,192	\$ 671,191	\$ 359
Recycling Center	521,060	494,543	524,152	3,092
<u>Highways</u>				
Litter and Trash Collection	30,603	34,333	34,333	3,730
<u>Interest on Debt</u>				
General Government	0	11,500	11,500	11,500
Highways and Streets	1,551	1,500	1,500	(51)
Total Expenditures	\$ 1,224,046	\$ 1,213,068	\$ 1,242,676	\$ 18,630
Excess (Deficiency) of Revenues Over Expenditures	\$ (120,972)	\$ (28,461)	\$ (58,069)	\$ (62,903)
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 60,000	\$ 60,000	\$ 60,000	\$ 0
Transfers In	23,491	0	23,491	0
Total Other Financing Sources (Uses)	\$ 83,491	\$ 60,000	\$ 83,491	\$ 0
Net Change in Fund Balance	\$ (37,481)	\$ 31,539	\$ 1,931	\$ (39,412)
Fund Balance, July 1, 2007	189,721	163,913	163,913	25,808
Fund Balance, June 30, 2008	\$ 152,240	\$ 195,452	\$ 165,844	\$ (13,604)

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 62,114	\$ 38,000	\$ 38,000	\$ 24,114
Other Local Revenues	2	100	100	(98)
Total Revenues	<u>\$ 62,116</u>	<u>\$ 38,100</u>	<u>\$ 38,100</u>	<u>\$ 24,016</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 19,697	\$ 28,080	\$ 28,080	\$ 8,383
Total Expenditures	<u>\$ 19,697</u>	<u>\$ 28,080</u>	<u>\$ 28,080</u>	<u>\$ 8,383</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,419</u>	<u>\$ 10,020</u>	<u>\$ 10,020</u>	<u>\$ 32,399</u>
Net Change in Fund Balance	\$ 42,419	\$ 10,020	\$ 10,020	\$ 32,399
Fund Balance, July 1, 2007	<u>36,743</u>	<u>32,729</u>	<u>32,729</u>	<u>4,014</u>
Fund Balance, June 30, 2008	<u>\$ 79,162</u>	<u>\$ 42,749</u>	<u>\$ 42,749</u>	<u>\$ 36,413</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 299,719	\$ 363,993	\$ 340,502	\$ (40,783)
Other Local Revenues	40,000	40,000	40,000	0
Total Revenues	<u>\$ 339,719</u>	<u>\$ 403,993</u>	<u>\$ 380,502</u>	<u>\$ (40,783)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 272,098	\$ 277,588	\$ 277,588	\$ 5,490
<u>Interest on Debt</u>				
General Government	85,046	115,718	115,718	30,672
<u>Other Debt Service</u>				
General Government	5,910	7,000	7,000	1,090
Total Expenditures	<u>\$ 363,054</u>	<u>\$ 400,306</u>	<u>\$ 400,306</u>	<u>\$ 37,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,335)</u>	<u>\$ 3,687</u>	<u>\$ (19,804)</u>	<u>\$ (3,531)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 23,491	\$ 0	\$ 23,491	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 23,491</u>	<u>\$ 0</u>	<u>\$ 23,491</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 156	\$ 3,687	\$ 3,687	\$ (3,531)
Fund Balance, July 1, 2007	<u>384,688</u>	<u>373,579</u>	<u>373,579</u>	<u>11,109</u>
Fund Balance, June 30, 2008	<u>\$ 384,844</u>	<u>\$ 377,266</u>	<u>\$ 377,266</u>	<u>\$ 7,578</u>

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Fiduciary Funds

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

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

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

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Exhibit H-1

Carroll County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

<u>Agency Funds</u>				
Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	Judicial District Drug	Total

ASSETS

Equity in Pooled Cash and Investments	\$	0	\$ 346,404	\$ 0	\$ 6,911	\$ 353,315
Cash	0	0	1,230,177	0	1,501	1,231,678
Investments	0	0	0	0	0	0
Accounts Receivable	0	1,884	0	0	0	1,884
Due from Other Governments	397,756	412,298	0	5,889	0	815,943
Taxes Receivable	0	5,332,965	0	0	0	5,332,965
Allowance for Uncollectible Taxes	0	(375,844)	0	0	0	(375,844)
Total Assets	\$ 397,756	\$ 5,717,707	\$ 1,230,177	\$ 14,301	\$ 7,359,941	

LIABILITIES

Due to Other Taxing Units	\$ 397,756	\$ 5,717,707	\$ 0	\$ 0	\$ 6,115,463
Due to Litigants, Heirs, and Others	0	0	1,230,177	0	1,230,177
Due to Joint Ventures	0	0	0	14,301	14,301
Total Liabilities	\$ 397,756	\$ 5,717,707	\$ 1,230,177	\$ 14,301	\$ 7,359,941

Exhibit H-2

Carroll County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,225,382	\$ 2,225,382	\$ 0
Due from Other Governments	369,512	397,756	369,512	397,756
Total Assets	\$ 369,512	\$ 2,623,138	\$ 2,594,894	\$ 397,756
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 369,512	\$ 2,623,138	\$ 2,594,894	\$ 397,756
Total Liabilities	\$ 369,512	\$ 2,623,138	\$ 2,594,894	\$ 397,756
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 290,680	\$ 7,524,385	\$ 7,468,661	\$ 346,404
Accounts Receivable	1,934	1,884	1,934	1,884
Due from Other Governments	386,760	412,298	386,760	412,298
Taxes Receivable	5,246,726	5,332,965	5,246,726	5,332,965
Allowance for Uncollectible Taxes	(329,579)	(375,844)	(329,579)	(375,844)
Total Assets	\$ 5,596,521	\$ 12,895,688	\$ 12,774,502	\$ 5,717,707
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,596,521	\$ 12,895,688	\$ 12,774,502	\$ 5,717,707
Total Liabilities	\$ 5,596,521	\$ 12,895,688	\$ 12,774,502	\$ 5,717,707
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 782,234	\$ 6,772,312	\$ 6,324,369	\$ 1,230,177
Investments	52,596	0	52,596	0
Total Assets	\$ 834,830	\$ 6,772,312	\$ 6,376,965	\$ 1,230,177
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 834,830	\$ 6,772,312	\$ 6,376,965	\$ 1,230,177
Total Liabilities	\$ 834,830	\$ 6,772,312	\$ 6,376,965	\$ 1,230,177
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 32,416	\$ 219,114	\$ 244,619	\$ 6,911
Cash	2,026	1,501	2,026	1,501
Due from Other Governments	2,255	5,889	2,255	5,889
Due from Other Funds	4,225	0	4,225	0
Total Assets	\$ 40,922	\$ 226,504	\$ 253,125	\$ 14,301

(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	\$ 40,922	\$ 226,504	\$ 253,125	\$ 14,301
Total Liabilities	\$ 40,922	\$ 226,504	\$ 253,125	\$ 14,301
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 323,096	\$ 9,968,881	\$ 9,938,662	\$ 353,315
Cash	784,260	6,773,813	6,326,395	1,231,678
Investments	52,596	0	52,596	0
Accounts Receivable	1,934	1,884	1,934	1,884
Due from Other Governments	758,527	815,943	758,527	815,943
Due from Other Funds	4,225	0	4,225	0
Taxes Receivable	5,246,726	5,332,965	5,246,726	5,332,965
Allowance for Uncollectible Taxes	(329,579)	(375,844)	(329,579)	(375,844)
Total Assets	\$ 6,841,785	\$ 22,517,642	\$ 21,999,486	\$ 7,359,941
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,966,033	\$ 15,518,826	\$ 15,369,396	\$ 6,115,463
Due to Litigants, Heirs, and Others	834,830	6,772,312	6,376,965	1,230,177
Due to Joint Ventures	40,922	226,504	253,125	14,301
Total Liabilities	\$ 6,841,785	\$ 22,517,642	\$ 21,999,486	\$ 7,359,941

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Carroll County School Department

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

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

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

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Exhibit I-1

Carroll County, Tennessee
Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues		Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total
	Charges for Services	Operating Grants and Contributions				
Component Unit:						
Governmental Activities:						
Instruction	\$ 1,225,995	\$ 654,741	\$ 259,979	\$		(311,275)
Support Services	2,424,609	42,655	11,564			(2,370,390)
Operation of Non-Instructional Services	40,810	4,392	7,555			(28,863)
Interest on Long-term Debt	29	0	0			(29)
Total Governmental Activities	\$ 3,691,443	\$ 701,788	\$ 279,098	\$		(2,710,557)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 503,726
Local Option Sales Taxes						85,582
Other Local Taxes						136
Grants and Contributions Not Restricted to Specific Programs						2,517,451
Miscellaneous						16,631
Total General Revenues						\$ 3,123,526
Change in Net Assets						\$ 412,969
Net Assets, July 1, 2007						7,106,578
Net Assets, June 30, 2008						\$ 7,519,547

Exhibit I-2

Carroll County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Carroll County School Department
June 30, 2008

	<u>Major Funds</u>		Total Govern- mental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,088,589	\$ 576,526	\$ 3,665,115
Accounts Receivable	128,456	206	128,662
Due from Other Governments	104,932	0	104,932
Property Taxes Receivable	0	541,594	541,594
Allowance for Uncollectible Property Taxes	0	(38,219)	(38,219)
Total Assets	<u>\$ 3,321,977</u>	<u>\$ 1,080,107</u>	<u>\$ 4,402,084</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accrued Payroll	\$ 1,141	\$ 0	\$ 1,141
Payroll Deductions Payable	6,666	1,667	8,333
Deferred Revenue - Current Property Taxes	0	487,088	487,088
Deferred Revenue - Delinquent Property Taxes	0	15,006	15,006
Other Deferred Revenues	15,597	0	15,597
Total Liabilities	<u>\$ 23,404</u>	<u>\$ 503,761</u>	<u>\$ 527,165</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 16,716	\$ 0	\$ 16,716
Reserved for Food Service	3,115	0	3,115
Reserved for Career Ladder - Extended Contract	2,481	0	2,481
Unreserved, Reported In:			
General Fund	3,276,261	0	3,276,261
Special Revenue Funds	0	576,346	576,346
Total Fund Balances	<u>\$ 3,298,573</u>	<u>\$ 576,346</u>	<u>\$ 3,874,919</u>
Total Liabilities and Fund Balances	<u>\$ 3,321,977</u>	<u>\$ 1,080,107</u>	<u>\$ 4,402,084</u>

Exhibit I-3

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Carroll County School Department
June 30, 2008

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)		\$ 3,874,919
(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	1,646,845	
Add: other capital assets net of accumulated depreciation	<u>1,802,209</u>	3,625,543
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits payable		(11,518)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>30,603</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 7,519,547</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, 2008

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor - tation	
<u>Revenues</u>			
Local Taxes	\$ 84,651	\$ 574,134	\$ 658,785
Licenses and Permits	60	0	60
Charges for Current Services	686,098	0	686,098
Other Local Revenues	39,843	432	40,275
State of Tennessee	1,987,022	615,382	2,602,404
Federal Government	116,272	0	116,272
Total Revenues	<u>\$ 2,913,946</u>	<u>\$ 1,189,948</u>	<u>\$ 4,103,894</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,142,025	\$ 0	\$ 1,142,025
Support Services	1,662,948	1,072,977	2,735,925
Operation of Non-Instructional Services	39,962	0	39,962
Capital Outlay	46,523	0	46,523
Debt Service:			
Principal on Debt	6,158	0	6,158
Interest on Debt	168	0	168
Total Expenditures	<u>\$ 2,897,784</u>	<u>\$ 1,072,977</u>	<u>\$ 3,970,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,162</u>	<u>\$ 116,971</u>	<u>\$ 133,133</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 7,815	\$ 0	\$ 7,815
Total Other Financing Sources (Uses)	<u>\$ 7,815</u>	<u>\$ 0</u>	<u>\$ 7,815</u>
Net Change in Fund Balances	\$ 23,977	\$ 116,971	\$ 140,948
Fund Balance, July 1, 2007	<u>3,274,596</u>	<u>459,375</u>	<u>3,733,971</u>
Fund Balance, June 30, 2008	<u>\$ 3,298,573</u>	<u>\$ 576,346</u>	<u>\$ 3,874,919</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, 2008

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)		\$ 140,948
<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	\$ 593,841	
Less: current year depreciation expense	<u>(315,992)</u>	277,849
<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	\$ (277)	
Less: proceeds from disposal of capital assets	<u>(7,500)</u>	(7,777)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 30,603	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(23,433)</u>	7,170
<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		6,158
<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 other postemployment benefits payable	\$ (11,518)	
Change in accrued interest	<u>139</u>	<u>(11,379)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 412,969</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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 84,651	\$ 0	\$ 0	\$ 84,651	\$ 60,100	\$ 60,100	\$ 24,551
Licenses and Permits	60	0	0	60	100	100	(40)
Charges for Current Services	686,098	0	0	686,098	705,000	711,000	(24,902)
Other Local Revenues	39,843	0	0	39,843	24,100	24,120	15,723
State of Tennessee	1,987,022	0	0	1,987,022	1,893,550	1,920,801	66,221
Federal Government	116,272	0	0	116,272	107,149	112,149	4,123
Total Revenues	\$ 2,913,946	\$ 0	\$ 0	\$ 2,913,946	\$ 2,789,999	\$ 2,828,270	\$ 85,676
Expenditures							
Instruction							
Regular Instruction Program	\$ 3,593	\$ 0	\$ 4,664	\$ 8,257	\$ 25,000	\$ 25,000	\$ 16,743
Alternative Instruction Program	75,754	0	0	75,754	77,183	77,183	1,429
Special Education Program	480,833	0	0	480,833	491,235	491,235	10,402
Vocational Education Program	531,302	(49,996)	0	481,306	550,103	550,103	68,797
Adult Education Program	50,543	0	0	50,543	62,645	62,645	12,102
Support Services							
Health Services	110,780	0	0	110,780	111,003	128,531	17,751
Other Student Support	34,827	0	0	34,827	43,707	43,707	8,880
Special Education Program	70,653	0	0	70,653	72,594	72,594	1,941
Vocational Education Program	61,977	0	0	61,977	68,031	68,031	6,054
Adult Programs	51,491	0	0	51,491	54,666	54,666	3,175
Other Programs	11,362	0	0	11,362	0	0	0
Board of Education	122,895	0	0	122,895	144,942	144,942	22,047
Director of Schools	86,190	0	0	86,190	89,448	89,448	3,258

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 81,844	\$ 0	\$ 0	\$ 81,844	\$ 89,753	\$ 89,753	\$ 7,909
Fiscal Services	67,984	0	0	67,984	67,306	73,306	5,322
Operation of Plant	120,900	0	0	120,900	121,200	126,200	5,300
Maintenance of Plant	83,025	(600)	0	82,425	98,517	98,517	16,092
Transportation	701,106	(226,278)	0	474,828	534,162	534,162	59,334
Central and Other	57,914	0	0	57,914	85,885	85,885	27,971
<u>Operation of Non-Instructional Services</u>							
Food Service	24,214	0	0	24,214	13,250	26,450	2,236
Community Services	15,748	0	0	15,748	0	15,789	41
<u>Capital Outlay</u>							
Regular Capital Outlay	46,523	(6,375)	12,052	52,200	155,000	126,465	74,265
<u>Principal on Debt</u>							
Education	6,158	0	0	6,158	6,159	6,159	1
Interest on Debt	168	0	0	168	185	192	24
Total Expenditures	\$ 2,897,784	\$ (283,249)	\$ 16,716	\$ 2,631,251	\$ 2,961,974	\$ 3,002,325	\$ 371,074
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,162	\$ 283,249	\$ (16,716)	\$ 282,695	\$ (171,975)	\$ (174,055)	\$ 456,750
<u>Other Financing Sources</u>							
Insurance Recovery	\$ 7,815	\$ 0	\$ 0	\$ 7,815	\$ 0	\$ 0	\$ 7,815
Net Change in Fund Balance	\$ 23,977	\$ 283,249	\$ (16,716)	\$ 290,510	\$ (171,975)	\$ (174,055)	\$ 464,565
Fund Balance, July 1, 2007	3,274,596	(283,249)	0	2,991,347	2,984,940	2,984,940	6,407
Fund Balance, June 30, 2008	\$ 3,298,573	\$ 0	\$ (16,716)	\$ 3,281,857	\$ 2,812,965	\$ 2,810,885	\$ 470,972

Exhibit I-7

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carroll County School Department
School Transportation Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 574,134	\$ 575,477	\$ 575,477	\$ (1,343)
Other Local Revenues	432	0	0	432
State of Tennessee	615,382	545,000	545,000	70,382
Total Revenues	<u>\$ 1,189,948</u>	<u>\$ 1,120,477</u>	<u>\$ 1,120,477</u>	<u>\$ 69,471</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 17,572	\$ 22,000	\$ 22,000	\$ 4,428
Transportation	1,055,405	1,109,833	1,149,833	94,428
Total Expenditures	<u>\$ 1,072,977</u>	<u>\$ 1,131,833</u>	<u>\$ 1,171,833</u>	<u>\$ 98,856</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 116,971</u>	<u>\$ (11,356)</u>	<u>\$ (51,356)</u>	<u>\$ 168,327</u>
Net Change in Fund Balance	\$ 116,971	\$ (11,356)	\$ (51,356)	\$ 168,327
Fund Balance, July 1, 2007	<u>459,375</u>	<u>456,624</u>	<u>456,624</u>	<u>2,751</u>
Fund Balance, June 30, 2008	<u>\$ 576,346</u>	<u>\$ 445,268</u>	<u>\$ 405,268</u>	<u>\$ 171,078</u>

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, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Debt Service Fund								
County Office Building Renovation - Refunding	\$ 1,007,504	4.82 %	8-20-01	8-1-09	\$ 429,822	\$ 0	\$ 135,588	\$ 294,234
Payable through Solid Waste/Sanitation Fund								
Solid Waste Bailor	60,000	5.20	10-2-07	10-1-12	0	60,000	0	60,000
Total Notes Payable					\$ 429,822	\$ 60,000	\$ 135,588	\$ 354,234
CAPITAL LEASES PAYABLE								
Payable through Highway/Public Works Fund								
Tractors	71,796	5.75	9-6-06	9-6-10	\$ 54,572	\$ 0	\$ 19,258	\$ 35,314
Front-end Loader	99,975	4.50	5-18-07	7-5-11	99,975	0	21,537	78,438
Utility Tractor	44,721	4.95	2-15-08	2-15-11	0	44,721	11,479	33,242
Total Payable through Highway/Public Works Fund					\$ 154,547	\$ 44,721	\$ 52,274	\$ 146,994
Payable through General Debt Service Fund								
Sheriff's Vehicles (9)	198,575	5.10	12-28-07	12-28-09	\$ 0	\$ 198,575	\$ 69,510	\$ 129,065
Total Payable through General Debt Service Fund					\$ 0	\$ 198,575	\$ 69,510	\$ 129,065
Total Capital Leases Payable					\$ 154,547	\$ 243,296	\$ 121,784	\$ 276,059
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,967,000	\$ 0	\$ 67,000	\$ 1,900,000
Total Other Loans Payable					\$ 1,967,000	\$ 0	\$ 67,000	\$ 1,900,000
DISCRETELY PRESENTED CARROLL COUNTY SCHOOL DEPARTMENT								
NOTES PAYABLE								
Payable through General Purpose School Fund								
Energy Efficient Lights	39,519	3	9-22-00	11-1-07	\$ 6,158	\$ 0	\$ 6,158	\$ 0
Total Notes Payable					\$ 6,158	\$ 0	\$ 6,158	\$ 0

Exhibit J-2

Carroll County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 154,104	\$ 13,567	\$ 167,671
2010	162,130	5,904	168,034
2011	12,000	1,664	13,664
2012	13,000	1,014	14,014
2013	13,000	338	13,338
Total	\$ 354,234	\$ 22,487	\$ 376,721

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 109,946	\$ 12,720	\$ 122,666
2010	113,501	7,363	120,864
2011	31,662	2,272	33,934
2012	20,950	962	21,912
Total	\$ 276,059	\$ 23,317	\$ 299,376

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 69,000	\$ 47,500	\$ 14,060	\$ 130,560
2010	72,000	45,775	13,549	131,324
2011	74,000	43,975	13,017	130,992
2012	76,000	42,125	12,469	130,594
2013	79,000	40,225	11,907	131,132
2014	81,000	38,250	11,322	130,572
2015	84,000	36,225	10,723	130,948
2016	86,000	34,125	10,101	130,226
2017	89,000	31,975	9,465	130,440

(Continued)

Exhibit J-2

Carroll County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30 (Cont.)	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2018	\$ 92,000	\$ 29,750	\$ 8,806	\$ 130,556
2019	95,000	27,450	8,125	130,575
2020	98,000	25,075	7,422	130,497
2021	101,000	22,625	6,697	130,322
2022	104,000	20,100	5,950	130,050
2023	108,000	17,500	5,180	130,680
2024	111,000	14,800	4,381	130,181
2025	115,000	12,025	3,559	130,584
2026	118,000	9,150	2,708	129,858
2027	122,000	6,200	1,835	130,035
2028	126,000	3,150	932	130,082
Total	<u>\$ 1,900,000</u>	<u>\$ 548,000</u>	<u>\$ 162,208</u>	<u>\$ 2,610,208</u>

Exhibit J-3

Carroll County, Tennessee
Schedule of Investments
June 30, 2008

<u>Fund and Type</u>	<u>Amount</u>
<u>Public Utility Fund</u>	
Certificates of Deposit	\$ 4,582,674
<u>Indigent Care Trust Fund</u>	
U.S. Government Securities	<u>2,871,210</u>
Total Investments	<u>\$ 7,453,884</u>

Exhibit J-4

Carroll County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 211,416
Public Utility	Solid Waste/Sanitation	Payment in-lieu-of taxes	23,491
Public Utility	Highway/Public Works	Payment in-lieu-of taxes	26,847
Public Utility	General Debt Service	Payment in-lieu-of taxes	<u>23,491</u>
Total Transfers			<u>\$ 285,245</u>

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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 77,997 (1)	\$ 75,000	RLI Insurance Company
Road Supervisors	Section 8-24-102, <u>TCA</u> , and County Commission	128,835 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	69,704 (4)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	58,872	569,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,872	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	58,872 (5)	60,000	Auto Owners Mutual Insurance Company
Register	Section 8-24-102, <u>TCA</u>	58,872	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	64,760 (6)	25,000	"
Employee Bonds:				
Employee Blanket Bond - General County Government			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 \$32,209 each.

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

(4) Includes chief executive officer training supplement of \$1,000. Does not include health insurance premiums of \$13,175.

(5) Does not include special commissioner fees of \$29,406.

(6) Does not include 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, 2008

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 1,975,210	\$ 219,486	\$ 0	\$ 0	\$ 0	\$ 250,818	\$ 219,446	\$ 2,664,960
Trustee's Collections - Prior Year	48,516	6,159	0	0	0	6,930	6,919	68,524
Trustee's Collections - Bankruptcy	10,941	1,304	0	0	0	1,477	1,368	15,090
Circuit/Clerk & Master Collections - Prior Years	66,266	8,282	0	0	0	9,317	8,272	92,137
Interest and Penalty	13,052	1,574	0	0	0	1,671	1,684	17,981
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	0	12
Payments in-Lieu-of Taxes - Local Utilities	8,362	929	0	0	0	1,061	929	11,281
Payments in-Lieu-of Taxes - Other	68,004	7,556	0	0	0	8,635	7,556	91,751
County Local Option Taxes								
Local Option Sales Tax	155,415	0	0	0	0	0	0	155,415
Wheel Tax	250,574	0	0	0	0	501,148	0	751,722
Litigation Tax - General	82,471	0	0	0	0	0	0	82,471
Litigation Tax - Special Purpose	101,308	0	0	0	0	0	0	101,308
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	53,545	53,545
Business Tax	189,249	0	0	0	0	0	0	189,249
Mineral Severance Tax	0	0	0	0	0	26,919	0	26,919
Statutory Local Taxes								
Bank Excise Tax	97,770	0	0	0	0	0	0	97,770
Wholesale Beer Tax	53,188	0	0	0	0	0	0	53,188
Beer Privilege Tax	1,151	0	0	0	0	0	0	1,151
Interstate Telecommunications Tax	1,950	0	0	0	0	0	0	1,950
Total Local Taxes	\$ 3,123,439	\$ 245,290	\$ 0	\$ 0	\$ 0	\$ 807,976	\$ 299,719	\$ 4,476,424
Licenses and Permits								
Permits								
Beer Permits	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500
Building Permits	5	0	0	0	0	0	0	5
Total Licenses and Permits	\$ 505	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 505

(Continued)

Exhibit J-6

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

	Special Revenue Funds										Total	
	General					Debt Service Fund						
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Debt Service	General Debt Service		
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 3,290	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,290
Officers Costs	2,572	0	0	0	0	0	0	0	0	0	0	2,572
Drug Control Fines	10,310	0	11,681	0	0	0	0	0	0	0	0	21,991
Drug Court Fees	3,146	0	0	0	0	0	0	0	0	0	0	3,146
Jail Fees	3,133	0	0	0	0	0	0	0	0	0	0	3,133
District Attorney General Fees	0	0	0	31	0	0	0	0	0	0	0	31
DUI Treatment Fines	413	0	0	0	0	0	0	0	0	0	0	413
Data Entry Fee - Circuit Court	786	0	0	0	0	0	0	0	0	0	0	786
<u>General Sessions Court</u>												
Fines	22,714	0	0	0	0	0	0	0	0	0	0	22,714
Officers Costs	58,966	0	0	0	0	0	0	0	0	0	0	58,966
Game and Fish Fines	322	0	0	0	0	0	0	0	0	0	0	322
Drug Control Fines	4,373	0	5,715	0	0	0	0	0	0	0	0	10,088
Drug Court Fees	7,667	0	0	0	0	0	0	0	0	0	0	7,667
Jail Fees	12,358	0	0	0	0	0	0	0	0	0	0	12,358
District Attorney General Fees	0	0	0	1,686	0	0	0	0	0	0	0	1,686
Judicial Commissioner Fees	1,049	0	0	0	0	0	0	0	0	0	0	1,049
DUI Treatment Fines	7,481	0	0	0	0	0	0	0	0	0	0	7,481
Data Entry Fee - General Sessions Court	4,936	0	0	0	0	0	0	0	0	0	0	4,936
Courtroom Security Fee	124	0	0	0	0	0	0	0	0	0	0	124
Victims Assistance Assessments	284	0	0	0	0	0	0	0	0	0	0	284
<u>Juvenile Court</u>												
Fines	27	0	0	0	0	0	0	0	0	0	0	27
Drug Control Fines	150	0	0	0	0	0	0	0	0	0	0	150
Jail Fees	48	0	0	0	0	0	0	0	0	0	0	48
Data Entry Fee - Juvenile Court	1,466	0	0	0	0	0	0	0	0	0	0	1,466
Courtroom Security Fee	378	0	0	0	0	0	0	0	0	0	0	378
<u>Chancery Court</u>												
Officers Costs	1,929	0	0	0	0	0	0	0	0	0	0	1,929
Data Entry Fee - Chancery Court	2,460	0	0	0	0	0	0	0	0	0	0	2,460

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Courts in Other District Counties</u>							
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 13,060	\$ 0	\$ 0	\$ 13,060
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	25,693	0	0	0	25,693
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	19,025	0	0	0	19,025
Total Fines, Forfeitures, and Penalties	\$ 150,382	\$ 0	\$ 62,114	\$ 14,777	\$ 0	\$ 0	\$ 227,273
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Residential Waste Collection Charge	\$ 0	\$ 668,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 668,194
Solid Waste Disposal Fees	0	3,560	0	0	0	0	3,560
Other General Service Charges	2,191	0	0	0	0	0	2,191
<u>Fees</u>							
Copy Fees	320	0	0	0	0	0	320
Telephone Commissions	1,298	0	0	0	0	0	1,298
Vending Machine Collections	157	0	0	0	0	18	175
Constitutional Officers' Fees and Commissions	0	0	0	0	256,195	0	256,195
Data Processing Fee - Register	11,156	0	0	0	0	0	11,156
Data Processing Fee - Sheriff	6,511	0	0	0	0	0	6,511
Sexual Offender Registration Fees - Sheriff	1,800	0	0	0	0	0	1,800
<u>Education Charges</u>							
Tuition - Other	1,650	0	0	0	0	0	1,650
Contract for Administrative Services with Other LEAs	12,000	0	0	0	0	0	12,000
Total Charges for Current Services	\$ 37,083	\$ 671,754	\$ 0	\$ 0	\$ 256,195	\$ 18	\$ 965,050
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 289,236	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 289,236
Lease/Rentals	32,196	0	0	0	0	40,000	72,196
Sale of Materials and Supplies	0	0	0	0	0	352	352

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Total
	General				Constituti -			
	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>Recurring Items (Cont.)</u>								
Commissary Sales	\$ 20,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,160
Sale of Gasoline	100,504	0	0	0	0	0	0	100,504
Sale of Recycled Materials	220	108,587	0	0	0	0	0	108,807
Miscellaneous Refunds	21,916	490	2	505	0	29,269	0	52,182
<u>Nonrecurring Items</u>								
Gain on Disposal of Property	19,787	0	0	0	0	0	0	19,787
Sale of Equipment	6,825	0	0	0	0	0	0	6,825
Sale of Property	6,211	0	0	0	0	0	0	6,211
Damages Recovered from Individuals	140	0	0	0	0	0	0	140
Contributions and Gifts	7,111	0	0	0	0	0	0	7,111
<u>Other Local Revenues</u>	103,755	0	0	0	0	0	0	103,755
Total Other Local Revenues	\$ 608,061	\$ 109,077	\$ 2	\$ 505	\$ 0	\$ 29,621	\$ 40,000	\$ 787,266
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 42,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,856
Clerk and Master	49,927	0	0	0	0	0	0	49,927
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	100,040	0	0	0	0	0	0	100,040
General Sessions Court Clerk	179,590	0	0	0	0	0	0	179,590
Juvenile Court Clerk	46,088	0	0	0	0	0	0	46,088
Register	126,139	0	0	0	0	0	0	126,139
Sheriff	10,292	0	0	0	0	0	0	10,292
Trustee	280,529	0	0	0	0	0	0	280,529
Total Fees Received from County Officials	\$ 835,461	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 835,461
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,750

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service Fund	
<u>State of Tennessee (Cont.)</u>								
<u>General Government Grants (Cont.)</u>								
Airport Maintenance Program	\$ 2,367	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,367
Aging Programs	59,254	0	0	0	0	0	0	59,254
Alternative School Program	922,230	0	0	0	0	0	0	922,230
State Reappraisal Grant	11,297	0	0	0	0	0	0	11,297
Solid Waste Grants	0	19,693	0	0	0	0	0	19,693
Other General Government Grants	17,420	0	0	0	0	0	0	17,420
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	10,200	0	0	0	0	0	0	10,200
Other Public Safety Grants	63,000	0	0	0	0	0	0	63,000
<u>Health and Welfare Grants</u>								
Health Department Programs	121,511	0	0	0	0	0	0	121,511
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	186,047	0	186,047
Litter Program	0	37,042	0	0	0	0	0	37,042
<u>State Education Funds</u>								
Basic Education Program	138,427	0	0	0	0	0	0	138,427
<u>Other State Revenues</u>								
Beer Tax	19,312	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	53,370	0	0	0	0	0	0	53,370
Mixed Drink Tax	2,307	0	0	0	0	0	0	2,307
Contracted Prisoner Boarding	174,930	0	0	0	0	0	0	174,930
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,939,890	0	1,939,890
Petroleum Special Tax	0	0	0	0	0	23,671	0	23,671
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	245,693	20,218	0	0	0	0	0	265,911
Total State of Tennessee	\$ 1,864,448	\$ 76,953	\$ 0	\$ 0	\$ 0	\$ 2,149,608	\$ 0	\$ 4,091,009
<u>Federal Government</u>								
Federal Through State	\$ 15,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	15,110
USDA School Lunch Program								

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Federal Government (Cont.)</u>								
<u>Federal Through State (Cont.)</u>								
Breakfast	\$ 10,031	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,031
Civil Defense Reimbursement	8,771	0	0	0	0	0	0	8,771
Homeland Security Grants	38,324	0	0	0	0	0	0	38,324
<u>Direct Federal Revenue</u>	5,133	0	0	0	0	0	0	5,133
<u>Other Direct Federal Revenue</u>	77,369	0	0	0	0	0	0	77,369
Total Federal Government	\$ 100,025	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,025
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 8,920	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,920
Citizens Groups	9,120	0	0	0	0	0	0	9,120
Donations								
Other	29,561	0	0	0	0	0	0	29,561
<u>Total Other Governments and Citizens Groups</u>	47,601	0	0	0	0	0	0	47,601
Total	\$ 6,744,349	\$ 1,103,074	\$ 62,116	\$ 15,282	\$ 256,195	\$ 2,987,223	\$ 339,719	\$ 11,507,958

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, 2008

	General Purpose School	School Transpor- tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 468,799	\$ 468,799
Trustee's Collections - Prior Year	0	13,085	13,085
Trustee's Collections - Bankruptcy	0	2,779	2,779
Circuit/Clerk & Master Collections - Prior Years	0	17,599	17,599
Interest and Penalty	0	3,353	3,353
Payments in-Lieu-of Taxes - Local Utilities	0	52,328	52,328
Payments in-Lieu-of Taxes - Other	0	16,191	16,191
<u>County Local Option Taxes</u>			
Local Option Sales Tax	84,517	0	84,517
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	134	0	134
Total Local Taxes	\$ 84,651	\$ 574,134	\$ 658,785
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 60	\$ 0	\$ 60
Total Licenses and Permits	\$ 60	\$ 0	\$ 60
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Lunch Payments - Children	\$ 1,880	\$ 0	\$ 1,880
Lunch Payments - Adults	2,512	0	2,512
Transportation - Other State Systems	34,955	0	34,955
Contract for Instructional Services with Other LEAs	574,437	0	574,437
<u>Other Charges for Services</u>			
Other Charges for Services	72,314	0	72,314
Total Charges for Current Services	\$ 686,098	\$ 0	\$ 686,098
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 44	\$ 0	\$ 44
Lease/Rentals	7,700	0	7,700
Sale of Materials and Supplies	722	404	1,126
Retirees' Insurance Payments	0	28	28
Miscellaneous Refunds	22,612	0	22,612
<u>Nonrecurring Items</u>			
Sale of Equipment	324	0	324
Damages Recovered from Individuals	41	0	41
Contributions and Gifts	8,400	0	8,400
Total Other Local Revenues	\$ 39,843	\$ 432	\$ 40,275
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 11,362	\$ 0	\$ 11,362
<u>Public Safety Grants</u>			
Safe and Drug - Free Schools and Communities	1,200	0	1,200
<u>State Education Funds</u>			
Basic Education Program	1,825,000	0	1,825,000

(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>State Education Funds (Cont.)</u>			
School Food Service	\$ 145	\$ 0	\$ 145
Other State Education Funds	103,547	0	103,547
Career Ladder Program	19,311	0	19,311
Career Ladder - Extended Contract	10,580	0	10,580
<u>Other State Revenues</u>			
Mixed Drink Tax	88	0	88
State Revenue Sharing - T.V.A.	0	615,382	615,382
Other State Grants	15,789	0	15,789
Total State of Tennessee	<u>\$ 1,987,022</u>	<u>\$ 615,382</u>	<u>\$ 2,602,404</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 5,318	\$ 0	\$ 5,318
Adult Education State Grant Program	78,332	0	78,332
Other Federal through State	32,622	0	32,622
Total Federal Government	<u>\$ 116,272</u>	<u>\$ 0</u>	<u>\$ 116,272</u>
Total	<u>\$ 2,913,946</u>	<u>\$ 1,189,948</u>	<u>\$ 4,103,894</u>

Exhibit J-8

Carroll County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	35,400	
Social Security		2,136	
Unemployment Compensation		65	
Employer Medicare		500	
Audit Services		6,680	
Consultants		1,250	
Dues and Memberships		3,284	
Legal Notices, Recording, and Court Costs		1,508	
Periodicals		785	
Other Charges		3,289	
Total County Commission			\$ 54,897

Board of Equalization

Board and Committee Members Fees	\$	746	
Data Processing Services		9,635	
Total Board of Equalization			10,381

Beer Board

Legal Notices, Recording, and Court Costs	\$	112	
Total Beer Board			112

Other Boards and Committees

Board and Committee Members Fees	\$	250	
Legal Notices, Recording, and Court Costs		159	
Total Other Boards and Committees			409

County Mayor/Executive

County Official/Administrative Officer	\$	67,997	
Assistant(s)		36,050	
Purchasing Personnel		10,000	
Secretary(ies)		26,522	
Part-time Personnel		3,151	
Social Security		8,888	
State Retirement		9,699	
Employee and Dependent Insurance		20,699	
Unemployment Compensation		206	
Employer Medicare		1,403	
Communication		2,971	
Data Processing Services		5,262	
Dues and Memberships		1,500	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Maintenance Agreements	\$	3,563	
Postal Charges		4,015	
Printing, Stationery, and Forms		1,880	
Travel		4,725	
Office Supplies		3,082	
Office Equipment		1,152	
Total County Mayor/Executive			\$ 212,765

County Attorney

Consultants	\$	3,000	
Legal Services		4,493	
Total County Attorney			7,493

Election Commission

County Official/Administrative Officer	\$	52,985	
Deputy(ies)		22,283	
Part-time Personnel		1,877	
Election Commission		2,710	
Election Workers		10,885	
Social Security		4,662	
State Retirement		5,193	
Employee and Dependent Insurance		4,761	
Unemployment Compensation		187	
Employer Medicare		652	
Communication		723	
Legal Notices, Recording, and Court Costs		1,031	
Maintenance Agreements		13,075	
Maintenance and Repair Services - Equipment		238	
Postal Charges		1,114	
Printing, Stationery, and Forms		2,090	
Travel		1,240	
Office Supplies		1,267	
Office Equipment		1,773	
Total Election Commission			128,746

Register of Deeds

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		46,034	
Part-time Personnel		2,926	
Social Security		6,844	

(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.)

State Retirement	\$	7,239	
Employee and Dependent Insurance		13,970	
Unemployment Compensation		289	
Employer Medicare		1,067	
Communication		2,169	
Data Processing Services		6,210	
Dues and Memberships		564	
Maintenance Agreements		2,518	
Postal Charges		539	
Travel		1,278	
Other Contracted Services		2,500	
Office Supplies		2,558	
Office Equipment		1,535	
Total Register of Deeds			\$ 157,112

County Buildings

Custodial Personnel	\$	19,716
Maintenance Personnel		27,213
Part-time Personnel		1,932
Other Salaries and Wages		22,784
Social Security		4,093
State Retirement		4,872
Employee and Dependent Insurance		17,820
Unemployment Compensation		275
Employer Medicare		953
Communication		928
Maintenance Agreements		3,736
Maintenance and Repair Services - Buildings		47,130
Maintenance and Repair Services - Equipment		2,793
Maintenance and Repair Services - Vehicles		2,400
Remittance of Revenue Collected		730
Permits		615
Other Contracted Services		16,733
Custodial Supplies		13,490
Gasoline		5,283
Utilities		77,732
Other Supplies and Materials		3,561
Building and Contents Insurance		35,596
Liability Insurance		59,000
Building Construction		332,737

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Building Improvements	\$	57,987	
Data Processing Equipment		1,082	
Motor Vehicles		15,200	
Total County Buildings			\$ 776,391

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		68,521	
In-Service Training		220	
Social Security		6,950	
State Retirement		8,790	
Employee and Dependent Insurance		42,786	
Unemployment Compensation		252	
Employer Medicare		1,185	
Communication		1,014	
Contracts with Private Agencies		18,307	
Dues and Memberships		1,295	
Maintenance Agreements		1,905	
Postal Charges		1,440	
Gasoline		596	
Office Supplies		787	
Total Property Assessor's Office			212,920

Reappraisal Program

Deputy(ies)	\$	15,442	
Data Processing Services		4,404	
Other Supplies and Materials		22,193	
Total Reappraisal Program			42,039

County Trustee's Office

County Official/Administrative Officer	\$	58,872
Deputy(ies)		46,262
Part-time Personnel		2,874
Social Security		6,464
State Retirement		7,353
Employee and Dependent Insurance		22,003
Unemployment Compensation		204
Employer Medicare		1,022
Communication		670

(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	\$	3,362	
Dues and Memberships		664	
Legal Notices, Recording, and Court Costs		122	
Maintenance Agreements		680	
Postal Charges		7,768	
Travel		785	
Office Supplies		3,592	
Office Equipment		2,359	
Total County Trustee's Office			\$ 165,056

County Clerk's Office

State Retirement	\$	9,862	
Employee and Dependent Insurance		27,098	
Communication		388	
Maintenance Agreements		581	
Maintenance and Repair Services - Office Equipment		60	
Postal Charges		600	
Office Supplies		1,114	
Total County Clerk's Office			39,703

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		124,433	
Board and Committee Members Fees		250	
Jury and Witness Fees		10,438	
Social Security		10,978	
State Retirement		12,786	
Employee and Dependent Insurance		33,440	
Unemployment Compensation		558	
Employer Medicare		2,030	
Communication		2,719	
Data Processing Services		25,514	
Dues and Memberships		654	
Legal Notices, Recording, and Court Costs		808	
Maintenance Agreements		5,714	
Postal Charges		3,286	
Travel		1,632	
Office Supplies		12,751	
Data Processing Equipment		1,057	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Equipment	\$ 1,850	
Total Circuit Court		\$ 309,770

General Sessions Judge

Judge(s)	\$ 92,438	
Social Security	6,149	
State Retirement	6,378	
Employee and Dependent Insurance	9,274	
Employer Medicare	645	
Dues and Memberships	120	
Travel	1,579	
Office Supplies	283	
Total General Sessions Judge		116,866

Drug Court

Other Per Diem and Fees	\$ 10,814	
Total Drug Court		10,814

Chancery Court

Deputy(ies)	\$ 87,590	
Social Security	4,887	
State Retirement	10,106	
Employee and Dependent Insurance	31,228	
Unemployment Compensation	336	
Employer Medicare	1,143	
Communication	1,954	
Data Processing Services	4,207	
Dues and Memberships	534	
Maintenance Agreements	2,501	
Postal Charges	735	
Office Supplies	4,882	
Data Processing Equipment	43	
Office Equipment	600	
Total Chancery Court		150,746

Juvenile Court

Supervisor/Director	\$ 48,428	
Youth Service Officer(s)	34,390	
Guidance Personnel	33,169	
In-Service Training	105	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Social Security	\$	6,694	
State Retirement		8,003	
Employee and Dependent Insurance		28,332	
Unemployment Compensation		252	
Employer Medicare		1,565	
Communication		1,548	
Maintenance Agreements		2,309	
Postal Charges		493	
Travel		121	
Office Supplies		605	
Other Supplies and Materials		10,887	
Total Juvenile Court			\$ 176,901

Judicial Commissioners

Board and Committee Members Fees	\$	4,200	
Social Security		260	
Unemployment Compensation		26	
Employer Medicare		61	
Total Judicial Commissioners			4,547

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,760	
Deputy(ies)		471,823	
Detective(s)		9,140	
Investigator(s)		98,933	
Salary Supplements		9,600	
Part-time Personnel		34,129	
Other Salaries and Wages		15,880	
In-Service Training		8,571	
Social Security		41,831	
State Retirement		47,434	
Employee and Dependent Insurance		98,830	
Unemployment Compensation		2,058	
Employer Medicare		9,187	
Contracts with Other Public Agencies		1,675	
Dues and Memberships		425	
Maintenance Agreements		12,824	
Maintenance and Repair Services - Equipment		4,480	
Maintenance and Repair Services - Vehicles		22,531	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Postal Charges	\$	1,453	
Travel		4,821	
Electricity		8,683	
Gasoline		80,580	
Law Enforcement Supplies		2,149	
Natural Gas		1,935	
Office Supplies		5,726	
Uniforms		7,155	
Water and Sewer		740	
Other Supplies and Materials		2,687	
Other Charges		315	
Data Processing Equipment		6,654	
Motor Vehicles		198,575	
Other Equipment		28,071	
Total Sheriff's Department	\$		1,303,655

Administration of the Sexual Offender Registry

Data Processing Supplies	\$	295	
Data Processing Equipment		200	
Total Administration of the Sexual Offender Registry			495

Jail

Medical Personnel	\$	7,909	
Dispatchers/Radio Operators		107,331	
Guards		290,344	
Clerical Personnel		24,658	
Cafeteria Personnel		21,879	
Part-time Personnel		218	
Social Security		26,415	
State Retirement		29,529	
Employee and Dependent Insurance		69,966	
Unemployment Compensation		1,778	
Employer Medicare		6,178	
Communication		14,999	
Maintenance Agreements		7,058	
Maintenance and Repair Services - Equipment		3,325	
Medical and Dental Services		44,588	
Custodial Supplies		8,723	
Electricity		26,150	
Food Supplies		101,231	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Library Books/Media	\$	1,597	
Natural Gas		12,352	
Prisoners Clothing		524	
Uniforms		1,895	
Water and Sewer		12,952	
Other Supplies and Materials		4,147	
Other Equipment		1,218	
Total Jail			\$ 826,964

Juvenile Services

Educational Assistants	\$	527,298
In-Service Training		735
Social Security		31,365
State Retirement		36,619
Employee and Dependent Insurance		100,884
Unemployment Compensation		1,682
Employer Medicare		7,335
Accounting Services		12,000
Communication		2,325
Dues and Memberships		855
Licenses		885
Maintenance Agreements		4,174
Maintenance and Repair Services - Equipment		652
Maintenance and Repair Services - Vehicles		6,413
Medical and Dental Services		1,560
Postal Charges		457
Rentals		40,000
Travel		47
Tuition		500
Other Contracted Services		22,445
Custodial Supplies		4,110
Food Supplies		29,214
Gasoline		38,747
Instructional Supplies and Materials		3,458
Office Supplies		3,783
Utilities		19,969
Other Supplies and Materials		10,089
Building and Contents Insurance		820
Liability Insurance		16,377
Workers' Compensation Insurance		3,551

(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.)

Other Charges	\$	644	
Motor Vehicles		23,244	
Special Education Equipment		1,200	
Other Equipment		921	
Total Juvenile Services			\$ 954,358

Fire Prevention and Control

Supervisor/Director	\$	31,000	
In-Service Training		1,733	
Social Security		1,772	
State Retirement		2,101	
Employee and Dependent Insurance		8,009	
Unemployment Compensation		84	
Employer Medicare		414	
Communication		1,184	
Dues and Memberships		150	
Maintenance and Repair Services - Equipment		8,246	
Maintenance and Repair Services - Vehicles		29,900	
Postal Charges		16	
Travel		8,194	
Other Contracted Services		1,440	
Gasoline		15,261	
Office Supplies		2,428	
Other Supplies and Materials		2,288	
Liability Insurance		7,584	
Other Charges		1,827	
Communication Equipment		13,686	
Other Equipment		192,024	
Total Fire Prevention and Control			329,341

Civil Defense

Supervisor/Director	\$	36,995	
Part-time Personnel		675	
In-Service Training		310	
Social Security		2,295	
State Retirement		2,591	
Employee and Dependent Insurance		617	
Unemployment Compensation		92	
Employer Medicare		537	
Communication		1,924	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Dues and Memberships	\$	185	
Maintenance Agreements		1,824	
Maintenance and Repair Services - Equipment		1,186	
Maintenance and Repair Services - Vehicles		466	
Postal Charges		82	
Travel		1,055	
Gasoline		2,897	
Office Supplies		739	
Other Supplies and Materials		37,226	
Other Charges		2,966	
Total Civil Defense			\$ 94,662

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		6,870	
Transportation - Other than Students		1,525	
Travel		2,962	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			28,232

Other Public Safety

Salary Supplements	\$	9,280	
Part-time Personnel		16,739	
Social Security		1,572	
State Retirement		640	
Unemployment Compensation		194	
Employer Medicare		368	
Travel		1,110	
Total Other Public Safety			29,903

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	76,165	
Social Security		4,071	
State Retirement		4,824	
Employee and Dependent Insurance		30,668	
Unemployment Compensation		330	
Employer Medicare		952	
Communication		3,903	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Contracts with Government Agencies	\$	25,066	
Dues and Memberships		100	
Janitorial Services		5,942	
Maintenance and Repair Services - Buildings		711	
Maintenance and Repair Services - Office Equipment		784	
Matching Share		1,873	
Postal Charges		1,374	
Travel		6,042	
Other Contracted Services		3,627	
Custodial Supplies		2,514	
Drugs and Medical Supplies		706	
Office Supplies		2,941	
Utilities		9,542	
Other Charges		100	
Office Equipment		825	
Total Local Health Center			\$ 183,060

Rabies and Animal Control

Communication	\$	340	
Maintenance and Repair Services - Vehicles		62	
Pest Control		12,000	
Veterinary Services		3,085	
Animal Food and Supplies		197	
Gasoline		2,024	
Total Rabies and Animal Control			17,708

General Welfare Assistance

Other Charges	\$	1,100	
Total General Welfare Assistance			1,100

Other Local Welfare Services

Contracts with Private Agencies	\$	12,782	
Dues and Memberships		7,958	
Total Other Local Welfare Services			20,740

Social, Cultural, and Recreational Services

Adult Activities

Maintenance Agreements	\$	515	
Printing, Stationery, and Forms		154	
Travel		1,100	

(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.)

Adult Activities (Cont.)

Food Supplies	\$	894	
Gasoline		362	
Office Supplies		272	
Other Supplies and Materials		1,578	
Total Adult Activities			\$ 4,875

Senior Citizens Assistance

Supervisor/Director	\$	22,401	
Social Workers		14,812	
Medical Personnel		1,716	
Secretary(ies)		17,046	
Other Salaries and Wages		19,069	
Social Security		4,285	
State Retirement		3,744	
Employee and Dependent Insurance		9,451	
Unemployment Compensation		463	
Employer Medicare		1,002	
Communication		1,479	
Contracts with Other Public Agencies		4,539	
Contracts with Private Agencies		1,295	
Licenses		810	
Maintenance Agreements		1,022	
Printing, Stationery, and Forms		2,259	
Travel		1,382	
Food Supplies		704	
Gasoline		1,872	
Office Supplies		941	
Other Charges		338	
Office Equipment		1,796	
Total Senior Citizens Assistance			112,426

Libraries

Assistant(s)	\$	14,542
Librarians		20,701
Other Salaries and Wages		11,737
Social Security		2,745
State Retirement		2,432
Employee and Dependent Insurance		7,467
Unemployment Compensation		274
Employer Medicare		642

(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.)

Libraries (Cont.)

Communication	\$	1,848	
Dues and Memberships		300	
Maintenance and Repair Services - Equipment		920	
Postal Charges		500	
Travel		379	
Library Books/Media		8,280	
Office Supplies		4,545	
Periodicals		400	
Office Equipment		12,431	
Total Libraries			\$ 90,143

Parks and Fair Boards

Supervisor/Director	\$	41,666	
Other Salaries and Wages		331	
Social Security		2,374	
State Retirement		2,875	
Employee and Dependent Insurance		9,274	
Unemployment Compensation		84	
Employer Medicare		555	
Communication		945	
Maintenance Agreements		1,017	
Maintenance and Repair Services - Buildings		5,069	
Maintenance and Repair Services - Equipment		947	
Postal Charges		178	
Permits		20	
Custodial Supplies		3,922	
Office Supplies		616	
Utilities		26,636	
Total Parks and Fair Boards			96,509

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	250,574	
Total Other Social, Cultural, and Recreational			250,574

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	32,698	
Secretary(ies)		5,753	
Other Fringe Benefits		9,022	
Communication		1,566	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Travel	\$	800	
Office Equipment		695	
Total Agriculture Extension Service			\$ 50,534

Forest Service

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

Soil Conservation

Secretary(ies)	\$	22,283	
Social Security		1,382	
State Retirement		1,538	
Unemployment Compensation		84	
Employer Medicare		323	
Total Soil Conservation			25,610

Flood Control

Dues and Memberships	\$	8,250	
Total Flood Control			8,250

Other Operations

Other Economic and Community Development

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

Airport

Supervisor/Director	\$	31,066	
Other Salaries and Wages		12,423	
Social Security		2,543	
State Retirement		3,001	
Employee and Dependent Insurance		8,713	
Unemployment Compensation		172	
Employer Medicare		595	
Communication		1,756	
Maintenance and Repair Services - Buildings		5,626	
Maintenance and Repair Services - Equipment		8,662	
Postal Charges		51	
Travel		422	
Custodial Supplies		540	
Gasoline		102,530	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Office Supplies	\$	474	
Utilities		11,096	
Liability Insurance		3,500	
Airport Improvement		294,864	
Total Airport			\$ 488,034

Veterans' Services

Supervisor/Director	\$	21,030	
Social Security		1,304	
State Retirement		1,451	
Unemployment Compensation		84	
Employer Medicare		305	
Communication		373	
Maintenance Agreements		30	
Postal Charges		164	
Travel		857	
Office Supplies		518	
Total Veterans' Services			26,116

Other Charges

Handling Charges and Administrative Costs	\$	120	
Library Books/Media		5,000	
Road Signs		2,274	
Premiums on Corporate Surety Bonds		750	
Trustee's Commission		62,885	
Workers' Compensation Insurance		42,247	
Liability Claims		24,874	
Total Other Charges			138,150

Contributions to Other Agencies

Contributions	\$	29,200	
Total Contributions to Other Agencies			29,200

Total General Fund \$ 7,707,307

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	20,711	
Social Security		1,197	

(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.)

Waste Pickup (Cont.)

State Retirement	\$	1,429	
Employee and Dependent Insurance		4,356	
Unemployment Compensation		84	
Employer Medicare		280	
Communication		542	
Contracts with Private Agencies		583,007	
Legal Services		3,738	
Postal Charges		610	
Maintenance and Repair Services - Records		52,402	
Office Supplies		1,686	
Other Charges		790	
Total Waste Pickup			\$ 670,832

Recycling Center

Supervisor/Director	\$	47,175
Clerical Personnel		22,283
Part-time Personnel		132
Other Salaries and Wages		129,732
Social Security		11,459
State Retirement		13,745
Employee and Dependent Insurance		46,045
Unemployment Compensation		674
Employer Medicare		2,680
Communication		1,047
Contracts with Private Agencies		20,960
Freight Expenses		6,435
Legal Notices, Recording, and Court Costs		63
Maintenance and Repair Services - Buildings		641
Maintenance and Repair Services - Equipment		2,390
Maintenance and Repair Services - Vehicles		5,698
Transportation - Other than Students		20,400
Travel		332
Brokerage Fees - Recyclables		8
Custodial Supplies		124
Gasoline		27,095
Office Supplies		466
Utilities		10,873
Other Supplies and Materials		1,739
Building and Contents Insurance		1,604
Liability Insurance		12,000

(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.)

Trustee's Commission	\$	11,713	
Workers' Compensation Insurance		9,301	
Other Charges		576	
Building Improvements		1,120	
Motor Vehicles		52,108	
Plant Operation Equipment		59,422	
Other Equipment		1,020	
Total Recycling Center			\$ 521,060

Highways

Litter and Trash Collection

Truck Drivers	\$	12,414	
Social Security		677	
State Retirement		829	
Employee and Dependent Insurance		4,616	
Unemployment Compensation		106	
Employer Medicare		158	
Contracts with Government Agencies		377	
Maintenance and Repair Services - Vehicles		932	
Gasoline		2,345	
Other Supplies and Materials		251	
Other Charges		7,898	
Total Litter and Trash Collection			30,603

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,551	
Total Highways and Streets			1,551

Total Solid Waste/Sanitation Fund \$ 1,224,046

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	679	
Maintenance and Repair Services - Vehicles		2,280	
Travel		1,326	
Trustee's Commission		557	
Law Enforcement Equipment		10,477	
Motor Vehicles		2,000	

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Special Education Equipment	\$	2,378	
Total Drug Enforcement			\$ 19,697

Total Drug Control Fund			\$ 19,697
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District Attorney General Fund

Administration of Justice

District Attorney General

Salary Supplements	\$	952	
Communication		7,841	
Maintenance and Repair Services - Equipment		93	
Postal Charges		72	
Travel		6,740	
Tuition		3,979	
Other Contracted Services		600	
Office Supplies		1,260	
Trustee's Commission		143	
Other Charges		502	
Office Equipment		352	
Total District Attorney General			\$ 22,534

Total District Attorney General Fund			22,534
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Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	153,660	
Total County Clerk's Office			\$ 153,660

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	101,244	
Total Chancery Court			101,244

Total Constitutional Officers - Fees Fund			254,904
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	128,835	
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(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	23,979	
Secretary(ies)		22,283	
Communication		3,497	
Contracts with Other Public Agencies		167	
Data Processing Services		5,167	
Dues and Memberships		3,071	
Evaluation and Testing		428	
Maintenance and Repair Services - Equipment		32	
Maintenance and Repair Services - Office Equipment		286	
Medical and Dental Services		94	
Postal Charges		328	
Printing, Stationery, and Forms		216	
Travel		3,464	
Tuition		860	
Data Processing Supplies		984	
Drugs and Medical Supplies		467	
Electricity		4,304	
Natural Gas		3,078	
Office Supplies		215	
Utilities		883	
Water and Sewer		473	
Building and Contents Insurance		6,917	
Data Processing Equipment		118	
Other Equipment		2,209	
Total Administration			\$ 212,355

Highway and Bridge Maintenance

Equipment Operators	\$	261,235
Truck Drivers		151,871
Laborers		117,939
Contracts with Private Agencies		2,952
Engineering Services		2,100
Asphalt - Liquid		32,643
Crushed Stone		35,974
Fertilizer, Lime, and Seed		220
General Construction Materials		1,111
Ice		408
Other Road Supplies		306
Pipe - Metal		27,171
Road Signs		8,592

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Wood Products	\$	2,874	
Chemicals		4,309	
Other Supplies and Materials		2,006	
Total Highway and Bridge Maintenance			\$ 651,711

Operation and Maintenance of Equipment

Mechanic(s)	\$	103,617	
Maintenance and Repair Services - Equipment		9,757	
Maintenance and Repair Services - Vehicles		1,952	
Diesel Fuel		144,489	
Equipment and Machinery Parts		105,385	
Garage Supplies		4,995	
Gasoline		50,038	
Lubricants		12,095	
Small Tools		94	
Tires and Tubes		27,405	
Other Supplies and Materials		485	
Other Charges		986	
Total Operation and Maintenance of Equipment			461,298

Other Charges

Liability Insurance	\$	25,000	
Trustee's Commission		30,135	
Workers' Compensation Insurance		64,508	
Total Other Charges			119,643

Employee Benefits

Social Security	\$	55,238	
State Retirement		54,755	
Medical Insurance		299,052	
Unemployment Compensation		7,389	
Total Employee Benefits			416,434

Capital Outlay

Bridge Construction	\$	11,062	
Communication Equipment		2,844	
Highway Construction		799,756	
Highway Equipment		44,721	
Office Equipment		7,158	
State Aid Projects		186,047	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Other Equipment	\$	16,707	
Other Construction		64,808	
Other Capital Outlay		19,861	
Total Capital Outlay			\$ 1,152,964

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	52,274	
Total Highways and Streets			52,274

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,182	
Total Highways and Streets			1,182

Total Highway/Public Works Fund \$ 3,067,861

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	135,588	
Principal on Capital Leases		69,510	
Principal on Other Loans		67,000	
Total General Government			\$ 272,098

Interest on Debt

General Government

Interest on Notes	\$	17,450	
Interest on Other Loans		67,596	
Total General Government			85,046

Other Debt Service

General Government

Trustee's Commission	\$	5,910	
Total General Government			5,910

Total General Debt Service Fund 363,054

Total Governmental Funds - Primary Government \$ 12,659,403

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Instructional Supplies and Materials	\$ 3,593	
Total Regular Instruction Program		\$ 3,593

Alternative Instruction Program

Teachers	\$ 45,870	
Career Ladder Program	1,000	
Educational Assistants	13,377	
Social Security	3,275	
State Retirement	3,848	
Medical Insurance	5,528	
Unemployment Compensation	90	
Employer Medicare	766	
Instructional Supplies and Materials	2,000	
Total Alternative Instruction Program		75,754

Special Education Program

Teachers	\$ 239,647	
Career Ladder Program	8,000	
Career Ladder Extended Contracts	990	
Educational Assistants	83,755	
Speech Pathologist	34,965	
Other Salaries and Wages	13,832	
Non-certified Substitute Teachers	7,382	
Social Security	22,616	
State Retirement	23,924	
Medical Insurance	15,620	
Unemployment Compensation	666	
Employer Medicare	5,289	
Maintenance and Repair Services - Equipment	640	
Travel	922	
Other Contracted Services	16,352	
Instructional Supplies and Materials	4,995	
Other Charges	608	
Special Education Equipment	630	
Total Special Education Program		480,833

Vocational Education Program

Teachers	\$ 367,320
Career Ladder Program	4,000

(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.)

Career Ladder Extended Contracts	\$	5,310	
Certified Substitute Teachers		243	
Non-certified Substitute Teachers		6,209	
Social Security		22,045	
State Retirement		23,375	
Medical Insurance		15,273	
Unemployment Compensation		535	
Employer Medicare		5,223	
Maintenance and Repair Services - Equipment		2,214	
Travel		128	
Instructional Supplies and Materials		20,120	
Textbooks		5,130	
Vocational Instruction Equipment		54,177	
Total Vocational Education Program			\$ 531,302

Adult Education Program

Teachers	\$	24,613	
Other Salaries and Wages		14,069	
Social Security		1,133	
State Retirement		15	
Unemployment Compensation		159	
Employer Medicare		561	
Instructional Supplies and Materials		8,728	
Other Charges		160	
Other Equipment		1,105	
Total Adult Education Program			50,543

Support Services

Health Services

Medical Personnel	\$	13,714	
Other Salaries and Wages		56,593	
Social Security		4,237	
State Retirement		3,995	
Unemployment Compensation		134	
Employer Medicare		991	
Communication		607	
Printing, Stationery, and Forms		1,094	
Travel		2,752	
Other Contracted Services		900	

(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.)

Health Services (Cont.)

Drugs and Medical Supplies	\$	1,328	
Other Supplies and Materials		17,625	
In Service/Staff Development		2,735	
Other Charges		231	
Health Equipment		3,844	
Total Health Services			\$ 110,780

Other Student Support

Secretary(ies)	\$	22,322	
Social Security		1,207	
State Retirement		1,540	
Medical Insurance		2,540	
Unemployment Compensation		45	
Employer Medicare		282	
Evaluation and Testing		3,600	
Operating Lease Payments		2,941	
Other Supplies and Materials		350	
Total Other Student Support			34,827

Special Education Program

Supervisor/Director	\$	52,272	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		3,460	
State Retirement		3,699	
Medical Insurance		2,417	
Unemployment Compensation		45	
Employer Medicare		809	
In Service/Staff Development		951	
Total Special Education Program			70,653

Vocational Education Program

Instructional Computer Personnel	\$	21,698	
Secretary(ies)		22,740	
Social Security		2,649	
State Retirement		3,066	
Unemployment Compensation		90	
Employer Medicare		620	
In Service/Staff Development		5,714	

(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.)

Vocational Education Program (Cont.)

Other Charges	\$ 5,400	
Total Vocational Education Program		\$ 61,977

Adult Programs

Supervisor/Director	\$ 43,392	
Social Security	2,624	
State Retirement	2,708	
Unemployment Compensation	45	
Employer Medicare	614	
Communication	1,895	
In Service/Staff Development	213	
Total Adult Programs		51,491

Other Programs

On-Behalf Payments to OPEB	\$ 11,362	
Total Other Programs		11,362

Board of Education

Secretary to Board	\$ 13,175	
Board and Committee Members Fees	6,000	
Social Security	1,022	
State Retirement	822	
Unemployment Compensation	7	
Employer Medicare	239	
Other Fringe Benefits	275	
Audit Services	2,175	
Dues and Memberships	1,405	
Liability Insurance	43,106	
Trustee's Commission	4,939	
Workers' Compensation Insurance	41,220	
In Service/Staff Development	4,759	
Criminal Investigation of Applicants - TBI	1,347	
Other Charges	2,404	
Total Board of Education		122,895

Director of Schools

County Official/Administrative Officer	\$ 68,704
Career Ladder Program	1,000
Social Security	3,451

(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.)

State Retirement	\$	4,349	
Medical Insurance		1,084	
Unemployment Compensation		38	
Employer Medicare		807	
Communication		3,039	
Dues and Memberships		20	
Postal Charges		2,741	
Travel		165	
Other Supplies and Materials		11	
In Service/Staff Development		510	
Other Charges		47	
Administration Equipment		224	
Total Director of Schools			\$ 86,190

Office of the Principal

Principals	\$	62,800	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,197	
Social Security		3,824	
State Retirement		4,058	
Medical Insurance		2,483	
Unemployment Compensation		45	
Employer Medicare		894	
Communication		1,898	
Maintenance and Repair Services - Buildings		606	
Maintenance and Repair Services - Equipment		612	
Postal Charges		410	
Travel		343	
In Service/Staff Development		1,674	
Total Office of the Principal			81,844

Fiscal Services

Accountants/Bookkeepers	\$	43,773	
Clerical Personnel		5,424	
Social Security		2,720	
State Retirement		3,394	
Medical Insurance		2,540	
Unemployment Compensation		53	
Employer Medicare		636	

(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.)

Fiscal Services (Cont.)

Data Processing Services	\$	5,359	
Data Processing Supplies		863	
Office Supplies		3,124	
In Service/Staff Development		24	
Administration Equipment		74	
Total Fiscal Services			\$ 67,984

Operation of Plant

Janitorial Services	\$	31,140	
Disposal Fees		2,649	
Other Contracted Services		4,476	
Custodial Supplies		9,048	
Electricity		49,356	
Natural Gas		21,454	
Water and Sewer		2,723	
Other Supplies and Materials		54	
Total Operation of Plant			120,900

Maintenance of Plant

Maintenance Personnel	\$	54,228	
Social Security		3,169	
State Retirement		3,742	
Medical Insurance		2,540	
Unemployment Compensation		92	
Employer Medicare		741	
Maintenance and Repair Services - Buildings		2,328	
Maintenance and Repair Services - Equipment		8,795	
Travel		292	
Other Contracted Services		2,590	
Other Supplies and Materials		4,074	
Other Charges		225	
Maintenance Equipment		209	
Total Maintenance of Plant			83,025

Transportation

Bus Drivers	\$	35,936	
Clerical Personnel		1,420	
Social Security		2,316	
State Retirement		2,578	

(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.)

Transportation (Cont.)

Unemployment Compensation	\$	93	
Employer Medicare		542	
Communication		4,046	
Diesel Fuel		100,537	
Other Charges		51	
Transportation Equipment		535,395	
Other Equipment		18,192	
Total Transportation			\$ 701,106

Central and Other

Other Salaries and Wages	\$	27,865	
Social Security		1,572	
State Retirement		1,923	
Medical Insurance		2,540	
Unemployment Compensation		45	
Employer Medicare		368	
Travel		111	
Other Contracted Services		8,075	
Other Supplies and Materials		573	
Other Charges		1,400	
Other Equipment		13,442	
Total Central and Other			57,914

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	11,337	
Social Security		703	
State Retirement		782	
Unemployment Compensation		43	
Employer Medicare		164	
Maintenance and Repair Services - Equipment		1,029	
Food Supplies		9,614	
Other Supplies and Materials		235	
In Service/Staff Development		58	
Other Charges		249	
Total Food Service			24,214

Community Services

Other Supplies and Materials	\$	14,748	
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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.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Charges	\$ 1,000	
Total Community Services		\$ 15,748

Capital Outlay

Regular Capital Outlay

Architects	\$ 10,199	
Building Improvements	16,516	
Other Equipment	4,873	
Other Capital Outlay	14,935	
Total Regular Capital Outlay		46,523

Principal on Debt

Education

Principal on Notes	\$ 6,158	
Total Education		6,158

Interest on Debt

Education

Interest on Notes	\$ 168	
Total Education		168

Total General Purpose School Fund		\$ 2,897,784
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School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$ 406	
Trustee's Commission	16,851	
Other Charges	315	
Total Board of Education		\$ 17,572

Transportation

Supervisor/Director	\$ 40,918
Mechanic(s)	89,215
Bus Drivers	410,706
Clerical Personnel	30,204
Other Salaries and Wages	36,088
Social Security	36,801
State Retirement	36,456

(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 (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical Insurance	\$	5,716	
Unemployment Compensation		2,461	
Employer Medicare		8,722	
Laundry Service		7,408	
Medical and Dental Services		6,231	
Other Contracted Services		2,444	
Diesel Fuel		189,786	
Garage Supplies		5,307	
Gasoline		5,510	
Lubricants		11,631	
Tires and Tubes		21,165	
Vehicle Parts		81,171	
Gravel and Chert		2,287	
Other Supplies and Materials		1,793	
In Service/Staff Development		2,052	
Other Charges		3,048	
Transportation Equipment		3,375	
Other Equipment		14,910	
Total Transportation			\$ <u>1,055,405</u>

Total School Transportation Fund \$ 1,072,977

Total Governmental Funds - Carroll County School Department \$ 3,970,761

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, 2008

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 25,478	\$ 25,478
Circuit/Clerk & Master Collections - Prior Years	0	57,706	57,706
Local Option Sales Tax	2,225,382	2,299,685	4,525,067
Interstate Telecommunications Tax	0	3,635	3,635
City/School District Property Taxes:			
Current Property Tax	0	4,590,815	4,590,815
Prior Year's Property Tax	0	282,934	282,934
Interest and Penalty	0	33,148	33,148
Payments in-Lieu-of Taxes	0	226,488	226,488
Marriage Licenses	0	1,320	1,320
Mixed Drink Tax	0	3,176	3,176
Total Cash Receipts	\$ 2,225,382	\$ 7,524,385	\$ 9,749,767
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,203,128	\$ 7,344,836	\$ 9,547,964
Trustee's Commission	22,254	123,825	146,079
Total Cash Disbursements	\$ 2,225,382	\$ 7,468,661	\$ 9,694,043
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ 55,724	\$ 55,724
Cash Balance, July 1, 2007	0	290,680	290,680
Cash Balance, June 30, 2008	\$ 0	\$ 346,404	\$ 346,404

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 37243-1402
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

March 30, 2009

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, 2008, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated March 30, 2009. 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: 08.01, 08.06, 08.08, and 08.10.

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, of the significant deficiencies described above, we consider items 08.01 and 08.06 to be material weaknesses.

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

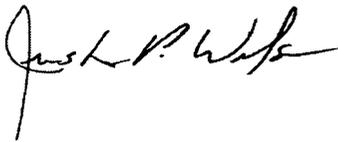
accompanying Schedule of Findings and Recommendations as items 08.02, 08.03, 08.04, 08.05, 08.07, and 08.09.

We consider item 08.11 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Carroll County, Tennessee
Schedule of Expenditures of State Grants (1)
For the Year Ended June 30, 2008

<u>Program Title/State Grantor</u>	<u>Expenditures</u>
State Grants:	
Custodial Prevention Services - State Department of Children's Services	\$ 922,230
State Reappraisal Program - Comptroller of the Treasury	11,297
AOC Grant - State Administrative Office of the Courts	675
3-Star Energy Education Program	445
Election Official Training Grant	1,773
Rural Fire Department Grant	28,900
Shooting Complex Grant	21,500
Rural Local Health Services - State Department of Health	121,511
Airport Maintenance - State Department of Transportation	25,000
Airport Maintenance - State Department of Transportation	156,600
Rural Dispatchers Grant - State Emergency Communications Board	63,000
Solid Waste Grant - State Department of Environment and Conservation	19,693
Litter Grant - State Department of Environment and Conservation	37,042
Recycling Equipment Grant - State Department of Environment and and Conservation	20,218
Safe Schools Act - State Department of Education	1,200
Coordinated School Health - State Department of Education	103,547
Tobacco Grant - State Department of Health	<u>15,789</u>
Total State Grants	<u>\$ 1,550,420</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 Not Corrected
June 30, 2008

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, 2007, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.02	166	Expenditures exceeded appropriations

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.03	166	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>
07.04	167	Deficiencies were noted in the operations related to a telephone contract

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.05	168	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
07.06	168	A central system of accounting, budgeting, and purchasing had not been adopted

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CARROLL COUNTY, TENNESSEE
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2008

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.

CARROLL COUNTY

FINDING 08.01 **CARROLL COUNTY DOES NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Carroll County's financial statements be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the county's external auditors, to assist Carroll County in preparing its financial statements and notes as a matter of convenience as long as the county has the skills needed to prepare its financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Carroll County should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's financial

statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Carroll County does not have the resources to produce its financial statements and notes to the financial statements. County management concurs with this finding to the extent that we do not have a person on staff or on contract that is capable of producing external financial statements in compliance with GAAP as defined by the GASB.

County management believes that it should be noted by the users of this financial statement audit that the Government Finance Office's Association (GFOA) Executive Board, on October 19, 2007, released a Recommended Practice for Mitigating the Negative Effects of Statement on Auditing Standards No. 112. In this publication, the GFOA recommended against governments engaging the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported.

The GFOA further recommends that if county management deems that the cost of remedying a significant deficiency or material weakness in its financial reporting system cannot be justified by the benefits to be obtained, it should take care to alert the governing body as early as possible to explain its conclusion.

County management will act upon this recommendation in the near future and alert the County Commission on this matter.

OFFICE OF COUNTY MAYOR

FINDING 08.02 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission in the Juvenile Court (\$6,237) and Other Social, Cultural, and Recreational (\$574) major appropriation categories (the legal level of control) in the General Fund and in the Highways and Streets (\$51) major appropriation category of the Solid Waste/Sanitation Fund. 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." This deficiency exists because management did not hold spending within limits authorized by the County Commission and failed to correct the finding noted in the prior year audit report. This deficiency resulted in unauthorized expenditures.

RECOMMENDATION

County officials should ensure that expenditures are held within appropriations approved by the County Commission.

FINDING 08.03 **DEFICIENCIES WERE NOTED IN THE SALE AND DISPOSAL OF SEVERAL VEHICLES OF THE SHERIFF'S DEPARTMENT** (Noncompliance Under Government Auditing Standards)

During our audit we noted the disposal of ten Sheriff's Department vehicles as follows:

- A. On May 3, 2008, the Sheriff's Department held an auction to sell various confiscated property. Included in this auction were five surplus patrol cars. Chapter 23 of the Private Acts of 1975, as amended, requires the county purchasing agent to sell all surplus county property through a process of competitive bidding. These surplus patrol cars were not sold by the county purchasing agent as required by the county's private act governing the sale of surplus property. The Sheriff's Department was not aware of this requirement until auditors brought it to their attention.

- B. During the period examined, Sheriff's Department deputies participated in a training class involving explosives. The training included placing various explosives in five surplus patrol cars and detonating the explosives. Afterwards, the officers would try to determine what types of explosives were used in the training. Because of the explosions, the vehicles and their parts were rendered unsalvageable. This also violates provisions of Chapter 23, Private Acts of 1975, which requires the county purchasing agent to sell all surplus property.

RECOMMENDATION

All county surplus property should be sold by the county purchasing agent through a competitive bid process as required by Chapter 23 of the Private Acts of 1975, as amended.

FINDING 08.04 **THE OFFICE FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT** (Material Noncompliance Under Government Auditing Standards)

On December 28, 2007, the office entered into a three-year lease-purchase agreement for nine Sheriff's Department vehicles (\$198,575) without the prior approval of the County Commission. Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by resolution of the County Commission. Additionally, the office did not file a Report on Debt Obligation with the state director of Local Finance. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of

the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the costs of issuance. Management advised that they were not aware of the requirements that lease-purchase agreements must be approved by the County Commission and reported to the state director of Local Finance. After we brought this to management's attention in March 2009, a Report on Debt Obligation was filed with the state director of Local Finance.

RECOMMENDATION

Lease-purchase agreements should be approved by the County Commission, and a Report on Debt Obligation should be filed with the state director of Local Finance within 45 days following the issuance of the debt.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Carroll County has been led to believe that if a lease agreement was included in the original budget, there would be no need for a separate resolution. This will be corrected from this point forward. A Report on Debt Obligation has now been filed with the state director of Local Finance.

FINDING 08.05 **DEFICIENCIES WERE NOTED IN THE COLLECTION AND DISPOSITION OF FLEA MARKET BOOTH RENTAL FEES AT THE CIVIC CENTER** (Noncompliance Under Government Auditing Standards)

Our examination revealed the following deficiencies in the collection and disposition of flea market booth rental fees at the Civic Center. These deficiencies are the result of a lack of management oversight and could result in a loss of revenue to the county.

- A. The county's Civic Center operates a flea market and collects booth rental fees and a \$1 fee per day per booth business tax as provided by Section 67-4-709, Tennessee Code Annotated (TCA), for both the county and the City of Huntingdon. The Civic Center director used a portion of the booth rental fees to pay for part-time help at the Civic Center. Because this part-time help was paid in cash (\$2,660), which was not processed through the county's payroll system, applicable payroll taxes were not withheld, reported, and paid on the compensation. In addition, these cash disbursements were not appropriated by the County Commission. Section 5-9-401, TCA, states "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies." After auditors brought this matter to management's attention, the county began paying the part-time help through the General Fund, effective July 2008.

- B. Prenumbered receipts were not issued by the Civic Center for fees collected from flea market booth rentals. Section 9-2-103, TCA, requires official prenumbered receipts for all collections. Since receipts were not prenumbered, we could not determine if all collections had been accounted for.

RECOMMENDATION

Compensation for part-time help should be appropriated by the County Commission and processed through the county's budgetary and payroll systems with all applicable taxes reported. Prenumbered receipts should be issued for all collections as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- (A) This has been corrected.
- (B) Prenumbered receipt books have been ordered and should be in use as of the receiving of this response.
-

OFFICE OF HIGHWAY COMMISSION

FINDING 08.06 **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

**FINDING 08.07 THE OFFICE FAILED TO COMPLY WITH STATE STATUTES
WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT
(Material Noncompliance Under Government Auditing Standards)**

On February 15, 2008, the office entered into a four-year lease-purchase agreement for a 2008 John Deere utility tractor (\$44,721) without the prior approval of the County Commission. Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by resolution of the County Commission. Additionally, the office did not file a Report on Debt Obligation with the state director of Local Finance. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the costs of issuance. Management advised that they were not aware of the requirements that lease-purchase agreements must be approved by the County Commission and reported to the state director of Local Finance. After we brought this to management's attention in March 2009, a Report on Debt Obligation was filed with the state director of Local Finance.

RECOMMENDATION

Lease-purchase agreements should be approved by the County Commission, and a Report on Debt Obligation should be filed with the state director of Local Finance within 45 days following the issuance of the debt.

**FINDING 08.08 THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A
SYSTEM TO ACCOUNT FOR MATERIALS USED ON CERTAIN
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. Sound business practice dictates the accountability of road materials. This deficiency exists because of the failure of management to correct the finding noted in the prior audit report. 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 08.09 THE OFFICE DID NOT PROPERLY ACCOUNT FOR REVENUES RECEIVED FROM 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. As noted in the prior-audit report, 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. The Sheriff's Department stopped submitting invoices for payment in February 2007; however, telephone commissions earned continued to be deposited to the escrow account until July 2008. Section 8-24-103, Tennessee Code Annotated requires that all fees and commissions earned by the Sheriff's Department be remitted to the county on a monthly basis. Commissions deposited to the escrow account during the 2007-08 year totaled \$15,293.12. Securus Technologies began remitting monthly commissions to the Sheriff's Department in August 2008 and closed the escrow account in September 2008 by remitting the balance in the escrow account (\$33,481.04) to the county.

OTHER FINDINGS AND RECOMMENDATIONS

**FINDING 08.10 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF
(Internal Control – 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. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increased the risk of unauthorized transactions.

RECOMMENDATION

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

FINDING 08.11

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. Sound business practice dictates that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

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.