

**ANNUAL FINANCIAL REPORT
CARTER COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

BRYAN BURKLIN, CPA, CGFM
Audit Manager

MARK TREECE, CPA, CGFM
Auditor 4

BRAD BURKE, CPA, CIA
MARIE ELLIOTT, CPA
GREG BRUSH
DAVID FRAKES, CGFM
State Auditors

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

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Audit Highlights

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Expenditures exceeded appropriations in several major appropriation categories (the legal level of control) of the General, Solid Waste/Sanitation, and General Purpose School funds.
- ◆ The actual beginning fund balances at July 1, 2007, exceeded the estimated fund balances of the General, Highway/Public Works, General Debt Service, and General Purpose School funds by material amounts.

SOLID WASTE DEPARTMENT

- ◆ Weaknesses were noted in the operations of the Solid Waste Department, which resulted in the loss of property.

OFFICE OF TRUSTEE

- ◆ The trustee's depository used an unauthorized method of paying county warrants.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Deficiencies existed in the accounting records.
 - ◆ Execution docket trial balances did not reconcile with general ledger accounts.
 - ◆ The office did not review software audit logs.
-

OTHER FINDING

- ◆ Duties were not segregated adequately in the Office of Sheriff and in the Solid Waste Department.

INTRODUCTORY SECTION

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Carter County Officials

June 30, 2008

Officials

Johnny Holder, County Mayor
Jack Perkins, Road Superintendent
Dallas Williams, Director of Schools
Randal Lewis, Trustee
Gerald Holly, Assessor of Property
Mary Gouge, County Clerk
John Paul Mathes, Circuit and General Sessions Courts Clerk
Melissa Moreland, Clerk and Master
Edrie Bristol, Register
Chris Mathes, Sheriff
Jerome Kitchens, Finance Director

Board of County Commissioners

Johnny Holder, County Mayor, Chairman	
William Armstrong	Larry McKinney
Kenneth Arney	R.L. Miller
Roscoe Bayless	Terry Montgomery
Jo Ann Blankenship	Jerry Pearman
Thomas Bowers	Richard Renfro
Nancy Brown	Ernest Ritchie
Jackson Buckles	Harry Sisk
Robert Davis	Louis Tester
Robert Gobble	Richard Tester
Lawrence Hodge	Lynn Tipton
Steve Lowrance	Charles Whaley
Jeff McKinney	

Board of Education

Bobby McClain, Chairman	Chuck Madgett
Bobby Blevins	Lee Morrow
Dale Colbaugh	Jack Pearman
Daniel Holder	Richard Winters

Financial Management Committee

Jo Ann Blankenship, Chairperson	Johnny Holder, County Mayor
Jackson Buckles	Jack Perkins, Road Superintendent
Larry McKinney	Dallas Williams, Director of Schools
Jerry Pearman	

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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
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

April 6, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Carter County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carter 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 Carter County Emergency Communications District, which represent 2.6 percent and two percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carter County Emergency Communications District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of June 30, 2008, and the respective changes in financial position, 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 April 6, 2009, on our consideration of Carter 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., Carter County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, as described in Note V.B., Carter County has adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (discretely presented School Department only); 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.

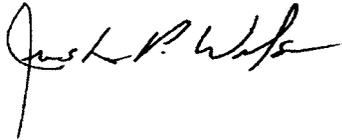
The management of Carter County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and postemployment benefits information for Carter County on pages 81 through 90 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 Carter County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School

Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us 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 by us 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

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BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Governmental Activities	Component Units	
		Carter County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 81,587	\$ 822,538	\$ 467,085
Equity in Pooled Cash and Investments	10,251,691	6,261,571	0
Accounts Receivable	144,529	53,564	77,414
Due from Other Governments	767,503	1,283,792	0
Due from Component Unit	6,500	0	0
Property Taxes Receivable	9,350,869	5,321,642	0
Allowance for Uncollectible Property Taxes	(221,740)	(131,839)	0
Deferred Charges - Debt Issuance Cost	176,676	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	2,002,236	837,258	0
Construction in Progress	1,073,917	295,239	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,057,721	17,987,812	0
Other Capital Assets	791,790	521,408	338,164
Infrastructure	13,038,731	0	0
Total Assets	\$' 41,522,010	\$ 33,252,985	\$ 882,663
<u>LIABILITIES</u>			
Accounts Payable	\$ 225,257	\$ 697,701	\$ 3,614
Accrued Payroll	38,236	170	0
Accrued Interest Payable	4,423	0	0
Payroll Deductions Payable	0	453,248	0
Cash Overdraft	0	10,697	0
Contracts Payable	0	132,205	0
Retainage Payable	0	10,965	0
Deferred Compensation Payable	0	56,950	0
Due to Primary Government	0	6,500	0
Due to State of Tennessee	9,827	0	0
Other Current Liabilities	10,701	763,938	0
Deferred Revenue - Current Property Taxes	8,814,498	4,992,826	0
Noncurrent Liabilities:			
Due Within One Year	1,784,533	423,392	17,403
Due in More Than One Year	12,636,020	3,758,503	8,026
Total Liabilities	\$ 23,523,495	\$ 11,307,095	\$ 29,043

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Carter County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 19,751,733	\$ 17,282,423	\$ 336,600
Restricted for:			
Courthouse and Jail Maintenance	13,691	0	0
Solid Waste/Sanitation	60,283	0	0
Health Department	38,068	0	0
Drug Control	90,486	0	0
Sports and Recreation	13,792	0	0
Highways	1,969,647	0	0
Debt Service	4,993,013	0	0
State and Federal Financial Assistance Programs	0	356,368	0
Alcohol and Drug Treatment	114,740	0	0
Bridge Construction	62,174	0	0
Litigation Tax - General Sessions Judge's Salary	47,162	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	38,053	0	0
Automation Purposes - Constitutional Officers	58,535	0	0
Other Purposes	46,297	0	0
Unrestricted	(9,299,159)	4,307,099	517,020
Total Net Assets (Deficit)	<u>\$ 17,998,515</u>	<u>\$ 21,945,890</u>	<u>\$ 853,620</u>

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

Exhibit B

Carter County, Tennessee
Statement of Activities
 For the Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Primary Government			Component Unit		Total Governmental Activities	Carter County School Department	Emergency Communications District
	Expenses	Charges for Services	Program Revenues	Capital Grants and Contributions	Carter County School Department			
<u>Primary Government:</u>								
<u>Governmental Activities:</u>								
General Government	\$ 1,640,551	\$ 424,999	\$ 53,308	\$ 0	\$ (1,162,244)	\$ 0	\$ 0	\$ 0
Finance	1,495,393	1,183,682	26,332	0	(285,379)	0	0	0
Administration of Justice	1,173,902	1,149,136	51,146	0	26,380	0	0	0
Public Safety	5,466,894	886,000	137,295	0	(4,443,599)	0	0	0
Public Health and Welfare	1,506,509	913,509	557,603	48,421	13,024	0	0	0
Social, Cultural, and Recreational Services	103,114	13,792	0	0	(89,322)	0	0	0
Agriculture and Natural Resources	107,758	0	0	0	(107,758)	0	0	0
Other Operations	764,600	0	75,123	0	(689,477)	0	0	0
Highways	3,593,651	145,683	1,950,513	166,529	(1,330,926)	0	0	0
Education	1,082,820	0	0	0	(1,082,820)	0	0	0
Interest on Long-term Debt	325,629	0	0	0	(325,629)	0	0	0
Debt Service	114,437	0	0	0	(114,437)	0	0	0
Total Primary Government	\$ 17,375,258	\$ 4,716,801	\$ 2,851,320	\$ 214,950	\$ (9,592,187)	\$ 0	\$ 0	\$ 0
<u>Component Units:</u>								
Carter County School Department	\$ 47,572,594	\$ 1,358,532	\$ 7,641,820	\$ 804,827	\$ 0	\$ (37,767,415)	\$ 0	\$ 0
Emergency Communications District	799,450	768,028	175,355	0	0	0	0	143,933
Total Component Unit	\$ 48,372,044	\$ 2,126,560	\$ 7,817,175	\$ 804,827	\$ 0	\$ (37,767,415)	\$ 143,933	\$ 143,933

(Continued)

Exhibit B

Carter County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Primary Government			Component Unit		
	Expenses	Program Revenues		Carter County School Department	Emergency Communications District	
		Charges for Services	Operating Grants and Contributions			
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 4,985,184	\$	0
Property Taxes Levied for Debt Service Purposes				0		0
Local Option Sales Taxes				3,367,260		0
Franchise Taxes				0		0
Litigation Tax - General				0		0
Litigation Tax - Jail, Workhouse, or Courthouse				0		0
Litigation Tax - Special				0		0
Hotel/Motel Tax				0		0
Business Tax				0		0
Mineral Severance Tax				0		0
Wholesale Beer Tax				0		0
Other Local Taxes				0		0
Grants and Contributions Not Restricted to Specific Programs				4,499		0
Unrestricted Investment Income				29,161,058		0
Miscellaneous				46,093		1,961
Total General Revenues				250,196		3,600
				\$ 37,814,290	\$	5,561
Change in Net Assets				\$ 46,875	\$	149,494
Net Assets, July 1, 2007				21,899,015		704,126
Net Assets, June 30, 2008				21,945,890	\$	853,620

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

Exhibit C-1

Carter County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
ASSETS					
Cash	\$ 68,583	\$ 0	\$ 0	\$ 13,004	\$ 81,587
Equity in Pooled Cash and Investments	3,470,982	1,656,254	4,895,309	229,146	10,251,691
Accounts Receivable	64,908	9,238	27,609	42,774	144,529
Due from Other Governments	447,689	319,814	0	0	767,503
Due from Other Funds	13,871	15,420	0	0	29,291
Due from Component Units	0	6,500	0	0	6,500
Property Taxes Receivable	5,589,117	756,135	3,005,617	0	9,350,869
Allowance for Uncollectible Property Taxes	(141,111)	(17,740)	(62,889)	0	(221,740)
Total Assets	\$ 9,514,039	\$ 2,745,621	\$ 7,865,646	\$ 284,924	\$ 20,410,230
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 118,456	\$ 57,169	\$ 0	\$ 43,509	\$ 219,134
Accrued Payroll	26,169	5,250	0	6,817	38,236
Due to Other Funds	21,542	0	0	13,872	35,414
Due to State of Tennessee	9,827	0	0	0	9,827
Other Current Liabilities	6,295	0	0	4,406	10,701
Deferred Revenue - Current Property Taxes	5,232,733	713,555	2,868,210	0	8,814,498
Deferred Revenue - Delinquent Property Taxes	180,493	20,827	62,479	0	263,799
Other Deferred Revenues	251,279	165,557	0	0	416,836
Total Liabilities	\$ 5,846,794	\$ 962,358	\$ 2,930,689	\$ 68,604	\$ 9,808,445
Fund Balances					
Reserved for Encumbrances	\$ 62,174	\$ 0	\$ 0	\$ 24,421,500	\$ 24,483,674
Reserved for Alcohol and Drug Treatment	114,740	0	0	0	114,740
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	38,053	0	0	0	38,053
Reserved for Sexual Offender Registration	9,222	0	0	0	9,222
Reserved for Courtroom Security	14,875	0	0	0	14,875
Reserved for Computer System - Register	29,724	0	0	0	29,724
Reserved for Automation Purposes - Circuit Court	552	0	0	0	552
Reserved for Automation Purposes - General Sessions Court	3,476	0	0	0	3,476
Reserved for Automation Purposes - Juvenile Court	1,924	0	0	0	1,924
Reserved for Automation Purposes - Chancery Court	2,048	0	0	0	2,048
Reserved for Automation Purposes - Sheriff	20,811	0	0	0	20,811
Reserved for Other General Purposes	69,362	0	0	0	69,362
Unreserved, Reported In:					
General Fund	3,300,284	0	0	0	3,300,284
Special Revenue Funds	0	1,783,263	0	216,320	1,999,583
Debt Service Funds	0	0	4,934,957	0	4,934,957
Capital Projects Funds (Deficit)	0	0	0	(24,421,500)	(24,421,500)
Total Fund Balances	\$ 3,667,245	\$ 1,783,263	\$ 4,934,957	\$ 216,320	\$ 10,601,785
Total Liabilities and Fund Balances	\$ 9,514,039	\$ 2,745,621	\$ 7,865,646	\$ 284,924	\$ 20,410,230

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

Exhibit C-2

Carter 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)		\$ 10,601,785
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,002,236	
Add: construction in progress	1,073,917	
Add: infrastructure net of accumulated depreciation	13,038,731	
Add: buildings and improvements net of accumulated depreciation	4,057,721	
Add: other capital assets net of accumulated depreciation	<u>791,790</u>	20,964,395
(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	\$ (1,081,366)	
Less: other loans payable	(9,945,455)	
Less: capital leases payable	(5,630)	
Add: deferred charges - debt issuance costs	176,676	
Less: compensated absences payable	(778,020)	
Less: landfill closure/postclosure care costs	(2,610,082)	
Less: accrued interest on bonds, notes, and other loans payable	<u>(4,423)</u>	(14,248,300)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>680,635</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ 17,998,515</u>

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

Exhibit C-3

Carter County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 6,905,344	\$ 822,366	\$ 2,223,332	\$ 11,882	\$ 9,962,924
Licenses and Permits	250,570	0	0	0	250,570
Fines, Forfeitures, and Penalties	332,555	0	0	35,997	368,552
Charges for Current Services	120,418	0	0	811,821	932,239
Other Local Revenues	131,991	146,519	498,114	113,985	890,609
Fees Received from County Officials	2,072,747	0	0	0	2,072,747
State of Tennessee	1,136,980	2,113,123	98,872	298,740	3,647,715
Federal Government	437,822	53,879	0	0	491,701
Other Governments and Citizens Groups	286,822	27,532	0	0	314,354
Total Revenues	\$ 11,675,249	\$ 3,163,419	\$ 2,820,318	\$ 1,272,425	\$ 18,931,411
<u>Expenditures</u>					
Current:					
General Government	\$ 1,611,754	\$ 0	\$ 0	\$ 4,951	\$ 1,616,705
Finance	1,479,451	0	0	0	1,479,451
Administration of Justice	1,167,537	0	0	14,067	1,181,604
Public Safety	5,170,835	0	0	25,687	5,196,522
Public Health and Welfare	136,304	0	0	1,386,208	1,522,512
Social, Cultural, and Recreational Services	103,114	0	0	0	103,114
Agriculture and Natural Resources	107,758	0	0	0	107,758
Other Operations	754,646	0	0	9,375	764,021
Highways	81,772	3,048,650	0	0	3,130,422
Debt Service:					
Principal on Debt	4,008	0	1,005,667	0	1,009,675
Interest on Debt	0	0	322,410	0	322,410
Other Debt Service	0	0	104,580	0	104,580
Capital Projects	41,995	0	0	242,104	284,099
Capital Projects - Donated	0	0	0	1,082,820	1,082,820
Total Expenditures	\$ 10,659,174	\$ 3,048,650	\$ 1,432,657	\$ 2,765,212	\$ 17,905,693
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,016,075	\$ 114,769	\$ 1,387,661	\$ (1,492,787)	\$ 1,025,718
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,024,700	\$ 1,024,700
Other Loans Issued	0	0	0	300,224	300,224
Insurance Recovery	43,713	1,185	0	0	44,898
Transfers In	0	0	56,600	160,550	217,150
Transfers Out	(217,150)	0	0	0	(217,150)
Total Other Financing Sources (Uses)	\$ (173,437)	\$ 1,185	\$ 56,600	\$ 1,485,474	\$ 1,369,822
Net Change in Fund Balances	\$ 842,638	\$ 115,954	\$ 1,444,261	\$ (7,313)	\$ 2,395,540
Fund Balance, July 1, 2007	2,824,607	1,667,309	3,490,696	223,633	8,206,245
Fund Balance, June 30, 2008	\$ 3,667,245	\$ 1,783,263	\$ 4,934,957	\$ 216,320	\$ 10,601,785

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

Carter 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)		\$ 2,395,540
<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	\$ 439,134	
Less: current year depreciation expense	<u>(849,305)</u>	(410,171)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: book value of assets disposed		(2,391)
<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	\$ 680,635	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(848,865)</u>	(168,230)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, 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 effect of these differences in the treatment of long-term debt related items:</p>		
Less: note proceeds	\$ (1,024,700)	
Less: other loans proceeds	(300,224)	
Less: change in deferred debt issuance costs	(9,857)	
Add: principal payments on notes	56,667	
Add: principal payments on other loans	949,000	
Add: principal payments on capital leases	<u>4,008</u>	(325,106)
<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 the governmental funds.</p>		
Change in accrued interest payable	\$ (3,219)	
Change in compensated absences payable	(167,938)	
Change in landfill closure/postclosure care costs	<u>69,438</u>	(101,719)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,387,923</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,646,693
Equity in Pooled Cash and Investments	147,143
Accounts Receivable	11,176
Due from Other Governments	898,638
Due from Other Funds	6,123
Property Taxes Receivable	1,836,452
Allowance for Uncollectible Property Taxes	<u>(45,497)</u>
Total Assets	<u>\$ 4,500,728</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,836,736
Due to Litigants, Heirs, and Others	<u>1,663,992</u>
Total Liabilities	<u>\$ 4,500,728</u>

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

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CARTER COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carter 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 Carter County:

A. Reporting Entity

Carter County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Carter 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 Carter 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 Carter County School Department operates the public school system in the county, and the voters of Carter County elect its board. 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 Carter County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carter County, and the Carter 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 Carter 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 Carter County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Carter County Emergency Communications District
116 Holston Avenue
Elizabethton, TN 37644

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. However, the primary government of Carter County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Carter 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.

Carter County issues most debt for the discretely presented Carter County School Department. Net debt issues of \$804,827 and \$277,993 were contributed by the county to the School Department and the Elizabethton City School System, respectively, during the year ended June 30, 2008.

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Carter 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. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Carter County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Carter 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.

Carter 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.

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

Additionally, Carter County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources to be used in the acquisition or construction of major capital projects.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Carter County, and the city school system’s share of educational revenues. 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 Carter 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.

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

Additionally, the Carter County School Department reports the following fund type:

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

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 and the discretely presented Carter 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 Debt Service Fund. Carter County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and

Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.31 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.

Most payables are disaggregated on the face of the financial statements. The balance of \$132,205 in the Contracts Payable account on the Statement of Net Assets for the discretely presented School Department represents amounts due to contractors on construction contracts for percentage completed. Other Current Liabilities reflected in the General Fund represent contractor's deposits relating to the HOME Investment Partnerships Program Grant. Other Current Liabilities reflected in the Drug Control Fund represent asset seizures that have not been awarded to the county at June 30, 2008.

The balance in the account Other Current Liabilities (\$763,938) on the Statement of Net Assets for the School Department represents the remaining balance in the teachers' insurance clearing account. The School Department reports amounts held for flexible benefits in the Deferred Compensation Payable Account.

Retainage payable in the School Department funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the governmental funds.

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 in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 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 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	40
Other Capital Assets	5-10
Infrastructure	40

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Carter County does not have a policy to pay any amounts when employees separate from service with the government. 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 School Department has various policies related to vacation and sick leave benefits. Certain employees of the School Department are allowed to accumulate unused vacation benefits, but are only paid for 40 days of their unused vacation leave upon termination. The School Department, in accordance with contract provisions, allows all certified personnel to accumulate an unlimited amount of earned but unused sick leave benefits, which will be paid to employees at a rate of \$14 per day upon retirement. A liability for these benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Non-certified employees are allowed to accumulate earned but unused sick leave benefits. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts to these employees when they separate from service with the government.

5. Long-term Obligations

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

netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2008, Carter County had \$9,699,170 in outstanding debt for capital purposes for the discretely presented Carter County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Elizabethton School System) based on an average daily attendance proration. This debt is a liability of Carter County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Elizabethton

School System. Therefore, Carter County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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 Purpose School:	
Extended School Program	\$ 101,763

On the Balance Sheet – Governmental Funds (Exhibit C-1), the account Reserved for Other General Purposes consists of reserves in the General Fund for litigation tax used to supplement the General Sessions Court judge's salary and unexpended state grant funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Discretely Presented Carter 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 with 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 change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Carter 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 Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficits

The General Capital Projects Fund had a deficit in unreserved fund balance of \$24,421,500 at June 30, 2008. This deficit resulted from the recognition of

the unperformed portion of construction contracts totaling \$24,421,500 being reserved as encumbrances in the financial statements of this report. Funding for these future expenditures is being provided by the issuance of other loans.

The School Federal Projects Fund of the discretely presented Carter County School Department had a deficit in unreserved fund balance of \$1,893 at June 30, 2008. This deficit resulted from not filing requests for reimbursements on a timely basis for certain federal programs. The deficit was liquidated subsequent to June 30, 2008.

The Other Education Special Revenue Fund of the discretely presented Carter County School Department had a deficit in unreserved fund balance of \$11,298 at June 30, 2008. The fund deficit was liquidated subsequent to June 30, 2008.

The Education Capital Projects Fund of the discretely presented Carter County School Department had a deficit in unreserved fund balance of \$854,413 at June 30, 2008. This fund deficit resulted from the recognition of the unperformed portion of construction contracts of \$1,415,691 being reserved as encumbrances in the financial statements of this report. Funding for these future expenditures will be provided for through the issuance of loans.

C. Cash Overdraft

The discretely presented School Department's Other Education Special Revenue Fund had a cash overdraft of \$10,697 at June 30, 2008. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2008.

D. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations in several major appropriation categories (the legal level of control) in the following funds:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General Fund:	
County Attorney	\$ 677
Drug Court	12,642
Other Public Safety	200
Tourism	11,919
Miscellaneous	5,268

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
-------------------------------------	-----------------------------

Primary Government (Cont.)

Solid Waste/Sanitation Fund:

Recycling Center	\$	487
Landfill Operation and Maintenance		1,098

Discretely Presented School Department

General Purpose School Fund:

Operation of Plant	32,863
Community Services	17,078
Principal on Debt - Education	7,763

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

E. Actual Beginning Fund Balances Exceeded Estimated Fund Balances by Material Amounts

The General, Highway/Public Works, General Debt Service, and General Purpose School funds' actual beginning fund balances at July 1, 2007, exceeded the estimated fund balances presented to the County Commission by the amounts noted below.

<u>Fund</u>	<u>Actual Fund Balance 7-1-07</u>	<u>Estimated Fund Balance 7-1-07</u>	<u>Variance</u>
General	\$ 2,720,968	\$ 386,377	\$ 2,334,591
Highway/Public Works	1,667,309	662,182	1,005,127
General Debt Service	3,490,696	68,236	3,422,460
General Purpose School	3,163,047	1,401,018	1,762,029

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Carter County and the Carter County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets

or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2008, Carter County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot

be made for Carter County and the discretely presented Carter County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 10,566,699

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Carter County has no investment policy that would further limit its investment choices. As of June 30, 2008, Carter County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 2,002,236	\$ 0	\$ 0	\$ 2,002,236
Construction in Progress	873,053	200,864	0	1,073,917
Total Capital Assets Not Depreciated	\$ 2,875,289	\$ 200,864	\$ 0	\$ 3,076,153
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,830,385	\$ 0	\$ 0	\$ 6,830,385
Roads and Bridges	17,546,028	65,141	0	17,611,169
Other Capital Assets	2,696,477	173,129	(28,700)	2,840,906
Total Capital Assets Depreciated	\$ 27,072,890	\$ 238,270	\$ (28,700)	\$ 27,282,460

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,602,560	\$ 170,104	\$ 0	\$ 2,772,664
Roads and Bridges	4,132,159	440,279	0	4,572,438
Other Capital Assets	1,836,503	238,922	(26,309)	2,049,116
Total Accumulated Depreciation	<u>\$ 8,571,222</u>	<u>\$ 849,305</u>	<u>\$ (26,309)</u>	<u>\$ 9,394,218</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,501,668</u>	<u>\$ (611,035)</u>	<u>\$ (2,391)</u>	<u>\$ 17,888,242</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,376,957</u>	<u>\$ (410,171)</u>	<u>\$ (2,391)</u>	<u>\$ 20,964,395</u>

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

Governmental Activities:

General Government	\$ 37,211
Public Safety	148,305
Public Health and Welfare	46,438
Highways	<u>617,351</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 849,305</u>

Discretely Presented Carter County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
	<hr/>		<hr/>
Capital Assets Not Depreciated:			
Land	\$ 837,258	\$ 0	\$ 837,258
Construction in Progress	0	295,239	295,239
Total Capital Assets Not Depreciated	<hr/>		<hr/>
	\$ 837,258	\$ 295,239	\$ 1,132,497
Capital Assets Depreciated:			
Buildings and Improvements	\$ 38,395,785	\$ 222,499	\$ 38,618,284
Other Capital Assets	3,247,851	663,588	3,911,439
Total Capital Assets Depreciated	<hr/>		<hr/>
	\$ 41,643,636	\$ 886,087	\$ 42,529,723
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 19,944,777	\$ 685,695	\$ 20,630,472
Other Capital Assets	3,060,620	329,411	3,390,031
Total Accumulated Depreciation	<hr/>		<hr/>
	\$ 23,005,397	\$ 1,015,106	\$ 24,020,503
Total Capital Assets Depreciated, Net	<hr/>		<hr/>
	\$ 18,638,239	\$ (129,019)	\$ 18,509,220
Governmental Activities Capital Assets, Net	<hr/>		<hr/>
	\$ 19,475,497	\$ 166,220	\$ 19,641,717

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

Governmental Activities:

Instruction	\$ 689,219
Support Services	291,139
Operation of Non-Instructional Services	<u>34,748</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,015,106</u>

C. Construction Commitments

At June 30, 2008, the General Fund had uncompleted construction contracts of approximately \$62,174 for the construction of two bridges. Funding has been received for these future expenditures. Carter County also had uncompleted jail construction contracts of \$24,421,500 in the General Capital Projects Fund. Funding for these future expenditures is being provided by the issuance of other loans.

At June 30, 2008, the discretely presented Carter County School Department had uncompleted school renovation projects of \$1,415,691. Funding of \$561,278 has been received. Funding for the remainder of the project (\$854,413) is expected to be provided from loan proceeds.

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>
Primary Government:		
General	Nonmajor governmental	\$ 13,871
Highway/Public Works	General	15,420
Agency	General	6,123
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	19

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

Due to/from Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Highway/Public Works	Component unit: School Department: General Purpose School	\$ 6,500

Interfund Transfers:

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

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 56,600	\$ 160,550

Discretely Presented Carter County School Department

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Purpose School Fund	\$ 43,344

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

E. Capital Lease

Primary Government

On September 24, 2003, Carter County entered into a six-year lease-purchase agreement for a van. The terms of the agreement require total lease payments of \$24,000 at zero percent interest. Title to the van transfers to Carter County at the end of the lease period. The lease payments are made from the General Fund.

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	\$ 4,008
2010	1,622
Total Minimum Lease Payments	\$ 5,630
Amount Representing Interest	0
Present Value of Minimum Lease Payments	<u>\$ 5,630</u>

Discretely Presented Carter County School Department

On November 25, 2002, the School Department entered into a 15-year capital lease agreement to upgrade heating and electrical systems. The terms of the agreement require total lease payments of \$3,200,000 plus interest of 5.8 percent. Title to the equipment transfers to the School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

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	\$ 334,330
2010	334,331
2011	334,331
2012	334,331
2013	334,330
2014-2018	1,362,100
Total Minimum Lease Payments	\$ 3,033,753
Amount Representing Interest	(680,434)
Present Value of Minimum Lease Payments	<u>\$ 2,353,319</u>

F. Long-term Debt

Primary Government

Notes and Other Loans

The county issues 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.

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 12 years for notes and up to 28 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. All notes and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-08</u>
Capital Outlay Notes	3.49 to 4.25 %	\$ 1,194,700	\$ 1,081,366
Other Loans	Variable	35,050,000	9,945,455
Capital Lease	0	24,000	5,630

Carter County entered into loan agreements with the Montgomery County Public Building Authority. These loan agreements provided for the authority to make a total of \$35,050,000 available to Carter County on an as-needed basis for various renovation and construction projects for the county and the Carter County School Department. At June 30, 2008, \$16,096,455 has been drawn. The balance (\$18,953,545) remains available for future draws under the loan agreements. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, administrator, and debt remarketing) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2008.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees 6-30-08
<u>Montgomery County Public</u>					
<u>Building Authority</u>					
Montgomery County PBA Loan Program	\$ 9,000,000	\$ 4,384,000	Variable	1.49 %	0.60 %
Montgomery County PBA Loan Program	3,500,000	2,185,000	Variable	1.49	0.53
Montgomery County PBA Loan Program	4,550,000 (1)	2,105,470	Variable	1.39	0.70
Montgomery County PBA Loan Program	18,000,000 (2)	<u>1,270,985</u>	Variable	1.39	0.49
Total		<u>\$ 9,945,455</u>			

(1) \$2,224,530 remains available for draws under this loan agreement.

(2) \$16,729,015 remains available for draws under this loan agreement.

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. The amount for the loans does not include the \$18,953,545, which has not yet been drawn by the county.

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 126,882	\$ 38,170	\$ 165,052
2010	72,666	33,312	105,978
2011	75,202	30,776	105,978
2012	77,827	28,151	105,978
2013	80,543	25,435	105,978
2014-2018	446,892	82,995	529,887
2019-2020	201,354	10,601	211,955
Total	<u>\$ 1,081,366</u>	<u>\$ 249,440</u>	<u>\$ 1,330,806</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 1,349,000	\$ 144,811	\$ 61,542	\$ 1,555,353
2010	1,409,000	125,182	53,130	1,587,312
2011	1,475,000	104,678	44,347	1,624,025
2012	1,293,985	83,211	35,155	1,412,351
2013	1,190,000	64,215	27,281	1,281,496
2014-2018	2,460,000	124,181	57,059	2,641,240
2019-2023	768,470	30,667	15,412	814,549
Total	\$ 9,945,455	\$ 676,945	\$ 293,926	\$ 10,916,326

There is \$4,934,957 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes, the capital lease, and other loans, totaled \$194, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Notes	Other Loans	Capital Lease
Balance, July 1, 2007	\$ 113,333	\$ 10,594,231	\$ 9,638
Additions	1,024,700	300,224	0
Deductions	(56,667)	(949,000)	(4,008)
Balance, June 30, 2008	\$ 1,081,366	\$ 9,945,455	\$ 5,630
Balance Due Within One Year	\$ 126,882	\$ 1,349,000	\$ 4,008

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2007	\$ 610,082	\$ 2,679,520
Additions	556,461	41,500
Deductions	(388,523)	(110,938)
Balance, June 30, 2008	\$ 778,020	\$ 2,610,082
Balance Due Within One Year	\$ 194,505	\$ 110,138

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 14,420,553
Less: Balance Due Within One Year	<u>(1,784,533)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,636,020</u>

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

Discretely Presented Carter County School Department

Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

The capital outlay note is a direct obligation and pledges the full faith and credit of the government. The capital outlay note outstanding was issued for an original term of 18 years. The note included in long-term debt as of June 30, 2008, will be retired from the General Purpose School Fund.

The capital outlay note and capital lease outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Note	0 %	\$ 199,164	\$ 5,975
Capital Lease	5.8	3,200,000	2,353,319

The annual requirements to amortize the note outstanding as of June 30, 2008, are presented in the following table:

Year Ending June 30	Note
2009	\$ 5,975

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Note	Capital Lease
Balance, July 1, 2007	\$ 17,040	\$ 2,544,918
Deductions	(11,065)	(191,599)
Balance, June 30, 2008	<u>\$ 5,975</u>	<u>\$ 2,353,319</u>
Balance Due Within One Year	<u>\$ 5,975</u>	<u>\$ 203,009</u>

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2007	\$ 670,465	\$ 0
Additions	180,056	1,790,000
Deductions	(94,860)	(723,060)
Balance, June 30, 2008	<u>\$ 755,661</u>	<u>\$ 1,066,940</u>
Balance Due Within One Year	<u>\$ 214,408</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 4,181,895
Less: Balance Due Within One Year	<u>(423,392)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,758,503</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School Fund.

G. On-Behalf Payments - Discretely Presented Carter County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carter 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 \$267,203 and \$48,163, 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

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

The county continues to carry commercial insurance for employee health and accident. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Discretely Presented Carter County School Department

The discretely presented Carter County School Department has purchased commercial insurance for the risks of general liability, property, casualty, and workers' compensation losses. Settled claims have not exceeded commercial insurance coverage for these losses in either of the past two years.

The discretely presented Carter County School Department provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local government and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

B. **Accounting Changes**

At the beginning of the year, Carter County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, Carter County had elected

only to implement the provisions of Statement No. 34 that related to the fund financial statements.

Provisions of GASB 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. Also, provisions of Statement No. 45. were implemented for the discretely presented Carter County School Department 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. Carter County and the discretely presented Carter County School Department are required to implement the provisions of GASB Statement No. 45 for the year ending June 30, 2009. However, the Carter County School Department decided to implement GASB Statement No. 45 for the year ended June 30, 2008. In previous years, the Carter 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.

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 receivables or sale of future revenue will not apply to Carter County. GASB Statement No. 48 had no effect on the financial statements of Carter 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 Carter 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 other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Carter County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

During August 2008, the sheriff filed a lawsuit for a departmental budget increase of \$856,812 for the 2008-09 year. The trial date has not been set.

On August 31, 2008, Gerald Holly left the Office of Assessor of Property and was succeeded by Ronnie Taylor.

On October 7, 2008, Carter County issued capital outlay notes totaling \$107,000 for landfill equipment.

On January 20, 2009, the Carter County Commission approved the issuance of loans not to exceed \$8,000,000 for the construction of a new jail. The loans had not been issued as of the date of this report.

D. Contingent Liabilities

The county is involved in several pending lawsuits. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements. However, the sheriff's budgetary lawsuit filed subsequent to June 30, 2008, and discussed in Note V.C., could materially affect the county's budget and operations for the 2008-09 year if that suit is successful.

E. Landfill Closure/Postclosure Care Costs

The Carter County-Elizabethton Solid Waste Disposal System was a joint venture through which Carter County and the City of Elizabethton jointly operated and maintained a landfill. Closure of the landfill was substantially completed during the 1999-2000 year. Carter County, along with the City of Elizabethton, had entered into a contract in-lieu-of a performance bond with the Tennessee Department of Environment and Conservation to ensure proper closure/postclosure care of the Carter County-Elizabethton Landfill. The amount of this contract, in-lieu-of a performance bond, is \$3,328,125, which Carter County and the City of Elizabethton jointly guarantee.

Operations of the joint venture were discontinued with the closure of the landfill. The liability for postclosure care costs for the next 23 years is reported as a liability in the basic financial statements of Carter County. Carter County plans to pay the postclosure care costs as due and bill the City of Elizabethton for one-half of those costs. The amount of postclosure care costs reflected as a liability on the financial statements at June 30, 2008, was \$2,329,683. This amount is based on estimates of what it would cost to perform all postclosure care in 2008. Actual cost may vary due to inflation, changes in technology, or changes in regulations.

Carter County also operates a class IV landfill with a projected closure date of 2010 and projected postclosure care until 2012. The amount of the estimated closure/postclosure care costs reflected on the financial statements at June 30, 2008, for the class IV landfill was \$280,399.

F. Joint Venture

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the First Judicial District; Carter, Johnson, and Washington 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. Carter 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.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Carter County and the counties of Greene, Hawkins, Johnson, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction's facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Universal Health Services, Inc., to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Carter County's participation is 12.3 percent. The county also pays a daily fee for each individual from the county using the facility.

Complete financial statements for the DTF and the Upper East Tennessee Juvenile Detention Center can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
First Judicial District Drug Task Force
P.O. Box 38
Jonesborough, TN 37659

Upper East Tennessee Regional Juvenile Detention Center
307 Wesley Street
Johnson City, TN 37601

G. Jointly Governed Organizations

Primary Government

Carter County is a participant in the Watauga River Regional Water Authority with the City of Elizabethton, North Elizabethton Utility District, Siam Utility District, Roan Mountain Utility District, and the South Elizabethton Utility District. The authority was created by Chapter 29, Private Acts of 2001, to plan, operate, and maintain a water and wastewater system in Carter County and the City of Elizabethton. The authority is governed by a five-member board of directors consisting of the Carter County mayor or a named designee and one director to be selected by each of the governing bodies of the four individual utility districts.

Discretely Presented Carter County School Department

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Carter County, Bristol City, Carter County, Elizabethton City, Cartersville City, Carter County, Hamblen County, Hancock County, Carter County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Sullivan County, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a Board of Control, consisting of one board member and the director of schools from each of the systems. The executive committee consists of the chairman and vice chairman of the Board of Control and the director of schools. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative has entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. All members of the Upper East Tennessee Cooperative are members of the Northeast Tennessee Cooperative, except Elizabethton City, Hancock County, Kingsport City, Unicoi County, and Washington County systems. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts, and an Executive Council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the Representative Committee.

H. Retirement Commitments

Employees

Plan Description

Employees of Carter 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 Carter 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

Carter County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 13.48 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Carter County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Carter County's annual pension cost of \$1,370,677 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. Carter 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.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,370,677	100%	\$0
6-30-07	1,445,610	100	0
6-30-06	1,221,116	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 88.25 percent funded. The actuarial accrued liability for benefits was \$30.35 million, and the actuarial value of assets was \$26.78 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.57 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9.72 million, and the ratio of the UAAL to the covered payroll was 36.66 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 Carter 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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$1,327,624, \$1,255,638 and \$1,088,526, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Primary Government

In addition to the retirement commitments described above, Carter County provides postemployment health care benefits through commercial insurance to all employees who retire from the county. To be eligible for benefits, the retired employee must be age 55 with at least 30 years of service, or have ten years of service and be over the age of 60. Benefits are paid until the retirees reach age 65, provided they are not covered under another health insurance plan. Carter County currently pays health care benefits for 14 retirees. During the year, expenditures of \$68,787 were recognized in the General Fund for retirees' health care benefits.

Discretely Presented Carter County School Department

As discussed in Note V.B., the Carter County School Department early implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Plan Description

The 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 benefits OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for teachers. 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 employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of

service for post-65 teachers in the Medicare Supplement Plan. The School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. During the year ended June 30, 2008, the discretely presented School Department contributed \$723,060 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 1,790,000
Interest on the NPO	0
Adjustment to the ARC	0
	<hr/>
Annual OPEB cost	\$ 1,790,000
Amount of contribution	(723,060)
	<hr/>
Increase/decrease in NPO	\$ 1,066,940
Net OPEB obligation, 7-1-07	0
	<hr/>
Net OPEB obligation, 6-30-08	<u>\$ 1,066,940</u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-08	Local Education Group	\$ 1,790,000	40 %	\$ 1,066,940

* Data not available for two preceding years.

Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 14,953,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 14,953,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 26,179,009
UAAL as a % of covered payroll	57%

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

Actuarial Methods and Assumptions

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

In the 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 percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Termination Benefits

The discretely presented Carter County School Department has entered into a retirement incentive bonus payment plan, in accordance with contract provisions. This plan is available to all certified teachers who are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last five years preceding retirement having been in the Carter County School System. The plan gives teachers who have met the above requirements and are between the ages of 62 to 65, a one-time bonus, of between \$2,000 to \$5,000 when the employee retires. Twenty-four employees participated in the program during the 2007-08 fiscal year receiving bonuses totaling \$148,658. These bonuses were paid from the General Purpose School Fund.

K. Office of Central Accounting and Budgeting

Office of Director of Finance

Carter County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

L. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Carter County. Purchases exceeding \$10,000 are required to be competitively bid.

VI. OTHER NOTES - DISCRETELY PRESENTED CARTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The financial statements of the Carter County Emergency Communications District 911 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies of the district are described as follows.

The district is a component unit of Carter County, Tennessee. These financial statements are limited to the district and not to Carter County, Tennessee as a whole.

1. Nature of Activities

The Carter County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for residents of Carter County. The district is funded primarily through service charges levied on land line based and cellular telephone service. The district operates under the legislative declaration and intent of the "Emergency Communications District Law," which was authorized by Tennessee Code Annotated, Section 7-86-102.

Carter County Emergency Communications District is a component unit of Carter County. The governing body of the Carter County Emergency Communications District is appointed by the Carter County Board of Commissioners. Before the issuance of most debt instruments, the district must obtain the approval of the County Commissioners.

2. Basis of Accounting

All activities of the district are accounted for within a single proprietary fund. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the district are surcharges applied to tele-communications and charges for alarm monitoring. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting and financial reporting treatment applied to the district is determined by its measurement focus. The district's transactions are accounted for on a flow of economic resources measurement focus. Based on this measurement focus, all assets and liabilities associated with the operations are included on the balance sheet. Net assets are segregated into "invested in capital assets, net of related liabilities" and "unrestricted" components.

3. Deposits

a. Definition of Cash

For the purposes of the Statement of Cash Flows, the district considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents regardless of restrictions. Commercial bank certificates of deposits with initial maturities exceeding three months are not considered cash equivalents.

b. Cash Deposits with Financial Institutions:

Cash on the balance sheet includes two demand deposits in one local bank.

	<u>Carrying Amount</u>		<u>Bank Balance</u>
Total Deposits, June 30, 2008	\$ 467,085	\$	509,077

All bank balances were covered throughout the year by federal depository insurance or the State of Tennessee Bank Collateral Pool. State statute requires all deposits with financial institutions to be insured or collateralized in an amount not less than 105 percent of the market value.

At year-end, there were no investments. Established policies require the district to follow the investment policies utilized by Carter County, Tennessee.

4. Surcharges Receivable

The Carter County Emergency Communications District 911 was due surcharge revenue of \$35,907 from Embarq and wireless surcharge revenue of \$41,206 from the State of Tennessee Communications Board. This represents surcharges billed as of June 2008. The total was received and deposited during the following fiscal year.

5. Accrued Expenses

Accrued expenses for Carter County Emergency Communications District 911 consisted of payables for employee benefits/payroll taxes.

Carter County Emergency Communications District 911 has the following policy concerning accrued leave and vacation. Sick leave is accumulated at a rate of eight hours per month to be used after

completion of the six-months probation period. There is no limit on the amount of accumulated sick leave an employee can accrue. Accumulated sick leave can be credited toward service time for retirement, but is not paid should an employee leave before retirement. Vacation pay is accrued and payable at a rate of ten hours per month after an employee completes six months. Accrued vacation is paid when an employee leaves before retirement. Total accrued leave equaled \$23,864 at June 30, 2008.

6. Donated Use of Space

Use of facilities is provided by Carter County at a cost of \$1 per year. Fair market value of the donated space and related occupancy expenses are reflected in the financial statements based on the estimated rental value per square foot of \$2.01 multiplied by 4,997 total square feet occupied. The annual rental equivalent is estimated at \$10,045.

7. Estimates

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.

8. Rental Income

An agreement made between the Carter County Emergency Communications District 911 and the Carter County Red Cross stipulates that a portion of the building can be used by the Red Cross at a rate of \$300 per month. The monies assist in offsetting utility expenses and at times are complimentary to the mission of the district.

B. Capital Assets

Capital assets are stated at cost. Depreciation of all exhaustible capital assets is recorded as an expense and accumulated depreciation is reported on the balance sheet. Expenditures for maintenance and repairs, which do not improve or extend the life of the asset, are charged to expense as incurred. Other assets include computer software and the contract for addressing and mapping. Amortization is also recorded as an expense and accumulated amortization is reported in the Other Asset section.

Depreciation and amortization of assets are recorded using the straight-line method with the following useful lives:

Building Renovations	20
Computer Equipment	5
Heating and Air Conditioning Equipment	10
Office Furniture and Equipment	5-7
Radio Consoles	10
Radio Communications System	10
Other Equipment	3-5
Computer Software	5
Addressing and Mapping Contract	5

Capital assets activity during the year was as follows:

	Balance 7-1-07	Additions	Balance 6-30-08
Capital assets being depreciated:			
Leasehold improvements	\$ 57,639	\$ 4,100	\$ 61,739
Furniture and fixtures	17,422	0	17,422
Office equipment	23,180	0	23,180
Communication equipment	606,155	42,994	649,149
Vehicles	20,641	0	20,641
Addressing and mapping	97,547	0	97,547
Computer software	24,562	0	24,562
Other capital assets	16,925	0	16,925
Total capital assets being depreciated	\$ 864,071	\$ 47,094	\$ 911,165
Less accumulated depreciation:			
Leasehold improvements	\$ 44,809	\$ 2,623	\$ 47,432
Furniture and fixtures	12,074	1,459	13,533
Office equipment	22,997	184	23,181
Communication equipment	304,459	44,222	348,681
Vehicles	20,641	0	20,641
Addressing and mapping	74,147	3,900	78,047
Computer software	24,562	0	24,562
Other capital assets	16,925	0	16,925
Total accumulated depreciation	\$ 520,614	\$ 52,388	\$ 573,002
Total capital assets being depreciated, net	\$ 343,457	\$ (5,294)	\$ 338,163

C. Budgetary Accounting

A budget is adopted annually by the board of directors as required by Tennessee Code Annotated, Title 7, Chapter 86, Part I. The board estimates the anticipated revenues from all sources. Each expenditure is evaluated to determine the estimated needs. After the board adopts the budget, it is submitted to both the city and the county for approval prior to the beginning of the budgeted fiscal year. The board receives a monthly analysis comparing actual revenue and expenditures to the budgeted amounts. Amendments were approved by the board as variances were discovered. The amounts reported on the budgetary schedule reflect the amounts of the final amended budget.

The district's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenses are recorded on the full accrual basis.

D. Risk Financing

It is the policy of the Carter County Emergency Communications District 911 to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, workers' compensation, and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

E. Retirement Commitments

1. Plan Description

Employees of Carter County Emergency Communications District 911 are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS).

TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and

members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Carter County Emergency Communications District 911 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 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>.

2. Funding Policy

Carter County Emergency Communications District 911 has adopted a noncontributory plan for its employees by assuming employee contributions up to five percent of annual covered payroll.

Carter County Emergency Communications District 911 is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 13.16 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Carter County Emergency Communications District 911 is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ending June 30, 2008, Carter County Emergency Communications District's annual pension cost of \$41,869 to TCRS was equal to Carter County Emergency Communications District's required and actual contributions.

The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen initial liability 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 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. Carter 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 18 years. An actuarial valuation was performed as of July 1, 2007, which was 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	\$ 41,869	100%	\$ 0
6-30-07	34,433	100	0
6-30-06	32,412	100	0
6-30-05	30,131	100	0
6-30-04	28,099	100	0
6-30-03	16,028	100	0

4. Funding Status and Funding Progress for Carter County Emergency Communications District 911

As of July 1, 2007, the most recent actuarial valuation date, the plan was 64.94 percent funded. The actuarial accrued liability for benefits was \$.47 million, and the actuarial value of assets was \$.31 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.16 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.27 million, and the ratio of the UAAL to the covered payroll was 62.13 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.

F. Deferred Compensation Plan

A Section 457 Deferred Compensation Plan is maintained for employees who desire to make tax deferred contributions up to the maximum allowed by the Internal Revenue Code. Plan assets are held in a separate trust for benefit of the individual employee participants.

G. CAD Access Fee

The district receives \$150 a month from Carter County for high-speed access to the CAD database. The information contained in this database is a valuable resource for the area law enforcement organizations.

H. Leases

Capital Leases

The district leases equipment from Patriot Public Finance under a capital lease. The economic substance of the lease is that the district finances the acquisition of the assets through the lease, and, accordingly, it is recorded in the district's assets and liabilities.

An audiolog recorder and related accessories, and licenses were acquired in October 2003 for \$18,619. This equipment is included in the capital asset account, "Communications Equipment." Related accumulated depreciation is \$1,861.

The lease agreement contains a bargain option at the end of the lease term of \$1. The term of the lease is 60 months with an interest rate of 10.13 percent. Monthly payments are \$399. The following schedule is a summary of the payment schedule by year:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,564	\$ 33

I. Net Assets

Net asset classification is comprised of two components and is the result of accumulated net earnings from operations, other activities, and contributed capital. "Invested in capital assets, net of related liabilities" consists of all capital assets net of accumulated depreciation and reduced by debt outstanding that is directly related to the purchase, construction, and modifications of those capital assets. The "Unrestricted" component of net assets constitutes all other net assets not included in the aforementioned category of net assets.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Carter 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)	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>Revenues</u>							
Local Taxes	\$ 6,905,344	\$ 0	\$ 0	\$ 6,905,344	\$ 6,702,203	\$ 6,702,203	\$ 203,141
Licenses and Permits	250,570	0	0	250,570	324,400	366,421	(115,851)
Fines, Forfeitures, and Penalties	332,555	0	0	332,555	244,600	244,640	87,915
Charges for Current Services	120,418	0	0	120,418	89,700	97,604	22,814
Other Local Revenues	131,991	0	0	131,991	135,500	366,614	(234,623)
Fees Received from County Officials	2,072,747	0	0	2,072,747	1,848,500	1,858,700	214,047
State of Tennessee	1,136,980	0	0	1,136,980	681,222	750,947	386,033
Federal Government	437,822	0	0	437,822	76,500	206,294	231,528
Other Governments and Citizens Groups	286,822	0	0	286,822	243,431	270,142	16,680
<u>Total Revenues</u>	<u>\$ 11,675,249</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,675,249</u>	<u>\$ 10,346,056</u>	<u>\$ 10,863,565</u>	<u>\$ 811,684</u>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 108,653	\$ 0	\$ 0	\$ 108,653	\$ 81,800	\$ 115,805	\$ 7,152
Board of Equalization	2,819	0	0	2,819	3,325	3,325	506
County Mayor/Executive	166,042	0	0	166,042	172,411	179,128	13,086
County Attorney	54,407	0	0	54,407	22,648	53,730	(677)
Election Commission	221,945	0	0	221,945	251,496	253,672	31,727
Register of Deeds	218,869	0	0	218,869	241,853	252,960	34,091
Planning	239,889	0	0	239,889	261,826	261,826	21,937
County Buildings	599,130	0	0	599,130	571,864	613,411	14,281
Other General Administration	0	0	0	0	500	500	500
<u>Finance</u>							
Accounting and Budgeting	387,568	0	0	387,568	381,718	423,739	36,171
Property Assessor's Office	365,820	0	0	365,820	393,348	393,348	27,528

Exhibit E-1

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General 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>Finance (Cont.)</u>							
Reappraisal Program	\$ 87,447	\$ 0	\$ 0	\$ 87,447	\$ 95,905	\$ 95,905	\$ 8,458
County Trustee's Office	267,013	0	0	267,013	277,070	277,070	10,057
County Clerk's Office	371,603	0	0	371,603	401,874	401,874	30,271
<u>Administration of Justice</u>							
Circuit Court	625,098	0	0	625,098	620,640	630,914	5,816
General Sessions Court	205,272	0	0	205,272	209,087	209,088	3,816
Drug Court	12,642	0	0	12,642	0	0	(12,642)
Chancery Court	271,759	0	0	271,759	276,295	277,465	5,706
Judicial Commissioners	36,295	0	0	36,295	37,949	37,949	1,654
Other Administration of Justice	16,471	0	0	16,471	14,900	19,064	2,593
<u>Public Safety</u>							
Sheriff's Department	2,676,438	0	0	2,676,438	2,540,958	2,680,620	4,182
Jail	1,739,155	0	0	1,739,155	1,876,657	1,868,079	128,924
Juvenile Services	131,292	0	0	131,292	127,639	142,022	10,730
Fire Prevention and Control	267,636	0	0	267,636	277,500	279,234	11,598
Rescue Squad	241,000	0	0	241,000	241,000	241,000	0
Other Emergency Management	106,064	0	0	106,064	83,894	106,729	665
Inspection and Regulation	3,000	0	0	3,000	6,500	6,500	3,500
County Coroner/Medical Examiner	5,100	0	0	5,100	5,800	5,800	700
Other Public Safety	1,150	0	0	1,150	950	950	(200)
<u>Public Health and Welfare</u>							
Local Health Center	0	0	0	0	160,550	0	0
Rabies and Animal Control	37,411	0	0	37,411	58,896	58,896	21,485
Ambulance/Emergency Medical Services	76,712	0	0	76,712	76,712	76,712	0

(Continued)

Exhibit E-1

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General 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>Public Health and Welfare (Cont.)</u>	\$						
Crippled Children Services	20,227	0	0	20,227	20,227	20,227	0
Aid to Dependent Children	1,354	0	0	1,354	1,354	1,354	0
Other Local Welfare Services	600	0	0	600	1,600	1,600	1,000
Other Public Health and Welfare	0	0	0	0	1,425	1,425	1,425
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	44,542	0	0	44,542	44,542	44,542	0
Libraries	31,588	0	0	31,588	31,588	31,588	0
Parks and Fair Boards	22,562	0	0	22,562	22,562	22,562	0
Other Social, Cultural, and Recreational	4,422	0	0	4,422	6,765	6,765	2,343
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	88,715	0	0	88,715	95,670	95,670	6,955
Flood Control	768	0	0	768	3,850	3,850	3,082
Other Agriculture and Natural Resources	18,275	0	0	18,275	19,854	19,854	1,579
<u>Other Operations</u>							
Tourism	93,028	0	0	93,028	81,109	81,109	(11,919)
Industrial Development	470	0	0	470	3,875	3,875	3,405
Housing and Urban Development	248,684	0	0	248,684	0	248,684	0
Other Economic and Community Development	79,256	0	0	79,256	30,835	79,256	0
Veterans' Services	26,635	0	0	26,635	34,034	34,034	7,399
Other Charges	1,358	0	0	1,358	2,000	2,000	642
Contributions to Other Agencies	46,167	0	0	46,167	49,500	49,500	3,333
Employee Benefits	77,780	0	0	77,780	45,473	83,213	5,433
Miscellaneous	181,268	0	0	181,268	150,000	176,000	(5,268)

(Continued)

Exhibit E-1

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General 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>Highways</u>							
Litter and Trash Collection	\$ 81,772	\$ 0	\$ 0	\$ 81,772	\$ 38,786	\$ 86,791	\$ 5,019
Principal on Debt	4,008	0	0	4,008	0	4,008	0
General Government							
<u>Capital Projects</u>							
Other General Government Projects	41,995	(103,639)	62,174	530	15,000	15,000	14,470
Total Expenditures	\$ 10,659,174	\$ (103,639)	\$ 62,174	\$ 10,617,709	\$ 10,473,614	\$ 11,080,222	\$ 462,513
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 1,016,075	\$ 103,639	\$ (62,174)	\$ 1,057,540	\$ (127,558)	\$ (216,657)	\$ 1,274,197
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 43,713	\$ 0	\$ 0	\$ 43,713	\$ 3,500	\$ 47,430	\$ (3,717)
Transfers Out	(217,150)	0	0	(217,150)	0	(217,150)	0
Total Other Financing Sources (Uses)	\$ (173,437)	\$ 0	\$ 0	\$ (173,437)	\$ 3,500	\$ (169,720)	\$ (3,717)
Net Change in Fund Balance	\$ 842,638	\$ 103,639	\$ (62,174)	\$ 884,103	\$ (124,058)	\$ (386,377)	\$ 1,270,480
Fund Balance, July 1, 2007	2,824,607	(103,639)	0	2,720,968	124,058	386,377	2,334,591
Fund Balance, June 30, 2008	\$ 3,667,245	\$ 0	\$ (62,174)	\$ 3,605,071	\$ 0	\$ 0	\$ 3,605,071

Exhibit E-2

Carter 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	Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>				
Local Taxes	\$ 822,366	\$ 783,688	\$ 783,688	\$ 38,678
Other Local Revenues	146,519	75,000	81,657	64,862
State of Tennessee	2,113,123	1,990,169	1,990,169	122,954
Federal Government	53,879	12,500	12,500	41,379
Other Governments and Citizens Groups	27,532	13,000	13,000	14,532
Total Revenues	<u>\$ 3,163,419</u>	<u>\$ 2,874,357</u>	<u>\$ 2,881,014</u>	<u>\$ 282,405</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 222,376	\$ 238,202	\$ 242,178	\$ 19,802
Highway and Bridge Maintenance	1,535,732	1,734,999	1,736,345	200,613
Operation and Maintenance of Equipment	528,457	465,138	546,001	17,544
Other Charges	81,993	132,050	132,050	50,057
Employee Benefits	470,421	523,150	523,622	53,201
Capital Outlay	209,671	443,000	363,000	153,329
Total Expenditures	<u>\$ 3,048,650</u>	<u>\$ 3,536,539</u>	<u>\$ 3,543,196</u>	<u>\$ 494,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 114,769</u>	<u>\$ (662,182)</u>	<u>\$ (662,182)</u>	<u>\$ 776,951</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,185	\$ 0	\$ 0	\$ 1,185
Total Other Financing Sources (Uses)	<u>\$ 1,185</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,185</u>
Net Change in Fund Balance	\$ 115,954	\$ (662,182)	\$ (662,182)	\$ 778,136
Fund Balance, July 1, 2007	1,667,309	662,182	662,182	1,005,127
Fund Balance, June 30, 2008	<u>\$ 1,783,263</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,783,263</u>

Exhibit E-3

Carter 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	\$ 26,789	\$ 30,355	\$ 3,566	88.25 %	\$ 9,726	36.66 %

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 E-4

Carter County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Carter County Emergency Communications District
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 Payroll ((b-a)/c)
6-30-07	\$ 305	\$ 470	\$ 165	64.94%	\$ 265	62.13%

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 E-5

Carter County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Carter 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	\$ 0	\$ 14,953	\$ 14,953	0%	\$ 26,179	57.1%

∞ *Data not available for two preceding years.

CARTER 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 Carter County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Carter 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 AND ENCUMBRANCES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Attorney	\$677
Drug Court	12,642
Other Public Safety	200
Tourism	11,919
Miscellaneous	5,268

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

C. **THE ACTUAL FUND BALANCE EXCEEDED THE ESTIMATED FUND BALANCE BY MATERIAL AMOUNTS**

The General Fund's actual fund balance at July 1, 2007, was \$2,720,968; however, the estimated fund balance reflected in the county's budget was \$124,058. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$2,334,591.

The Highway/Public Works Fund's actual fund balance at July 1, 2007, was \$1,667,309; however, the estimated fund balance reflected in the county's budget was \$662,182. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$1,005,127.

**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.

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Carter County's transfer station, convenience centers, and class IV landfill operations.

Health Department Fund – The Health Department Fund is used to account for transactions of the Carter County Health Department.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions of the Carter County Parks and Recreation Board.

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.

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 general capital expenditures of the county and the issuance of capital outlay notes and loans contributed to the School Department.

Exhibit F-1

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

	Special Revenue Funds							Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total		
Cash	\$ 0	\$ 4,973	\$ 0	\$ 0	\$ 0	\$ 8,031	\$ 13,004	\$ 0	\$ 13,004
Equity in Pooled Cash and Investments	13,954	47,962	59,169	94,269	13,792	0	229,146	0	229,146
Accounts Receivable	62	37,508	2,596	623	0	1,985	42,774	0	42,774
Total Assets	\$ 14,016	\$ 90,443	\$ 61,765	\$ 94,892	\$ 13,792	\$ 10,016	\$ 284,924	\$ 0	\$ 284,924

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities									
Accounts Payable	\$ 325	\$ 22,047	\$ 21,137	\$ 0	\$ 0	\$ 0	\$ 43,509	\$ 0	\$ 43,509
Accrued Payroll	0	6,027	790	0	0	0	6,817	0	6,817
Due to Other Funds	0	2,086	1,770	0	0	10,016	13,872	0	13,872
Other Current Liabilities	0	0	0	4,406	0	0	4,406	0	4,406
Total Liabilities	\$ 325	\$ 30,160	\$ 23,697	\$ 4,406	\$ 0	\$ 10,016	\$ 68,604	\$ 0	\$ 68,604
Fund Balances									
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,421,500	\$ 24,421,500
Unreserved (Deficit)	13,691	60,283	38,068	90,486	13,792	0	216,320	(24,421,500)	(24,205,180)
Total Fund Balances	\$ 13,691	\$ 60,283	\$ 38,068	\$ 90,486	\$ 13,792	\$ 0	\$ 216,320	\$ 0	\$ 216,320
Total Liabilities and Fund Balances	\$ 14,016	\$ 90,443	\$ 61,765	\$ 94,892	\$ 13,792	\$ 10,016	\$ 284,924	\$ 0	\$ 284,924

Exhibit F-2

Carter 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							Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total		
Revenues									
Local Taxes	\$ 11,882	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,882	\$ 0	\$ 11,882
Fines, Forfeitures, and Penalties	0	0	0	35,997	0	0	35,997	0	35,997
Charges for Current Services	0	801,679	0	0	0	10,142	811,821	0	811,821
Other Local Revenues	0	83,617	149	16,427	13,792	0	113,985	0	113,985
State of Tennessee	0	0	298,740	0	0	0	298,740	0	298,740
Total Revenues	\$ 11,882	\$ 885,296	\$ 298,889	\$ 52,424	\$ 13,792	\$ 10,142	\$ 1,272,425	\$ 0	\$ 1,272,425
Expenditures									
Current:									
General Government	\$ 4,951	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,951	\$ 0	\$ 4,951
Administration of Justice	4,015	0	0	0	0	10,052	14,067	0	14,067
Public Safety	0	0	0	25,597	0	90	25,687	0	25,687
Public Health and Welfare	0	922,854	463,354	0	0	0	1,386,208	0	1,386,208
Other Operations	128	8,839	0	408	0	0	9,375	0	9,375
Capital Projects	0	0	0	0	0	0	0	242,104	242,104
Capital Projects - Donated	0	0	0	0	0	0	0	1,082,820	1,082,820
Total Expenditures	\$ 9,094	\$ 931,693	\$ 463,354	\$ 26,005	\$ 0	\$ 10,142	\$ 1,440,288	\$ 1,324,924	\$ 2,765,212
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,788	\$ (46,397)	\$ (164,465)	\$ 26,419	\$ 13,792	\$ 0	\$ (167,863)	\$ (1,324,924)	\$ (1,492,787)
Other Financing Sources (Uses)									
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,024,700	\$ 1,024,700
Other Loans Issued	0	0	0	0	0	0	0	300,224	300,224
Transfers In	0	0	160,550	0	0	0	160,550	0	160,550
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 160,550	\$ 0	\$ 0	\$ 0	\$ 160,550	\$ 1,324,924	\$ 1,485,474
Net Change in Fund Balances	\$ 2,788	\$ (46,397)	\$ (3,915)	\$ 26,419	\$ 13,792	\$ 0	\$ (7,313)	\$ 0	\$ (7,313)
Fund Balance, July 1, 2007	10,903	106,680	41,983	64,067	0	0	223,633	0	223,633
Fund Balance, June 30, 2008	\$ 13,691	\$ 60,283	\$ 38,068	\$ 90,486	\$ 13,792	\$ 0	\$ 216,320	\$ 0	\$ 216,320

Exhibit F-3

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,882	\$ 10,000	\$ 10,000	\$ 1,882
Total Revenues	\$ 11,882	\$ 10,000	\$ 10,000	\$ 1,882
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 4,951	\$ 5,900	\$ 6,900	\$ 1,949
<u>Administration of Justice</u>				
Other Administration of Justice	4,015	4,000	4,000	(15)
<u>Other Operations</u>				
Miscellaneous	128	100	200	72
Total Expenditures	\$ 9,094	\$ 10,000	\$ 11,100	\$ 2,006
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,788	\$ 0	\$ (1,100)	\$ 3,888
Net Change in Fund Balance	\$ 2,788	\$ 0	\$ (1,100)	\$ 3,888
Fund Balance, July 1, 2007	10,903	0	1,100	9,803
Fund Balance, June 30, 2008	\$ 13,691	\$ 0	\$ 0	\$ 13,691

Exhibit F-4

Carter 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>				
Charges for Current Services	\$ 801,679	\$ 614,800	\$ 731,402	\$ 70,277
Other Local Revenues	83,617	49,200	110,890	(27,273)
Total Revenues	\$ 885,296	\$ 664,000	\$ 842,292	\$ 43,004
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 43,863	\$ 0	\$ 45,827	\$ 1,964
Recycling Center	39,875	40,354	39,388	(487)
Landfill Operation and Maintenance	830,116	552,860	829,018	(1,098)
Other Public Health and Welfare	9,000	60,000	14,173	5,173
<u>Other Operations</u>				
Miscellaneous	8,839	5,800	8,900	61
Total Expenditures	\$ 931,693	\$ 659,014	\$ 937,306	\$ 5,613
Excess (Deficiency) of Revenues Over Expenditures	\$ (46,397)	\$ 4,986	\$ (95,014)	\$ 48,617
Net Change in Fund Balance	\$ (46,397)	\$ 4,986	\$ (95,014)	\$ 48,617
Fund Balance, July 1, 2007	106,680	0	100,000	6,680
Fund Balance, June 30, 2008	\$ 60,283	\$ 4,986	\$ 4,986	\$ 55,297

Exhibit F-5

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Health Department Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 149	\$ 1,500	\$ 1,500	\$ (1,351)
State of Tennessee	298,740	160,550	302,346	(3,606)
Total Revenues	<u>\$ 298,889</u>	<u>\$ 162,050</u>	<u>\$ 303,846</u>	<u>\$ (4,957)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 463,354	\$ 160,550	\$ 468,375	\$ 5,021
Total Expenditures	<u>\$ 463,354</u>	<u>\$ 160,550</u>	<u>\$ 468,375</u>	<u>\$ 5,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (164,465)</u>	<u>\$ 1,500</u>	<u>\$ (164,529)</u>	<u>\$ 64</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 160,550	\$ 0	\$ 160,550	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 160,550</u>	<u>\$ 0</u>	<u>\$ 160,550</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (3,915)	\$ 1,500	\$ (3,979)	\$ 64
Fund Balance, July 1, 2007	<u>41,983</u>	<u>0</u>	<u>5,479</u>	<u>36,504</u>
Fund Balance, June 30, 2008	<u><u>\$ 38,068</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 36,568</u></u>

Exhibit F-6

Carter 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	\$ 35,997	\$ 13,000	\$ 23,950	\$ 12,047
Other Local Revenues	16,427	9,000	10,250	6,177
State of Tennessee	0	5,000	5,000	(5,000)
Total Revenues	<u>\$ 52,424</u>	<u>\$ 27,000</u>	<u>\$ 39,200</u>	<u>\$ 13,224</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 25,597	\$ 30,500	\$ 42,500	\$ 16,903
<u>Other Operations</u>				
Miscellaneous	408	200	400	(8)
Total Expenditures	<u>\$ 26,005</u>	<u>\$ 30,700</u>	<u>\$ 42,900</u>	<u>\$ 16,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 26,419</u>	<u>\$ (3,700)</u>	<u>\$ (3,700)</u>	<u>\$ 30,119</u>
Net Change in Fund Balance	\$ 26,419	\$ (3,700)	\$ (3,700)	\$ 30,119
Fund Balance, July 1, 2007	64,067	3,700	3,700	60,367
Fund Balance, June 30, 2008	<u>\$ 90,486</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 90,486</u>

Major Governmental 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.

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Exhibit G

Carter 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	\$ 2,223,332	\$ 2,172,720	\$ 2,172,720	\$ 50,612
Other Local Revenues	498,114	250,000	250,000	248,114
State of Tennessee	98,872	50,000	50,000	48,872
Total Revenues	<u>\$ 2,820,318</u>	<u>\$ 2,472,720</u>	<u>\$ 2,472,720</u>	<u>\$ 347,598</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 56,667	\$ 56,667	\$ 56,667	\$ 0
Education	949,000	949,000	949,000	0
<u>Interest on Debt</u>				
General Government	36,701	814,817	814,817	778,116
Education	285,709	535,472	535,472	249,763
<u>Other Debt Service</u>				
General Government	62,845	95,000	95,000	32,155
Education	41,735	90,000	90,000	48,265
Total Expenditures	<u>\$ 1,432,657</u>	<u>\$ 2,540,956</u>	<u>\$ 2,540,956</u>	<u>\$ 1,108,299</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,387,661</u>	<u>\$ (68,236)</u>	<u>\$ (68,236)</u>	<u>\$ 1,455,897</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 56,600	\$ 0	\$ 0	\$ 56,600
Total Other Financing Sources (Uses)	<u>\$ 56,600</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,600</u>
Net Change in Fund Balance	\$ 1,444,261	\$ (68,236)	\$ (68,236)	\$ 1,512,497
Fund Balance, July 1, 2007	3,490,696	68,236	68,236	3,422,460
Fund Balance, June 30, 2008	<u>\$ 4,934,957</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,934,957</u>

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Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated areas 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.

City School ADA - Elizabethton Fund – The City School ADA - Elizabethton Fund is used to account for the city school system's share of education revenues collected by the county, which must be apportioned to the system on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

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

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Exhibit H-1

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

	Agency Funds					Total
	Cities - Sales Tax	City School ADA - Elizabethton	Constitu- tional Officers - Agency			
	\$	\$	\$	\$	\$	
Cash	0	0	1,646,693	0	1,646,693	\$ 1,646,693
Equity in Pooled Cash and Investments	0	147,143	0	0	147,143	\$ 147,143
Accounts Receivable	0	0	11,176	0	11,176	\$ 11,176
Due from Other Governments	687,840	210,798	0	0	898,638	\$ 898,638
Due from Other Funds	0	0	6,123	0	6,123	\$ 6,123
Property Taxes Receivable	0	1,836,452	0	0	1,836,452	\$ 1,836,452
Allowance for Uncollectible Property Taxes	0	(45,497)	0	0	(45,497)	\$ (45,497)
Total Assets	\$ 687,840	\$ 2,148,896	\$ 1,663,992	\$ 1,663,992	\$ 4,500,728	\$ 4,500,728
	\$	\$	\$	\$	\$	
Due to Other Taxing Units	687,840	2,148,896	0	0	2,836,736	\$ 2,836,736
Due to Litigants, Heirs, and Others	0	0	1,663,992	0	1,663,992	\$ 1,663,992
Total Liabilities	\$ 687,840	\$ 2,148,896	\$ 1,663,992	\$ 1,663,992	\$ 4,500,728	\$ 4,500,728

ASSETS

LIABILITIES

Exhibit H-2

Carter 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	\$ 3,850,918	\$ 3,850,918	\$ 0
Due from Other Governments	673,180	687,840	673,180	687,840
Total Assets	\$ 673,180	\$ 4,538,758	\$ 4,524,098	\$ 687,840
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 673,180	\$ 4,538,758	\$ 4,524,098	\$ 687,840
Total Liabilities	\$ 673,180	\$ 4,538,758	\$ 4,524,098	\$ 687,840
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 97,535	\$ 3,207,848	\$ 3,158,240	\$ 147,143
Due from Other Governments	207,580	210,798	207,580	210,798
Property Taxes Receivable	1,884,294	1,836,452	1,884,294	1,836,452
Allowance for Uncollectible Property Taxes	(39,155)	(45,497)	(39,155)	(45,497)
Total Assets	\$ 2,150,254	\$ 5,209,601	\$ 5,210,959	\$ 2,148,896
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,150,254	\$ 5,209,601	\$ 5,210,959	\$ 2,148,896
Total Liabilities	\$ 2,150,254	\$ 5,209,601	\$ 5,210,959	\$ 2,148,896
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,323,192	\$ 9,846,755	\$ 9,523,254	\$ 1,646,693
Accounts Receivable	8,055	11,176	8,055	11,176
Due from Other Funds	5,993	6,123	5,993	6,123
Total Assets	\$ 1,337,240	\$ 9,864,054	\$ 9,537,302	\$ 1,663,992
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,337,240	\$ 9,864,054	\$ 9,537,302	\$ 1,663,992
Total Liabilities	\$ 1,337,240	\$ 9,864,054	\$ 9,537,302	\$ 1,663,992
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,323,192	\$ 9,846,755	\$ 9,523,254	\$ 1,646,693
Equity in Pooled Cash and Investments	97,535	7,058,766	7,009,158	147,143
Accounts Receivable	8,055	11,176	8,055	11,176
Due from Other Governments	880,760	898,638	880,760	898,638
Due from Other Funds	5,993	6,123	5,993	6,123
Property Taxes Receivable	1,884,294	1,836,452	1,884,294	1,836,452
Allowance for Uncollectible Property Taxes	(39,155)	(45,497)	(39,155)	(45,497)
Total Assets	\$ 4,160,674	\$ 19,612,413	\$ 19,272,359	\$ 4,500,728
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,823,434	\$ 9,748,359	\$ 9,735,057	\$ 2,836,736
Due to Litigants, Heirs, and Others	1,337,240	9,864,054	9,537,302	1,663,992
Total Liabilities	\$ 4,160,674	\$ 19,612,413	\$ 19,272,359	\$ 4,500,728

Carter County School Department

This section presents combining and individual fund financial statements for the Carter County School Department, a discretely presented component unit. The School Department uses a General Fund, three Special Revenue Funds, and one Capital Projects Fund.

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

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

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

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for restricted federal revenues, which must be expended on the Head Start Program.

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

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Exhibit I-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 27,682,852	\$ 20,912	\$ 4,761,988	\$ 804,827	\$ (22,095,125)
Support Services	14,256,448	223,904	719,736	0	(13,312,808)
Operation of Non-Instructional Services	5,489,169	1,113,716	2,160,096	0	(2,215,357)
Interest on Long-term Debt	144,125	0	0	0	(144,125)
Total Governmental Activities	\$ 47,572,594	\$ 1,358,532	\$ 7,641,820	\$ 804,827	\$ (37,767,415)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 4,985,184
Local Option Sales Tax					3,367,260
Other Local Taxes					4,499
Grants and Contributions Not Restricted for Specific Programs					29,161,058
Unrestricted Investment Income					46,093
Miscellaneous					250,196
Total General Revenues					\$ 37,814,290
Change in Net Assets					\$ 46,875
Net Assets, July 1, 2007					21,899,015
Net Assets, June 30, 2008					\$ 21,945,890

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash	\$ 622,486	\$ 101,475	\$ 98,577	\$ 822,538
Equity in Pooled Cash and Investments	4,188,563	1,294,427	778,581	6,261,571
Accounts Receivable	51,500	2,064	0	53,564
Due from Other Governments	1,128,536	121,889	33,367	1,283,792
Due from Other Funds	19	0	0	19
Property Taxes Receivable	5,321,642	0	0	5,321,642
Allowance for Uncollectible Property Taxes	(131,839)	0	0	(131,839)
Total Assets	\$ 11,180,907	\$ 1,519,855	\$ 910,525	\$ 13,611,287
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u>				
Accounts Payable	\$ 567,640	\$ 75,309	\$ 54,752	\$ 697,701
Accrued Payroll	170	0	0	170
Payroll Deductions Payable	453,248	0	0	453,248
Cash Overdraft	0	0	10,697	10,697
Contracts Payable	0	0	132,205	132,205
Retainage Payable	0	0	10,965	10,965
Deferred Compensation Payable	52,228	0	4,722	56,950
Due to Other Funds	0	0	19	19
Due to Primary Government	6,500	0	0	6,500
Other Current Liabilities	622,486	42,875	98,577	763,938
Deferred Revenue - Current Property Taxes	4,992,826	0	0	4,992,826
Deferred Revenue - Delinquent Property Taxes	165,153	0	0	165,153
Other Deferred Revenues	497,441	0	0	497,441
Total Liabilities	\$ 7,357,692	\$ 118,184	\$ 311,937	\$ 7,787,813
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 0	\$ 1,415,691	\$ 1,415,691
Reserved for Career Ladder - Extended Contract	103,250	0	0	103,250
Reserved for Career Ladder Program	46,064	0	0	46,064
Reserved for Basic Education Program	156,553	0	0	156,553
Reserved for Title I Grants to Local Education Agencies	0	0	28,014	28,014
Reserved for Special Education - Grants to States	0	0	2,874	2,874
Other Federal Reserves	0	0	19,613	19,613
Unreserved, Reported In:				
General Fund	3,517,348	0	0	3,517,348
Special Revenue Funds (Deficit)	0	1,401,671	(13,191)	1,388,480
Capital Projects Funds (Deficit)	0	0	(854,413)	(854,413)
Total Fund Balances	\$ 3,823,215	\$ 1,401,671	\$ 598,588	\$ 5,823,474
Total Liabilities and Fund Balances	\$ 11,180,907	\$ 1,519,855	\$ 910,525	\$ 13,611,287

Exhibit I-3

Carter County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Carter 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)		\$ 5,823,474	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	837,258	
Add: construction in progress		295,239	
Add: building and improvements net of accumulated depreciation		17,987,812	
Add: other capital assets net of accumulated depreciation		<u>521,408</u>	19,641,717
(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	\$	(5,975)	
Less: capital leases payable		(2,353,319)	
Less: compensated absences payable		(755,661)	
Less: other postemployment benefits		<u>(1,066,940)</u>	(4,181,895)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>662,594</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 21,945,890</u>

Exhibit I-4

Carter County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Carter County School Department
For the Year Ended June 30, 2008

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Central Cafeteria	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 8,510,782	\$ 0	\$ 0	\$ 8,510,782
Licenses and Permits	1,330	0	0	1,330
Charges for Current Services	407,025	950,307	0	1,357,332
Other Local Revenues	301,505	44,756	0	346,261
State of Tennessee	29,792,696	31,587	0	29,824,283
Federal Government	753,040	1,714,876	4,252,817	6,720,733
Other Governments and Citizens Groups	323	0	804,827	805,150
Total Revenues	\$ 39,766,701	\$ 2,741,526	\$ 5,057,644	\$ 47,565,871
<u>Expenditures</u>				
Current:				
Instruction	\$ 23,420,586	\$ 0	\$ 2,697,281	\$ 26,117,867
Support Services	13,117,435	0	635,969	13,753,404
Operation of Non-Instructional Services	1,536,072	2,626,321	996,533	5,158,926
Capital Outlay	859,441	0	0	859,441
Debt Service:				
Principal on Debt	202,664	0	0	202,664
Interest on Debt	144,125	0	0	144,125
Capital Projects	0	0	295,239	295,239
Total Expenditures	\$ 39,280,323	\$ 2,626,321	\$ 4,625,022	\$ 46,531,666
Excess (Deficiency) of Revenues Over Expenditures	\$ 486,378	\$ 115,205	\$ 432,622	\$ 1,034,205
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 15,177	\$ 0	\$ 0	\$ 15,177
Transfers In	0	0	43,344	43,344
Transfers Out	(43,344)	0	0	(43,344)
Total Other Financing Sources (Uses)	\$ (28,167)	\$ 0	\$ 43,344	\$ 15,177
Net Change in Fund Balances	\$ 458,211	\$ 115,205	\$ 475,966	\$ 1,049,382
Fund Balance, July 1, 2007	3,365,004	1,286,466	122,622	4,774,092
Fund Balance, June 30, 2008	\$ 3,823,215	\$ 1,401,671	\$ 598,588	\$ 5,823,474

Exhibit I-5

Carter County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Carter 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)		\$ 1,049,382
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,181,326	
Less: current year depreciation expense	<u>(1,015,106)</u>	166,220
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 662,594	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(881,849)</u>	(219,255)
(3) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes	\$ 11,065	
Add: principal payments on capital leases	191,599	
Less: change in other postemployment benefits	<u>(1,066,940)</u>	(864,276)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable		<u>(85,196)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 46,875</u>

Exhibit I-6

Carter County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Carter County School Department
June 30, 2008

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Other Education Special Revenue</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Cash	\$ 76,172	\$ 22,405	\$ 98,577	\$ 0	\$ 98,577
Equity in Pooled Cash and Investments	74,133	0	74,133	704,448	778,581
Due from Other Governments	33,367	0	33,367	0	33,367
Total Assets	\$ 183,672	\$ 22,405	\$ 206,077	\$ 704,448	\$ 910,525
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 54,276	\$ 476	\$ 54,752	\$ 0	\$ 54,752
Cash Overdraft	0	10,697	10,697	0	10,697
Contracts Payable	0	0	0	132,205	132,205
Retainage Payable	0	0	0	10,965	10,965
Deferred Compensation Payable	4,597	125	4,722	0	4,722
Due to Other Funds	19	0	19	0	19
Other Current Liabilities	76,172	22,405	98,577	0	98,577
Total Liabilities	\$ 135,064	\$ 33,703	\$ 168,767	\$ 143,170	\$ 311,937
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 1,415,691	\$ 1,415,691
Reserved for Title I Grants to Local Education Agencies	28,014	0	28,014	0	28,014
Reserved for Special Education - Grants to States	2,874	0	2,874	0	2,874
Other Federal Reserves	19,613	0	19,613	0	19,613
Unreserved (Deficit)	(1,893)	(11,298)	(13,191)	(854,413)	(867,604)
Total Fund Balances	\$ 48,608	\$ (11,298)	\$ 37,310	\$ 561,278	\$ 598,588
Total Liabilities and Fund Balances	\$ 183,672	\$ 22,405	\$ 206,077	\$ 704,448	\$ 910,525

Exhibit I-7

Carter County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Carter County School Department
For the Year Ended June 30, 2008

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Other Education Special Revenue	Total	Education Capital Projects	
<u>Revenues</u>					
Federal Government	\$ 3,279,012	\$ 973,805	\$ 4,252,817	\$ 0	\$ 4,252,817
Other Governments and Citizens Groups	0	0	0	804,827	804,827
Total Revenues	<u>\$ 3,279,012</u>	<u>\$ 973,805</u>	<u>\$ 4,252,817</u>	<u>\$ 804,827</u>	<u>\$ 5,057,644</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,697,281	\$ 0	\$ 2,697,281	\$ 0	\$ 2,697,281
Support Services	635,969	0	635,969	0	635,969
Operation of Non-Instructional Services	0	996,533	996,533	0	996,533
Capital Projects	0	0	0	295,239	295,239
Total Expenditures	<u>\$ 3,333,250</u>	<u>\$ 996,533</u>	<u>\$ 4,329,783</u>	<u>\$ 295,239</u>	<u>\$ 4,625,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (54,238)</u>	<u>\$ (22,728)</u>	<u>\$ (76,966)</u>	<u>\$ 509,588</u>	<u>\$ 432,622</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 43,344	\$ 0	\$ 43,344	\$ 0	\$ 43,344
Total Other Financing Sources (Uses)	<u>\$ 43,344</u>	<u>\$ 0</u>	<u>\$ 43,344</u>	<u>\$ 0</u>	<u>\$ 43,344</u>
Net Change in Fund Balances	\$ (10,894)	\$ (22,728)	\$ (33,622)	\$ 509,588	\$ 475,966
Fund Balance, July 1, 2007	<u>59,502</u>	<u>11,430</u>	<u>70,932</u>	<u>51,690</u>	<u>122,622</u>
Fund Balance, June 30, 2008	<u>\$ 48,608</u>	<u>\$ (11,298)</u>	<u>\$ 37,310</u>	<u>\$ 561,278</u>	<u>\$ 598,588</u>

Exhibit I-8

Carter County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Carter County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 8,510,782	\$ 0	\$ 8,510,782	\$ 8,464,627	\$ 8,464,627	\$ 46,155
Licenses and Permits	1,330	0	1,330	1,500	1,500	(170)
Charges for Current Services	407,025	0	407,025	270,000	277,135	129,890
Other Local Revenues	301,505	0	301,505	43,600	95,654	205,851
State of Tennessee	29,792,696	0	29,792,696	28,530,082	29,771,159	21,537
Federal Government	753,040	0	753,040	166,400	857,956	(104,916)
Other Governments and Citizens Groups	323	0	323	0	0	323
Total Revenues	\$ 39,766,701	\$ 0	\$ 39,766,701	\$ 37,476,209	\$ 39,468,031	\$ 298,670
Expenditures						
<u>Instruction</u>						
Regular Instruction Program	\$ 18,850,426	\$ 0	\$ 18,850,426	\$ 19,093,164	\$ 19,245,787	\$ 395,361
Alternative Instruction Program	101,877	0	101,877	106,117	107,316	5,439
Special Education Program	2,943,167	0	2,943,167	2,948,071	2,980,019	36,852
Vocational Education Program	1,465,119	0	1,465,119	1,501,400	1,568,707	103,588
Adult Education Program	59,997	0	59,997	106,400	106,400	46,403
<u>Support Services</u>						
Health Services	283,497	0	283,497	193,852	294,911	11,414
Other Student Support	844,109	0	844,109	857,601	879,108	34,999
Regular Instruction Program	1,546,225	0	1,546,225	1,523,266	1,570,438	24,213
Alternative Instruction Program	107,843	0	107,843	101,057	108,895	1,052
Special Education Program	364,694	0	364,694	412,693	372,397	7,703
Vocational Education Program	141,523	0	141,523	146,145	152,254	10,731
Adult Programs	34,737	0	34,737	41,131	41,131	6,394

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Other Programs	\$ 315,366	\$ 0	\$ 315,366	\$ 0	\$ 315,366	\$ 0
Board of Education	662,530	0	662,530	914,500	914,500	251,970
Director of Schools	425,552	0	425,552	443,714	443,714	18,162
Office of the Principal	2,233,336	0	2,233,336	2,229,641	2,247,289	13,953
Fiscal Services	139,640	0	139,640	153,000	153,000	13,360
Operation of Plant	2,590,147	0	2,590,147	2,557,284	2,557,284	(32,863)
Maintenance of Plant	732,120	0	732,120	734,186	734,186	2,066
Transportation	2,402,700	(201,957)	2,200,743	2,313,168	2,285,843	85,100
Central and Other	293,416	0	293,416	298,754	299,759	6,343
<u>Operation of Non-Instructional Services</u>						
Community Services	1,258,536	0	1,258,536	154,000	1,241,458	(17,078)
Early Childhood Education	277,536	0	277,536	0	277,535	(1)
<u>Capital Outlay</u>						
Regular Capital Outlay	859,441	0	859,441	300,000	860,093	652
<u>Principal on Debt</u>						
Education	202,664	0	202,664	195,065	194,901	(7,763)
<u>Interest on Debt</u>						
Education	144,125	0	144,125	152,000	153,164	9,039
Total Expenditures	\$ 39,280,323	\$ (201,957)	\$ 39,078,366	\$ 37,476,209	\$ 40,105,455	\$ 1,027,089
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 486,378	\$ 201,957	\$ 688,335	\$ 0	\$ (637,424)	\$ 1,325,759

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 15,177	\$ 0	\$ 15,177	\$ 0	\$ 10,663	\$ 4,514
Transfers Out	(43,344)	0	(43,344)	0	(43,344)	0
Total Other Financing Sources (Uses)	\$ (28,167)	\$ 0	\$ (28,167)	\$ 0	\$ (32,681)	\$ 4,514
Net Change in Fund Balance	\$ 458,211	\$ 201,957	\$ 660,168	\$ 0	\$ (670,105)	\$ 1,330,273
Fund Balance, July 1, 2007	3,365,004	(201,957)	3,163,047	1,401,018	1,401,018	1,762,029
Fund Balance, June 30, 2008	\$ 3,823,215	\$ 0	\$ 3,823,215	\$ 1,401,018	\$ 730,913	\$ 3,092,302

Exhibit I-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,279,012	\$ 3,574,017	\$ 3,691,691	\$ (412,679)
Total Revenues	\$ 3,279,012	\$ 3,574,017	\$ 3,691,691	\$ (412,679)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,423,223	\$ 1,548,412	\$ 1,553,652	\$ 130,429
Special Education Program	1,173,920	1,242,476	1,267,319	93,399
Vocational Education Program	100,138	131,560	100,139	1
<u>Support Services</u>				
Health Services	72,198	72,859	72,859	661
Other Student Support	176,509	167,560	193,516	17,007
Regular Instruction Program	196,482	302,954	304,467	107,985
Special Education Program	153,859	84,485	178,028	24,169
Vocational Education Program	0	2,000	0	0
Transportation	36,921	38,619	38,619	1,698
Total Expenditures	\$ 3,333,250	\$ 3,590,925	\$ 3,708,599	\$ 375,349
Excess (Deficiency) of Revenues Over Expenditures	\$ (54,238)	\$ (16,908)	\$ (16,908)	\$ (37,330)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 43,344	\$ 0	\$ 0	\$ 43,344
Total Other Financing Sources (Uses)	\$ 43,344	\$ 0	\$ 0	\$ 43,344
Net Change in Fund Balance	\$ (10,894)	\$ (16,908)	\$ (16,908)	\$ 6,014
Fund Balance, July 1, 2007	59,502	16,908	16,908	42,594
Fund Balance, June 30, 2008	\$ 48,608	\$ 0	\$ 0	\$ 48,608

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 950,307	\$ 903,170	\$ 928,170	\$ 22,137
Other Local Revenues	44,756	13,200	13,200	31,556
State of Tennessee	31,587	33,000	33,000	(1,413)
Federal Government	1,714,876	1,605,000	1,630,000	84,876
Total Revenues	<u>\$ 2,741,526</u>	<u>\$ 2,554,370</u>	<u>\$ 2,604,370</u>	<u>\$ 137,156</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,626,321	\$ 2,591,872	\$ 2,816,872	\$ 190,551
Total Expenditures	<u>\$ 2,626,321</u>	<u>\$ 2,591,872</u>	<u>\$ 2,816,872</u>	<u>\$ 190,551</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 115,205</u>	<u>\$ (37,502)</u>	<u>\$ (212,502)</u>	<u>\$ 327,707</u>
Net Change in Fund Balance	\$ 115,205	\$ (37,502)	\$ (212,502)	\$ 327,707
Fund Balance, July 1, 2007	1,286,466	884,088	884,088	402,378
Fund Balance, June 30, 2008	<u>\$ 1,401,671</u>	<u>\$ 846,586</u>	<u>\$ 671,586</u>	<u>\$ 730,085</u>

Exhibit I-11

Carter County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Carter County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 973,805	\$ 970,209	\$ 1,013,209	\$ (39,404)
Total Revenues	\$ 973,805	\$ 970,209	\$ 1,013,209	\$ (39,404)
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	\$ 996,533	\$ 970,209	\$ 1,013,209	\$ 16,676
Total Expenditures	\$ 996,533	\$ 970,209	\$ 1,013,209	\$ 16,676
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,728)	\$ 0	\$ 0	\$ (22,728)
Net Change in Fund Balance	\$ (22,728)	\$ 0	\$ 0	\$ (22,728)
Fund Balance, July 1, 2007	11,430	0	0	11,430
Fund Balance, June 30, 2008	\$ (11,298)	\$ 0	\$ 0	\$ (11,298)

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Carter County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases
 Primary Government and Discretely Presented Carter 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								
<u>Payable through General Debt Service Fund</u>								
Patrol Cars	\$ 170,000	4.25 %	3-31-06	3-1-09	\$ 113,333	\$ 0	\$ 56,667	\$ 56,666
School Renovations	1,024,700	3.49	5-22-08	5-22-20	0	1,024,700	0	1,024,700
Total Payable through General Debt Service Fund					\$ 113,333	\$ 1,024,700	\$ 56,667	\$ 1,081,366
Total Notes Payable					\$ 113,333	\$ 1,024,700	\$ 56,667	\$ 1,081,366
OTHER LOANS PAYABLE								
<u>Public Building Authority Loan Agreements:</u>								
<u>Payable through General Debt Service Fund</u>								
County and School Renovation and Construction	9,000,000	Variable	7-20-1999	5-25-14	\$ 5,003,000	\$ 0	\$ 619,000	\$ 4,384,000
County and School Renovation and Construction	3,500,000	Variable	6-14-01	5-25-16	2,403,000	0	218,000	2,185,000
County and School Renovation and Construction	(1)	Variable	11-21-05	5-25-23	2,159,350	58,120	112,000	2,105,470
Jail Project	(2)	Variable	4-9-07	5-25-23	1,028,881	242,104	0	1,270,985
Total Payable through General Debt Service Fund					\$ 10,594,231	\$ 300,224	\$ 949,000	\$ 9,945,455
Total Other Loans Payable					\$ 10,594,231	\$ 300,224	\$ 949,000	\$ 9,945,455
CAPITAL LEASE PAYABLE								
<u>Payable through General Fund</u>								
County Van	24,000	0	9-24-03	12-31-09	\$ 9,638	\$ 0	\$ 4,008	\$ 5,630
Total Payable through General Fund					\$ 9,638	\$ 0	\$ 4,008	\$ 5,630
Total Capital Lease Payable					\$ 9,638	\$ 0	\$ 4,008	\$ 5,630

(Continued)

Exhibit J-1

Carter County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases
 Primary Government and Discretely Presented Carter County School Department (Cont.)

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
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
EPA Asbestos Removal	\$ 199,164	0	% 10-23-1991	5-30-09	\$ 17,040	\$ 0	\$ 11,065	\$ 5,975
Total Payable through General Purpose School Fund					\$ 17,040	\$ 0	\$ 11,065	\$ 5,975
Total Notes Payable					\$ 17,040	\$ 0	\$ 11,065	\$ 5,975
<u>CAPITAL LEASE PAYABLE</u>								
Payable through General Purpose School Fund								
Energy Lighting and Control Equipment	3,200,000	5.8	11-25-02	7-15-17	2,544,918	\$ 0	191,599	2,353,319
Total Payable through General Purpose School Fund					\$ 2,544,918	\$ 0	191,599	2,353,319
Total Capital Lease Payable					\$ 2,544,918	\$ 0	191,599	2,353,319

(1) The total amount approved was \$4,550,000, of which \$2,224,530 remains available for draws as of June 30, 2008.

(2) The total amount approved was \$18,000,000, of which \$16,729,015 remains available for draws as of June 30, 2008.

Exhibit J-2

Carter County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Carter County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 126,882	\$ 38,170	\$ 165,052
2010	72,666	33,312	105,978
2011	75,202	30,776	105,978
2012	77,827	28,151	105,978
2013	80,543	25,435	105,978
2014	83,354	22,624	105,978
2015	86,263	19,715	105,978
2016	89,273	16,704	105,977
2017	92,389	13,588	105,977
2018	95,613	10,364	105,977
2019	98,950	7,027	105,977
2020	102,404	3,574	105,978
Total	\$ 1,081,366	\$ 249,440	\$ 1,330,806

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 1,349,000	\$ 144,811	\$ 61,542	\$ 1,555,353
2010	1,409,000	125,182	53,130	1,587,312
2011	1,475,000	104,678	44,347	1,624,025
2012	1,293,985	83,211	35,155	1,412,351
2013	1,190,000	64,215	27,281	1,281,496
2014	1,245,000	46,615	20,190	1,311,805
2015	447,000	28,199	12,774	487,973
2016	466,000	21,679	10,180	497,859
2017	149,000	14,880	7,478	171,358
2018	153,000	12,808	6,437	172,245
2019	158,000	10,681	5,368	174,049
2020	164,000	8,485	4,264	176,749
2021	169,000	6,206	3,119	178,325
2022	174,000	3,857	1,938	179,795
2023	103,470	1,438	723	105,631
Total	\$ 9,945,455	\$ 676,945	\$ 293,926	\$ 10,916,326

(Continued)

Exhibit J-2

Carter County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Carter County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 4,008	\$ 0	\$ 4,008
2010	1,622	0	1,622
Total	\$ 5,630	\$ 0	\$ 5,630

DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 5,975	\$ 0	\$ 5,975
Total	\$ 5,975	\$ 0	\$ 5,975

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 203,009	\$ 131,321	\$ 334,330
2010	215,102	119,229	334,331
2011	227,915	106,416	334,331
2012	241,494	92,837	334,331
2013	255,876	78,454	334,330
2014	271,118	63,213	334,331
2015	287,268	47,063	334,331
2016	304,382	29,949	334,331
2017	322,511	11,820	334,331
2018	24,644	132	24,776
Total	\$ 2,353,319	\$ 680,434	\$ 3,033,753

Exhibit J-3

Carter County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Carter County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Health Department	Operations	\$ 160,550
General	General Debt Service	Retirement of debt	56,600
Total Transfers Primary Government			<u>\$ 217,150</u>
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Program matching	\$ 43,344
Total Transfers Discretely Presented Carter County School Department			<u>\$ 43,344</u>

Exhibit J-4

Carter County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Carter 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, TCA	\$ 82,787	\$ 50,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	92,700	50,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	72,845	100,000	"
Trustee	Section 8-24-102, TCA	66,222	1,207,774	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	66,222	10,000	Western Surety Company
Finance Director	County Commission	52,317	50,000	Continental Casualty Company
County Clerk	Section 8-24-102, TCA	66,222	50,000	RLI Insurance Company
Circuit and General Sessions Court Clerk	Section 8-24-102, TCA	66,222	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	66,222 (1)	70,000	American Casualty Company
Register	Section 8-24-102, TCA	66,222	25,000	Western Surety Company
Sheriff	Section 8-24-102, TCA, and County Commission	72,845 (2)	25,000	Western Surety Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	The Netherlands Insurance Company

(1) Does not include special commissioner fees of \$5,799.

(2) Does not include county workhouse supplement of \$6,000.

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Waste / Sanitation	Health Department	Drug Control	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,881,540	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	149,690	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	32,777	0	0	0	0	0
Interest and Penalty	41,951	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	10,666	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	118,491	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	7,225	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	640,112	0	0	0	0	0
Hotel/Motel Tax	93,099	0	0	0	0	0
Litigation Tax - General	271,716	0	0	0	0	0
Litigation Tax - Special Purpose	0	11,882	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	38,053	0	0	0	0	0
Business Tax	314,976	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	48,761	0	0	0	0	0
Wholesale Beer Tax	251,491	0	0	0	0	0
Interstate Telecommunications Tax	4,796	0	0	0	0	0
Total Local Taxes	\$ 6,905,344	\$ 11,882	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 2,026	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	180,595	0	0	0	0	0
<u>Permits</u>						
Beer Permits	500	0	0	0	0	0
Building Permits	14,340	0	0	0	0	0
Electrical Permits	40,422	0	0	0	0	0
Food Handling Permits	25	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 12,662	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 250,570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 11,308	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	0	2,587
Drug Court Fees	2,612	0	0	0	0	0
Jail Fees	3,826	0	0	0	0	0
Judicial Commissioner Fees	7,102	0	0	0	0	0
DUI Treatment Fines	2,988	0	0	0	0	0
Data Entry Fee - Circuit Court	553	0	0	0	0	0
Courtroom Security Fee	891	0	0	0	0	0
<u>Criminal Court</u>						
Fines	36,035	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	73,207	0	0	0	0	0
Officers Costs	68,666	0	0	0	0	0
Game and Fish Fines	908	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	24,403
Drug Court Fees	6,801	0	0	0	0	0
Jail Fees	29,351	0	0	0	0	0
Judicial Commissioner Fees	5,349	0	0	0	0	0
DUI Treatment Fines	14,866	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,477	0	0	0	0	0
Courtroom Security Fee	5,801	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	33,432	0	0	0	0	0
Officers Costs	3,978	0	0	0	0	0
Game and Fish Fines	34	0	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court (Cont.)</u>					
Drug Court Fees	\$ 3,229	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	12,915	0	0	0	0
Data Entry Fee - Juvenile Court	1,924	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,076	0	0	0	0
Data Entry Fee - Chancery Court	990	0	0	0	0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	236	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	9,007
Total Fines, Forfeitures, and Penalties	\$ 332,555	\$ 0	\$ 0	\$ 0	\$ 35,997
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 736,353	\$ 0	\$ 0
Tipping Fees	0	0	65,326	0	0
Work Release Charges for Board	59,361	0	0	0	0
Other General Service Charges	232	0	0	0	0
<u>Fees</u>					
Copy Fees	10,427	0	0	0	0
Telephone Commissions	15,158	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	20,392	0	0	0	0
Data Processing Fee - Sheriff	11,243	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,605	0	0	0	0
Total Charges for Current Services	\$ 120,418	\$ 0	\$ 801,679	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Waste / Sanitation	Health Department	Drug Control
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	41,350	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	6,991	0	0	0	0
Sale of Gasoline	0	0	0	0	0
Sale of Recycled Materials	0	0	70,080	0	0
Retirees' Insurance Payments	23,741	0	0	0	0
Miscellaneous Refunds	44,683	0	13,537	149	12,851
<u>Nonrecurring Items</u>					
Sale of Equipment	10,350	0	0	0	3,576
Contributions and Gifts	0	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	4,876	0	0	0	0
Total Other Local Revenues	\$ 131,991	\$ 0	\$ 83,617	\$ 149	\$ 16,427
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of-Salary</u>					
County Clerk	\$ 448,339	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	201,418	0	0	0	0
General Sessions Court Clerk	472,759	0	0	0	0
Clerk and Master	142,447	0	0	0	0
Register	256,031	0	0	0	0
Sheriff	12,349	0	0	0	0
Trustee	539,404	0	0	0	0
Total Fees Received from County Officials	\$ 2,072,747	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 11,975	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	26,332	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>General Government Grants (Cont.)</u>					
Other General Government Grants	\$ 40,945	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	43,200	0	0	0	0
Other Public Safety Grants	5,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	298,740	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	11,239	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	137,650	0	0	0	0
Beer Tax	19,312	0	0	0	0
Alcoholic Beverage Tax	67,741	0	0	0	0
Mixed Drink Tax	5,947	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0
Contracted Prisoner Boarding	716,030	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Revenues	35,229	0	0	0	0
Total State of Tennessee	\$ 1,136,980	\$ 0	\$ 0	\$ 298,740	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 48,421	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	25,421	0	0	0	0
Disaster Relief	0	0	0	0	0
Homeland Security Grants	22,835	0	0	0	0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	11,998	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Waste / Sanitation	Health Department	Drug Control	
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
FHA Grant	\$ 247,624	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Forest Service	75,123	0	0	0	0	0
Other Direct Federal Revenue	6,400	0	0	0	0	0
Total Federal Government	\$ 437,822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 18,189	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	264,381	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	4,252	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 286,822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 11,675,249	\$ 11,882	\$ 885,296	\$ 298,889	\$ 52,424	\$ 0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 0	\$ 0	\$ 660,438	\$ 2,067,505	\$ 7,609,483
Trustee's Collections - Prior Year	0	0	17,268	51,868	218,826
Circuit/Clerk & Master Collections - Prior Years	0	0	3,375	12,595	48,747
Interest and Penalty	0	0	5,084	16,153	63,188
Payments in-Lieu-of Taxes - T.V.A.	0	0	1,464	4,109	16,239
Payments in-Lieu-of Taxes - Local Utilities	0	0	15,308	47,381	181,180
Payments in-Lieu-of Taxes - Other	0	0	973	3,043	11,241
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	640,112
Hotel/Motel Tax	0	0	0	0	93,099
Litigation Tax - General	0	0	0	0	271,716
Litigation Tax - Special Purpose	0	0	0	0	11,882
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	38,053
Business Tax	0	0	0	0	314,976
Mineral Severance Tax	0	0	111,852	0	111,852
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	6,604	20,678	76,043
Wholesale Beer Tax	0	0	0	0	251,491
Interstate Telecommunications Tax	0	0	0	0	4,796
Total Local Taxes	\$ 0	\$ 0	\$ 822,366	\$ 2,223,332	\$ 9,962,924
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,026
Cable TV Franchise	0	0	0	0	180,595
<u>Permits</u>					
Beer Permits	0	0	0	0	500
Building Permits	0	0	0	0	14,340
Electrical Permits	0	0	0	0	40,422
Food Handling Permits	0	0	0	0	25

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Licenses and Permits (Cont.)</u>							
<u>Permits (Cont.)</u>							
Other Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	12,662
Total Licenses and Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	250,570
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	11,308
Drug Control Fines	0	0	0	0	0	0	2,587
Drug Court Fees	0	0	0	0	0	0	2,612
Jail Fees	0	0	0	0	0	0	3,826
Judicial Commissioner Fees	0	0	0	0	0	0	7,102
DUI Treatment Fines	0	0	0	0	0	0	2,988
Data Entry Fee - Circuit Court	0	0	0	0	0	0	553
Courtroom Security Fee	0	0	0	0	0	0	891
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	36,035
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	73,207
Officers Costs	0	0	0	0	0	0	68,666
Game and Fish Fines	0	0	0	0	0	0	908
Drug Control Fines	0	0	0	0	0	0	24,403
Drug Court Fees	0	0	0	0	0	0	6,801
Jail Fees	0	0	0	0	0	0	29,351
Judicial Commissioner Fees	0	0	0	0	0	0	5,349
DUI Treatment Fines	0	0	0	0	0	0	14,866
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	3,477
Courtroom Security Fee	0	0	0	0	0	0	5,801
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	33,432
Officers Costs	0	0	0	0	0	0	3,978
Game and Fish Fines	0	0	0	0	0	0	34

(Continued)

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

	Special Revenue Funds			Debt Service Fund	Total
	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court (Cont.)</u>					
Drug Court Fees	\$ 0 \$	0 \$	0 \$	0 \$	3,229
Jail Fees	0	0	0	0	12,915
Data Entry Fee - Juvenile Court	0	0	0	0	1,924
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	2,076
Data Entry Fee - Chancery Court	0	0	0	0	990
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	0	0	0	0	236
Other Fines, Forfeitures, and Penalties	0	0	0	0	9,007
Proceeds from Confiscated Property	0	0	0	0	368,552
Total Fines, Forfeitures, and Penalties	\$ 0 \$	0 \$	0 \$	0 \$	9,007
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0 \$	0 \$	0 \$	0 \$	736,353
Tippling Fees	0	0	0	0	65,326
Work Release Charges for Board	0	0	0	0	59,361
Other General Service Charges	0	0	0	0	232
Fees					
Copy Fees	0	0	0	0	10,427
Telephone Commissions	0	0	0	0	15,158
Constitutional Officers' Fees and Commissions	0	4,343	0	0	4,343
Special Commissioner Fees/Special Master Fees	0	5,799	0	0	5,799
Data Processing Fee - Register	0	0	0	0	20,392
Data Processing Fee - Sheriff	0	0	0	0	11,243
Sexual Offender Registration Fees - Sheriff	0	0	0	0	3,605
Total Charges for Current Services	\$ 0 \$	10,142 \$	0 \$	0 \$	932,239

(Continued)

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 498,114	\$ 498,114	\$ 498,114
Lease/Rentals	0	0	0	0	0	41,350
Sale of Materials and Supplies	0	0	532	0	0	532
Commissary Sales	0	0	0	0	0	6,991
Sale of Gasoline	0	0	139,275	0	0	139,275
Sale of Recycled Materials	0	0	0	0	0	70,080
Retirees' Insurance Payments	0	0	304	0	0	24,045
Miscellaneous Refunds	0	0	6,408	0	0	77,628
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	13,926
Contributions and Gifts	13,792	0	0	0	0	13,792
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	4,876
Total Other Local Revenues	\$ 13,792	\$ 0	\$ 146,519	\$ 498,114	\$ 890,609	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0	0	0	0	0	448,339
Circuit Court Clerk	0	0	0	0	0	201,418
General Sessions Court Clerk	0	0	0	0	0	472,759
Clerk and Master	0	0	0	0	0	142,447
Register	0	0	0	0	0	256,031
Sheriff	0	0	0	0	0	12,349
Trustee	0	0	0	0	0	539,404
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,072,747	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0	0	0	0	0	11,975
State Reappraisal Grant	0	0	0	0	0	26,332

(Continued)

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>						
<u>General Government Grants (Cont.)</u>						
Other General Government Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,945
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	43,200
Other Public Safety Grants	0	0	0	0	0	5,000
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	298,740
<u>Public Works Grants</u>						
State Aid Program	0	0	166,529	0	0	166,529
Litter Program	0	0	0	0	0	11,239
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	137,650
Beer Tax	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	67,741
Mixed Drink Tax	0	0	0	0	0	5,947
State Revenue Sharing - T.V.A.	0	0	31,419	98,872	0	130,291
Contracted Prisoner Boarding	0	0	0	0	0	716,030
Gasoline and Motor Fuel Tax	0	0	1,869,605	0	0	1,869,605
Petroleum Special Tax	0	0	45,570	0	0	45,570
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Revenues	0	0	0	0	0	35,229
Total State of Tennessee	\$ 0	\$ 0	\$ 2,113,123	\$ 98,872	\$ 0	\$ 3,647,715
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,421
Civil Defense Reimbursement	0	0	0	0	0	25,421
Disaster Relief	0	0	34,848	0	0	34,848
Homeland Security Grants	0	0	0	0	0	22,835
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	0	0	0	0	0	11,998

(Continued)

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

	Special Revenue Funds			Highway / Public Works	General Debt Service	Total
	Sports and Recreation	Constitu- tional Officers - Fees	Debt Service Fund			
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
FHA Grant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 247,624
Forest Service	0	0	19,031	0	0	94,154
Other Direct Federal Revenue	0	0	0	0	0	6,400
Total Federal Government	\$ 0	\$ 0	\$ 53,879	\$ 0	\$ 0	\$ 491,701
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,189
Contracted Services	0	0	27,532	0	0	291,913
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	4,252
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 27,532	\$ 0	\$ 0	\$ 314,354
Total	\$ 13,792	\$ 10,142	\$ 3,163,419	\$ 2,820,318	\$ 18,931,411	

Carter County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Carter County School Department
 For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,743,076	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,743,076
Trustee's Collections - Prior Year	157,991	0	0	0	0	157,991
Circuit/Clerk & Master Collections - Prior Years	32,297	0	0	0	0	32,297
Interest and Penalty	41,046	0	0	0	0	41,046
Payments in-Lieu-of Taxes - T.V.A.	15,260	0	0	0	0	15,260
Payments in-Lieu-of Taxes - Local Utilities	113,396	0	0	0	0	113,396
Payments in-Lieu-of Taxes - Other	7,038	0	0	0	0	7,038
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,348,153	0	0	0	0	3,348,153
<u>Statutory Local Taxes</u>						
Bank Excise Tax	47,605	0	0	0	0	47,605
Interstate Telecommunications Tax	4,920	0	0	0	0	4,920
Total Local Taxes	\$ 8,510,782	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,510,782
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	1,330	0	0	0	0	1,330
Total Licenses and Permits	\$ 1,330	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,330
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Other	20,912	0	0	0	0	20,912
Lunch Payments - Children	0	0	405,321	0	0	405,321
Lunch Payments - Adults	0	0	69,486	0	0	69,486
Income from Breakfast	0	0	211,023	0	0	211,023
Special Milk Sales	0	0	3,578	0	0	3,578
A la carte Sales	0	0	163,495	0	0	163,495
Contract for Instructional Services with Other LEAs	34,251	0	0	0	0	34,251
Receipts from Individual Schools	92,249	0	0	0	0	92,249
Community Service Fees - Children	259,613	0	0	0	0	259,613
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	97,404	0	0	97,404
Total Charges for Current Services	\$ 407,025	\$ 0	\$ 950,307	\$ 0	\$ 0	\$ 1,357,332

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,337	\$ 0	\$ 44,756	\$ 0	\$ 0	\$ 46,093
Lease/Rentals	1,200	0	0	0	0	1,200
Refund of Telecommunication & Internet Fees (E-Rate)	47,000	0	0	0	0	47,000
Miscellaneous Refunds	167,920	0	0	0	0	167,920
<u>Nonrecurring Items</u>						
Sale of Property	29,495	0	0	0	0	29,495
Damages Recovered from Individuals	640	0	0	0	0	640
Contributions and Gifts	1,773	0	0	0	0	1,773
<u>Other Local Revenues</u>						
Other Local Revenues	52,140	0	0	0	0	52,140
Total Other Local Revenues	\$ 301,505	\$ 0	\$ 44,756	\$ 0	\$ 0	\$ 346,261
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 315,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 315,366
<u>State Education Funds</u>						
Basic Education Program	27,329,782	0	0	0	0	27,329,782
School Food Service	0	0	31,587	0	0	31,587
Driver Education	25,890	0	0	0	0	25,890
Other State Education Funds	805,893	0	0	0	0	805,893
Career Ladder Program	396,029	0	0	0	0	396,029
Career Ladder - Extended Contract	261,575	0	0	0	0	261,575
Other Vocational	50,000	0	0	0	0	50,000
<u>Other State Revenues</u>						
Mixed Drink Tax	4,885	0	0	0	0	4,885
State Revenue Sharing - T.V.A.	536,661	0	0	0	0	536,661
Other State Grants	66,615	0	0	0	0	66,615
Total State of Tennessee	\$ 29,792,696	\$ 0	\$ 31,587	\$ 0	\$ 0	\$ 29,824,283
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,288,734	\$ 0	\$ 0	\$ 1,288,734
Breakfast	0	0	426,142	0	0	426,142

(Continued)

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
USDA - Other	\$ 52,304	\$ 0	\$ 0	\$ 84,925	\$ 0	\$ 137,229
Adult Education State Grant Program	78,795	0	0	0	0	78,795
Vocational Education - Basic Grants to States	0	126,484	0	0	0	126,484
Other Vocational	0	29,546	0	0	0	29,546
Title I Grants to Local Education Agencies	0	1,342,000	0	0	0	1,342,000
Innovative Education Program Strategies	0	9,720	0	0	0	9,720
Special Education - Grants to States	2,518	1,363,955	0	0	0	1,366,473
Special Education Preschool Grants	0	62,487	0	0	0	62,487
English Language Acquisition Grants	0	17,600	0	0	0	17,600
Eisenhower Professional Development State Grants	0	306,300	0	0	0	306,300
Other Federal through State	562,331	20,920	0	0	0	583,251
<u>Direct Federal Revenue</u>						
Forest Service	57,092	0	0	0	0	57,092
Other Direct Federal Revenue	0	0	0	888,880	0	888,880
<u>Total Federal Government</u>	<u>\$ 753,040</u>	<u>\$ 3,279,012</u>	<u>\$ 1,714,876</u>	<u>\$ 973,805</u>	<u>\$ 0</u>	<u>\$ 6,720,733</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 804,827	\$ 804,827
Citizens Groups						
Donations	323	0	0	0	0	323
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 323</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 804,827</u>	<u>\$ 805,150</u>
<u>Total</u>	<u>\$ 39,766,701</u>	<u>\$ 3,279,012</u>	<u>\$ 2,741,526</u>	<u>\$ 973,805</u>	<u>\$ 804,827</u>	<u>\$ 47,565,871</u>

Exhibit J-7

Carter 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	\$	66,759	
Social Security		4,139	
State Retirement		4,459	
Employer Medicare		967	
Audit Services		12,807	
Dues and Memberships		5,872	
Legal Notices, Recording, and Court Costs		1,939	
Postal Charges		18	
Printing, Stationery, and Forms		82	
Travel		9,493	
Other Supplies and Materials		20	
Other Charges		2,098	
Total County Commission			\$ 108,653

Board of Equalization

Board and Committee Members Fees	\$	2,210	
Social Security		137	
Employer Medicare		32	
Travel		440	
Total Board of Equalization			2,819

County Mayor/Executive

County Official/Administrative Officer	\$	82,787	
Secretary(ies)		27,289	
Part-time Personnel		7,631	
Social Security		6,960	
State Retirement		6,742	
Life Insurance		66	
Medical Insurance		10,707	
Dental Insurance		376	
Unemployment Compensation		218	
Employer Medicare		1,628	
Dues and Memberships		2,154	
Postal Charges		33	
Rentals		4,501	
Travel		10,246	
Library Books/Media		535	
Office Supplies		1,805	
Other Supplies and Materials		922	
Premiums on Corporate Surety Bonds		98	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Other Charges	\$	1,040	
Office Equipment		304	
Total County Mayor/Executive			\$ 166,042

County Attorney

Other Salaries and Wages	\$	550	
Social Security		34	
State Retirement		75	
Employer Medicare		8	
Legal Services		53,740	
Total County Attorney			54,407

Election Commission

Supervisor/Director	\$	59,600	
Deputy(ies)		26,376	
Data Processing Personnel		21,717	
Other Salaries and Wages		2,518	
Board and Committee Members Fees		9,004	
Election Workers		22,155	
Social Security		7,222	
State Retirement		11,628	
Life Insurance		105	
Medical Insurance		13,768	
Dental Insurance		548	
Unemployment Compensation		269	
Employer Medicare		1,689	
Legal Notices, Recording, and Court Costs		5,546	
Maintenance Agreements		12,095	
Postal Charges		2,725	
Rentals		150	
Travel		11,370	
Office Supplies		2,663	
Other Supplies and Materials		8,404	
Office Equipment		2,393	
Total Election Commission			221,945

Register of Deeds

County Official/Administrative Officer	\$	66,222	
Deputy(ies)		51,954	
Social Security		7,278	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

State Retirement	\$	15,141	
Life Insurance		117	
Medical Insurance		15,618	
Dental Insurance		610	
Unemployment Compensation		263	
Employer Medicare		1,698	
Data Processing Services		14,460	
Dues and Memberships		619	
Postal Charges		2,700	
Rentals		4,821	
Travel		1,773	
Data Processing Supplies		450	
Office Supplies		5,471	
Other Supplies and Materials		8,659	
Premiums on Corporate Surety Bonds		50	
Data Processing Equipment		359	
Office Equipment		20,606	
Total Register of Deeds			\$ 218,869

Planning

Supervisor/Director	\$	36,757
Data Processing Personnel		18,875
Foremen		26,146
Clerical Personnel		11,931
Other Salaries and Wages		8,852
Board and Committee Members Fees		4,100
In-Service Training		1,790
Social Security		6,279
State Retirement		11,118
Life Insurance		108
Medical Insurance		15,032
Dental Insurance		548
Unemployment Compensation		404
Employer Medicare		1,468
Communication		2,081
Contracts with Government Agencies		12,250
Maintenance and Repair Services - Vehicles		1,041
Postal Charges		400
Travel		4,721
Gasoline		3,931

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Office Supplies	\$	802	
Other Charges		65,204	
Office Equipment		6,051	
Total Planning			\$ 239,889

County Buildings

Custodial Personnel	\$	57,754	
Social Security		3,483	
State Retirement		5,474	
Life Insurance		117	
Medical Insurance		19,302	
Dental Insurance		689	
Unemployment Compensation		326	
Employer Medicare		814	
Communication		75,737	
Maintenance and Repair Services - Buildings		97,719	
Maintenance and Repair Services - Equipment		15,290	
Maintenance and Repair Services - Vehicles		833	
Pest Control		1,800	
Travel		675	
Custodial Supplies		11,414	
Electricity		148,794	
Gasoline		1,440	
Uniforms		623	
Utilities		20,648	
Water and Sewer		43,860	
Building and Contents Insurance		23,867	
Workers' Compensation Insurance		16,220	
Other Charges		5,477	
Office Equipment		385	
Other Equipment		46,389	
Total County Buildings			599,130

Finance

Accounting and Budgeting

Supervisor/Director	\$	52,317	
Deputy(ies)		36,381	
Accountants/Bookkeepers		140,290	
In-Service Training		496	
Social Security		13,263	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

State Retirement	\$	30,758	
Life Insurance		231	
Medical Insurance		34,165	
Dental Insurance		1,205	
Unemployment Compensation		659	
Employer Medicare		3,102	
Audit Services		42,021	
Legal Notices, Recording, and Court Costs		3,213	
Maintenance Agreements		6,398	
Postal Charges		1,000	
Travel		619	
Data Processing Supplies		5,085	
Office Supplies		4,941	
Premiums on Corporate Surety Bonds		450	
Other Charges		8,159	
Office Equipment		2,815	
Total Accounting and Budgeting			\$ 387,568

Property Assessor's Office

County Official/Administrative Officer	\$	66,222
Deputy(ies)		73,408
Data Processing Personnel		22,833
Assessment Personnel		22,960
Secretary(ies)		28,154
Other Salaries and Wages		19,640
Social Security		14,140
State Retirement		29,215
Life Insurance		264
Medical Insurance		37,400
Dental Insurance		1,299
Unemployment Compensation		621
Employer Medicare		3,311
Communication		2,515
Contracts with Government Agencies		8,229
Dues and Memberships		1,629
Maintenance and Repair Services - Vehicles		1,271
Postal Charges		5,135
Printing, Stationery, and Forms		349
Rentals		1,581
Travel		3,922

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	1,743	
Office Supplies		2,237	
Premiums on Corporate Surety Bonds		100	
Other Charges		5,235	
Motor Vehicles		7,417	
Office Equipment		4,990	
Total Property Assessor's Office			\$ 365,820

Reappraisal Program

Supervisor/Director	\$	26,275	
Data Processing Personnel		23,769	
In-Service Training		83	
Social Security		2,995	
State Retirement		6,767	
Life Insurance		72	
Medical Insurance		9,405	
Dental Insurance		376	
Unemployment Compensation		171	
Employer Medicare		700	
Communication		453	
Data Processing Services		9,443	
Postal Charges		76	
Travel		1,765	
Other Contracted Services		1,943	
Office Supplies		3,154	
Total Reappraisal Program			87,447

County Trustee's Office

County Official/Administrative Officer	\$	66,222	
Deputy(ies)		87,683	
Clerical Personnel		17,477	
Social Security		10,442	
State Retirement		21,137	
Life Insurance		174	
Medical Insurance		22,834	
Dental Insurance		908	
Unemployment Compensation		435	
Employer Medicare		2,442	
Contracts with Government Agencies		8,229	
Dues and Memberships		739	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Maintenance and Repair Services - Office Equipment	\$	3,258	
Postal Charges		8,959	
Rentals		2,540	
Travel		900	
Office Supplies		4,121	
Premiums on Corporate Surety Bonds		3,538	
Office Equipment		4,975	
Total County Trustee's Office			\$ 267,013

County Clerk's Office

County Official/Administrative Officer	\$	66,222	
Deputy(ies)		179,152	
Accountants/Bookkeepers		8,259	
Social Security		15,118	
State Retirement		33,186	
Life Insurance		288	
Medical Insurance		37,756	
Dental Insurance		1,502	
Unemployment Compensation		627	
Employer Medicare		3,536	
Dues and Memberships		684	
Maintenance Agreements		15,053	
Postal Charges		2,500	
Printing, Stationery, and Forms		129	
Rentals		3,118	
Office Supplies		4,375	
Premiums on Corporate Surety Bonds		98	
Total County Clerk's Office			371,603

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	66,222
Clerical Personnel		337,882
Social Security		24,415
State Retirement		52,902
Life Insurance		579
Medical Insurance		79,115
Dental Insurance		3,083
Unemployment Compensation		1,506
Employer Medicare		5,710

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Dues and Memberships	\$	604	
Legal Notices, Recording, and Court Costs		260	
Maintenance Agreements		10,182	
Postal Charges		1,055	
Rentals		10,475	
Travel		297	
Office Supplies		14,728	
Other Supplies and Materials		5,918	
Premiums on Corporate Surety Bonds		260	
Office Equipment		9,905	
Total Circuit Court			\$ 625,098

General Sessions Court

Judge(s)	\$	136,818	
Secretary(ies)		22,529	
Social Security		7,635	
State Retirement		21,542	
Life Insurance		72	
Medical Insurance		10,651	
Dental Insurance		376	
Unemployment Compensation		16	
Employer Medicare		2,230	
Dues and Memberships		315	
Travel		1,881	
Library Books/Media		516	
Office Supplies		691	
Total General Sessions Court			205,272

Drug Court

Remittance of Revenue Collected	\$	12,642	
Total Drug Court			12,642

Chancery Court

County Official/Administrative Officer	\$	66,222	
Clerical Personnel		99,694	
Social Security		10,021	
State Retirement		22,050	
Life Insurance		165	
Medical Insurance		22,640	
Dental Insurance		861	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Unemployment Compensation	\$	412	
Employer Medicare		2,343	
Dues and Memberships		604	
Maintenance Agreements		12,364	
Postal Charges		1,000	
Rentals		2,596	
Travel		1,363	
Office Supplies		4,734	
Premiums on Corporate Surety Bonds		164	
Office Equipment		24,526	
Total Chancery Court			\$ 271,759

Judicial Commissioners

Other Salaries and Wages	\$	33,690	
Social Security		2,089	
Unemployment Compensation		28	
Employer Medicare		488	
Total Judicial Commissioners			36,295

Other Administration of Justice

Board and Committee Members Fees	\$	300	
Jury and Witness Fees		11,945	
Postal Charges		1,000	
Other Charges		3,226	
Total Other Administration of Justice			16,471

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	78,845	
Deputy(ies)		726,214	
Investigator(s)		196,357	
Accountants/Bookkeepers		24,868	
Salary Supplements		151,812	
Dispatchers/Radio Operators		112,226	
Clerical Personnel		52,234	
Part-time Personnel		24,343	
School Resource Officer		164,235	
In-Service Training		22,012	
Social Security		93,651	
State Retirement		186,470	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Life Insurance	\$	1,635	
Medical Insurance		223,330	
Dental Insurance		8,576	
Unemployment Compensation		4,547	
Employer Medicare		21,902	
Communication		21,810	
Dues and Memberships		2,644	
Maintenance and Repair Services - Buildings		1,093	
Maintenance and Repair Services - Equipment		8,339	
Maintenance and Repair Services - Vehicles		60,995	
Medical and Dental Services		5,608	
Postal Charges		282	
Rentals		11,878	
Tow-in Services		1,465	
Transportation - Other than Students		1,177	
Travel		16,560	
Veterinary Services		1,928	
Other Contracted Services		452	
Animal Food and Supplies		684	
Custodial Supplies		3,003	
Gasoline		145,954	
Office Supplies		11,603	
Tires and Tubes		12,788	
Uniforms		15,997	
Premiums on Corporate Surety Bonds		152	
Vehicle and Equipment Insurance		121,179	
Workers' Compensation Insurance		28,103	
Other Charges		3,422	
Law Enforcement Equipment		33,896	
Motor Vehicles		69,435	
Office Equipment		2,734	
Total Sheriff's Department			\$ 2,676,438

Jail

Guards	\$	652,425
Cafeteria Personnel		38,586
Maintenance Personnel		18,685
Social Security		43,841
State Retirement		83,238
Life Insurance		960

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Insurance	\$	133,717	
Dental Insurance		4,961	
Unemployment Compensation		2,939	
Employer Medicare		10,253	
Maintenance and Repair Services - Buildings		25,399	
Maintenance and Repair Services - Equipment		15,992	
Medical and Dental Services		323,625	
Transportation - Other than Students		6,029	
Custodial Supplies		29,878	
Drugs and Medical Supplies		3,984	
Food Preparation Supplies		211	
Food Supplies		251,982	
Uniforms		2,475	
Medical Claims		59,003	
Workers' Compensation Insurance		30,783	
Other Charges		189	
Total Jail			\$ 1,739,155

Juvenile Services

Youth Service Officer(s)	\$	48,990	
Social Security		3,019	
State Retirement		6,626	
Life Insurance		69	
Medical Insurance		9,017	
Dental Insurance		360	
Unemployment Compensation		211	
Employer Medicare		706	
Contracts with Government Agencies		59,608	
Dues and Memberships		70	
Travel		2,048	
Other Charges		568	
Total Juvenile Services			131,292

Fire Prevention and Control

Contributions	\$	264,196	
Other Charges		3,440	
Total Fire Prevention and Control			267,636

Rescue Squad

Other Charges	\$	241,000	
Total Rescue Squad			241,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	30,178	
Secretary(ies)		20,263	
Social Security		2,737	
State Retirement		6,822	
Life Insurance		69	
Medical Insurance		10,483	
Dental Insurance		360	
Unemployment Compensation		184	
Employer Medicare		658	
Communication		845	
Dues and Memberships		70	
Maintenance and Repair Services - Equipment		209	
Maintenance and Repair Services - Office Equipment		417	
Maintenance and Repair Services - Vehicles		879	
Postal Charges		70	
Printing, Stationery, and Forms		750	
Other Contracted Services		220	
Gasoline		972	
Instructional Supplies and Materials		418	
Office Supplies		543	
Uniforms		306	
Other Supplies and Materials		15,839	
Other Charges		11,737	
Office Equipment		1,035	
Total Other Emergency Management			\$ 106,064

Inspection and Regulation

Supervisor/Director	\$	3,000	
Total Inspection and Regulation			3,000

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	4,650	
Other Supplies and Materials		250	
Premiums on Corporate Surety Bonds		200	
Total County Coroner/Medical Examiner			5,100

Other Public Safety

Board and Committee Members Fees	\$	1,150	
Total Other Public Safety			1,150

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Rabies and Animal Control

Part-time Personnel	\$	3,973	
Other Salaries and Wages		16,809	
Social Security		1,289	
State Retirement		2,273	
Life Insurance		36	
Medical Insurance		4,702	
Dental Insurance		188	
Unemployment Compensation		145	
Employer Medicare		283	
Maintenance and Repair Services - Vehicles		60	
Other Contracted Services		6,797	
Office Supplies		77	
Uniforms		38	
Other Supplies and Materials		741	
Total Rabies and Animal Control			\$ 37,411

Ambulance/Emergency Medical Services

Contributions	\$	76,712	
Total Ambulance/Emergency Medical Services			76,712

Crippled Children Services

Contributions	\$	20,227	
Total Crippled Children Services			20,227

Aid to Dependent Children

Contributions	\$	1,354	
Total Aid to Dependent Children			1,354

Other Local Welfare Services

Pauper Burials	\$	600	
Total Other Local Welfare Services			600

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	44,542	
Total Senior Citizens Assistance			44,542

Libraries

Contributions	\$	31,588	
Total Libraries			31,588

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$ 22,562	
Total Parks and Fair Boards		\$ 22,562

Other Social, Cultural, and Recreational

Contributions	\$ 4,422	
Total Other Social, Cultural, and Recreational		4,422

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$ 69,553	
Social Security	296	
Unemployment Compensation	32	
Employer Medicare	69	
Other Fringe Benefits	8,112	
Communication	1,211	
Contributions	2,308	
Travel	1,396	
Electricity	2,101	
Office Supplies	159	
Utilities	1,756	
Water and Sewer	396	
Other Supplies and Materials	84	
Office Equipment	1,242	
Total Agriculture Extension Service		88,715

Flood Control

Office Supplies	\$ 268	
Other Supplies and Materials	500	
Total Flood Control		768

Other Agriculture and Natural Resources

Contracts with Government Agencies	\$ 17,373	
Contributions	902	
Total Other Agriculture and Natural Resources		18,275

Other Operations

Tourism

Contributions	\$ 93,028	
Total Tourism		93,028

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Other Charges	\$ 470	
Total Industrial Development		\$ 470

Housing and Urban Development

Engineering Services	\$ 9,546	
Other Supplies and Materials	220,337	
Other Charges	18,801	
Total Housing and Urban Development		248,684

Other Economic and Community Development

Contributions	\$ 30,835	
Engineering Services	48,421	
Total Other Economic and Community Development		79,256

Veterans' Services

Supervisor/Director	\$ 17,412	
Social Security	1,080	
State Retirement	2,238	
Life Insurance	27	
Medical Insurance	3,685	
Dental Insurance	141	
Unemployment Compensation	87	
Employer Medicare	253	
Postal Charges	300	
Travel	436	
Office Supplies	226	
Office Equipment	750	
Total Veterans' Services		26,635

Other Charges

Judgments	\$ 1,358	
Total Other Charges		1,358

Contributions to Other Agencies

Contributions	\$ 46,167	
Total Contributions to Other Agencies		46,167

Employee Benefits

Employee and Dependent Insurance	\$ 68,767	
Life Insurance	6	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Medical Insurance	\$	5,377	
Unemployment Compensation		<u>3,630</u>	
Total Employee Benefits	\$		77,780

Miscellaneous

Postal Charges	\$	29,217	
Trustee's Commission		<u>152,051</u>	
Total Miscellaneous			181,268

Highways

Litter and Trash Collection

Guards	\$	24,052	
Social Security		1,070	
State Retirement		651	
Life Insurance		6	
Medical Insurance		679	
Dental Insurance		31	
Unemployment Compensation		102	
Employer Medicare		250	
Maintenance and Repair Services - Equipment		34	
Disposal Fees		8,005	
Other Contracted Services		37,126	
Instructional Supplies and Materials		7,997	
Other Supplies and Materials		<u>1,769</u>	
Total Litter and Trash Collection			81,772

Principal on Debt

General Government

Principal on Capital Leases	\$	<u>4,008</u>	
Total General Government			4,008

Capital Projects

Other General Government Projects

Bridge Construction	\$	<u>41,995</u>	
Total Other General Government Projects			<u>41,995</u>

Total General Fund			\$	10,659,174
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(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	957	
Office Equipment		3,994	
Total County Buildings			\$ 4,951

Administration of Justice

Other Administration of Justice

Data Processing Equipment	\$	4,015	
Total Other Administration of Justice			4,015

Other Operations

Miscellaneous

Trustee's Commission	\$	128	
Total Miscellaneous			128

Total Courthouse and Jail Maintenance Fund \$ 9,094

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Laborers	\$	27,551	
Social Security		1,714	
State Retirement		2,281	
Life Insurance		3	
Medical Insurance		4,254	
Dental Insurance		172	
Employer Medicare		401	
Communication		592	
Printing, Stationery, and Forms		53	
Rentals		1,491	
Other Contracted Services		3,000	
Crushed Stone		709	
Electricity		41	
Utilities		1,601	
Total Convenience Centers			\$ 43,863

Recycling Center

Laborers	\$	19,205	
Social Security		1,153	
State Retirement		2,607	
Life Insurance		33	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Medical Insurance	\$	4,424	
Dental Insurance		172	
Employer Medicare		270	
Communication		647	
Maintenance and Repair Services - Buildings		36	
Maintenance and Repair Services - Equipment		1,306	
Rentals		243	
Gasoline		2,645	
Utilities		3,195	
Other Charges		3,939	
Total Recycling Center			\$ 39,875

Landfill Operation and Maintenance

Supervisor/Director	\$	43,438
Laborers		125,423
Social Security		9,779
State Retirement		22,914
Employee and Dependent Insurance		441
Life Insurance		222
Medical Insurance		31,252
Dental Insurance		1,174
Unemployment Compensation		982
Employer Medicare		2,287
Communication		3,463
Evaluation and Testing		24,542
Maintenance and Repair Services - Buildings		10,128
Maintenance and Repair Services - Equipment		89,265
Rentals		503
Travel		1,102
Disposal Fees		323,628
Crushed Stone		18,873
Diesel Fuel		58,647
Fuel Oil		3,354
Garage Supplies		445
Gasoline		23,166
Lubricants		5,304
Office Supplies		5,860
Uniforms		3,063
Utilities		3,542
Other Supplies and Materials		262

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Premiums on Corporate Surety Bonds	\$	101	
Other Charges		<u>16,956</u>	
Total Landfill Operation and Maintenance	\$		830,116

Other Public Health and Welfare

Other Contracted Services	\$	<u>9,000</u>	
Total Other Public Health and Welfare			9,000

Other Operations

Miscellaneous

Trustee's Commission	\$	<u>8,839</u>	
Total Miscellaneous			<u>8,839</u>

Total Solid Waste/Sanitation Fund \$ 931,693

Health Department Fund

Public Health and Welfare

Local Health Center

Supervisor/Director	\$	7,529	
Medical Personnel		19,200	
Secretary(ies)		2,160	
Other Salaries and Wages		179,709	
Social Security		16,936	
State Retirement		23,096	
Life Insurance		247	
Medical Insurance		37,769	
Dental Insurance		1,362	
Unemployment Compensation		910	
Employer Medicare		2,521	
Communication		6,623	
Contracts with Government Agencies		53,800	
Maintenance and Repair Services - Buildings		32,166	
Postal Charges		3,715	
Travel		2,302	
Drugs and Medical Supplies		6,228	
Utilities		32,615	
Other Supplies and Materials		7,370	
Other Charges		<u>27,096</u>	
Total Local Health Center	\$		<u>463,354</u>

Total Health Department Fund 463,354

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Sheriff's Department

Contributions	\$	5,000	
Travel		722	
Other Supplies and Materials		12,847	
Motor Vehicles		5,000	
Office Equipment		<u>2,028</u>	
Total Sheriff's Department	\$		25,597

Other Operations

Miscellaneous

Trustee's Commission	\$	<u>408</u>	
Total Miscellaneous			<u>408</u>

Total Drug Control Fund \$ 26,005

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	<u>143</u>	
Total Circuit Court	\$		143

General Sessions Court

Constitutional Officers' Operating Expenses	\$	<u>4,110</u>	
Total General Sessions Court			4,110

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	<u>5,799</u>	
Total Chancery Court			5,799

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	<u>90</u>	
Total Sheriff's Department			<u>90</u>

Total Constitutional Officers - Fees Fund 10,142

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	72,845	
Assistant(s)		39,302	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Supervisor/Director	\$	29,347	
Secretary(ies)		32,318	
Dues and Memberships		4,195	
Legal Notices, Recording, and Court Costs		350	
Maintenance and Repair Services - Office Equipment		261	
Postal Charges		99	
Printing, Stationery, and Forms		169	
Travel		578	
Other Contracted Services		35,374	
Office Supplies		3,590	
Other Charges		189	
Building Improvements		1,726	
Communication Equipment		1,434	
Office Equipment		599	
Total Administration			\$ 222,376

Highway and Bridge Maintenance

Foremen	\$	66,947	
Equipment Operators		143,015	
Truck Drivers		226,598	
Laborers		309,760	
Explosive and Drilling Services		1,022	
Rentals		696	
Other Contracted Services		5,056	
Asphalt - Hot Mix		664,286	
Asphalt - Liquid		4,759	
Crushed Stone		42,454	
Fertilizer, Lime, and Seed		200	
General Construction Materials		4,198	
Other Road Supplies		9,553	
Pipe		6,043	
Road Signs		7,210	
Salt		20,935	
Small Tools		125	
Uniforms		22,613	
Other Supplies and Materials		262	
Total Highway and Bridge Maintenance			1,535,732

Operation and Maintenance of Equipment

Mechanic(s)	\$	71,110	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Freight Expenses	\$	742	
Maintenance and Repair Services - Equipment		16,470	
Other Contracted Services		1,649	
Diesel Fuel		102,689	
Equipment and Machinery Parts		87,271	
Garage Supplies		7,695	
Gasoline		206,741	
Lubricants		8,501	
Road Signs		13	
Small Tools		274	
Tires and Tubes		13,633	
Other Supplies and Materials		11,669	
Total Operation and Maintenance of Equipment	\$		528,457

Other Charges

Communication	\$	8,613	
Electricity		9,295	
Natural Gas		5,738	
Water and Sewer		1,495	
Judgments		1,988	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		36,116	
Vehicle and Equipment Insurance		17,733	
Other Charges		818	
Total Other Charges			81,993

Employee Benefits

Social Security	\$	59,729	
State Retirement		124,308	
Employee and Dependent Insurance		130,120	
Life Insurance		441	
Medical Insurance		69,327	
Dental Insurance		2,301	
Unemployment Compensation		4,228	
Employer Medicare		13,969	
Other Fringe Benefits		2,662	
Evaluation and Testing		278	
Workers' Compensation Insurance		63,058	
Total Employee Benefits			470,421

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Engineering Services	\$	56,139	
Highway Equipment		146,198	
Motor Vehicles		<u>7,334</u>	
Total Capital Outlay			<u>\$ 209,671</u>

Total Highway/Public Works Fund \$ 3,048,650

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	<u>56,667</u>	
Total General Government			\$ 56,667

Education

Principal on Other Loans	\$	<u>949,000</u>	
Total Education			949,000

Interest on Debt

General Government

Interest on Notes	\$	4,857	
Interest on Other Loans		<u>31,844</u>	
Total General Government			36,701

Education

Interest on Other Loans	\$	<u>285,709</u>	
Total Education			285,709

Other Debt Service

General Government

Trustee's Commission	\$	44,463	
Other Debt Service		<u>18,382</u>	
Total General Government			62,845

Education

Other Debt Service	\$	<u>41,735</u>	
Total Education			<u>41,735</u>

Total General Debt Service Fund 1,432,657

(Continued)

Exhibit J-7

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

General Capital Projects Fund

Capital Projects

Public Safety Projects

Engineering Services	\$	240,864	
Evaluation and Testing		544	
Legal Notices, Recording, and Court Costs		196	
Site Development		<u>500</u>	
Total Public Safety Projects	\$		242,104

Capital Projects - Donated

Capital Projects Donated to Other Entities

Contributions	\$	<u>1,082,820</u>	
Total Capital Projects Donated to Other Entities			<u>1,082,820</u>

Total General Capital Projects Fund \$ 1,324,924

Total Governmental Funds - Primary Government \$ 17,905,693

Exhibit J-8

Carter County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Carter County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,431,818	
Career Ladder Program	217,700	
Career Ladder Extended Contracts	103,157	
Homebound Teachers	42,358	
Educational Assistants	334,259	
Other Salaries and Wages	6,270	
Certified Substitute Teachers	87,323	
Non-certified Substitute Teachers	248,658	
Social Security	809,512	
State Retirement	830,976	
Life Insurance	11,215	
Medical Insurance	2,186,718	
Dental Insurance	102,041	
Unemployment Compensation	9,057	
Employer Medicare	189,920	
Other Fringe Benefits	345,047	
Maintenance and Repair Services - Equipment	10,572	
Other Contracted Services	24,385	
Instructional Supplies and Materials	390,570	
Textbooks	363,229	
Other Supplies and Materials	1,248	
Other Charges	49,652	
Regular Instruction Equipment	54,741	
Total Regular Instruction Program		\$ 18,850,426

Alternative Instruction Program

Teachers	\$ 76,501	
Career Ladder Program	1,000	
Social Security	4,356	
State Retirement	4,836	
Life Insurance	50	
Medical Insurance	13,613	
Dental Insurance	451	
Unemployment Compensation	51	
Employer Medicare	1,019	
Total Alternative Instruction Program		101,877

Special Education Program

Teachers	\$ 1,665,726	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	27,500	
Career Ladder Extended Contracts		4,400	
Homebound Teachers		43,837	
Educational Assistants		265,777	
Speech Pathologist		122,241	
Other Salaries and Wages		170	
Social Security		128,548	
State Retirement		148,770	
Life Insurance		1,792	
Medical Insurance		404,078	
Dental Insurance		15,819	
Unemployment Compensation		1,787	
Employer Medicare		30,066	
Other Fringe Benefits		3,691	
Contracts with Other Public Agencies		7,425	
Other Contracted Services		37,397	
Instructional Supplies and Materials		30,528	
Other Charges		3,615	
Total Special Education Program			\$ 2,943,167

Vocational Education Program

Teachers	\$	1,009,586	
Career Ladder Program		21,000	
Career Ladder Extended Contracts		20,900	
Educational Assistants		10,397	
Other Salaries and Wages		233	
Social Security		64,115	
State Retirement		69,800	
Life Insurance		630	
Medical Insurance		150,018	
Dental Insurance		5,640	
Unemployment Compensation		649	
Employer Medicare		14,995	
Maintenance and Repair Services - Equipment		2,157	
Instructional Supplies and Materials		58,213	
Textbooks		7,215	
Other Supplies and Materials		3,000	
Vocational Instruction Equipment		26,571	
Total Vocational Education Program			1,465,119

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	29,692	
Other Salaries and Wages		18,162	
Social Security		2,967	
State Retirement		2,880	
Life Insurance		25	
Medical Insurance		5,433	
Dental Insurance		226	
Unemployment Compensation		110	
Employer Medicare		502	
Total Adult Education Program			\$ 59,997

Support Services

Health Services

Medical Personnel	\$	164,607	
Social Security		10,176	
State Retirement		19,389	
Life Insurance		199	
Medical Insurance		42,081	
Dental Insurance		1,782	
Unemployment Compensation		182	
Employer Medicare		2,379	
Communication		51	
Travel		9,737	
Drugs and Medical Supplies		30,220	
Other Charges		150	
Health Equipment		2,544	
Total Health Services			283,497

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		529,956	
Career Ladder Extended Contracts		15,400	
Social Workers		85	
Attendants		28,514	
Other Salaries and Wages		170	
Social Security		34,999	
State Retirement		36,599	
Life Insurance		327	
Medical Insurance		78,826	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Dental Insurance	\$	2,703	
Unemployment Compensation		403	
Employer Medicare		8,186	
Other Fringe Benefits		2,707	
Contracts with Government Agencies		75,114	
Evaluation and Testing		24,119	
Other Charges		1	
Total Other Student Support	\$		844,109

Regular Instruction Program

Supervisor/Director	\$	362,422	
Career Ladder Program		23,000	
Career Ladder Extended Contracts		24,750	
Librarians		513,165	
Other Salaries and Wages		79,889	
In-Service Training		100	
Social Security		61,607	
State Retirement		64,455	
Life Insurance		529	
Medical Insurance		133,943	
Dental Insurance		4,730	
Unemployment Compensation		569	
Employer Medicare		14,408	
Maintenance and Repair Services - Equipment		79,186	
Travel		9,591	
Penalties		1,181	
Other Contracted Services		2,835	
Instructional Supplies and Materials		49	
Library Books/Media		81,959	
Other Supplies and Materials		30,972	
In Service/Staff Development		33,019	
Other Charges		21,447	
Other Equipment		2,419	
Total Regular Instruction Program			1,546,225

Alternative Instruction Program

Supervisor/Director	\$	48,043	
Career Ladder Program		1,000	
Secretary(ies)		12,010	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Other Salaries and Wages	\$	25,014	
Social Security		5,361	
State Retirement		4,679	
Life Insurance		50	
Medical Insurance		8,188	
Dental Insurance		451	
Unemployment Compensation		102	
Employer Medicare		1,254	
Other Contracted Services		1,500	
Other Supplies and Materials		191	
Total Alternative Instruction Program			\$ 107,843

Special Education Program

Supervisor/Director	\$	71,012	
Career Ladder Program		8,000	
Psychological Personnel		48,694	
Career Ladder Extended Contracts		4,400	
Assessment Personnel		79,018	
Clerical Personnel		26,521	
Other Salaries and Wages		340	
Social Security		14,407	
State Retirement		16,784	
Life Insurance		126	
Medical Insurance		32,349	
Dental Insurance		1,128	
Unemployment Compensation		132	
Employer Medicare		3,369	
Maintenance and Repair Services - Equipment		743	
Travel		22,220	
Other Contracted Services		9,038	
Other Supplies and Materials		1,038	
In Service/Staff Development		14,690	
Other Charges		9,916	
Other Equipment		769	
Total Special Education Program			364,694

Vocational Education Program

Supervisor/Director	\$	61,569
Career Ladder Program		1,000

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(ies)	\$	26,456	
Social Security		5,448	
State Retirement		7,493	
Life Insurance		50	
Medical Insurance		10,720	
Dental Insurance		451	
Unemployment Compensation		52	
Employer Medicare		1,274	
Maintenance and Repair Services - Equipment		280	
Travel		9,692	
Other Supplies and Materials		3,150	
In Service/Staff Development		2,976	
Other Charges		9,734	
Other Equipment		1,178	
Total Vocational Education Program			\$ 141,523

Adult Programs

Other Salaries and Wages	\$	21,369	
Social Security		1,325	
State Retirement		2,901	
Life Insurance		25	
Medical Insurance		5,287	
Dental Insurance		226	
Unemployment Compensation		26	
Employer Medicare		310	
Maintenance and Repair Services - Equipment		450	
Postal Charges		399	
Travel		1,232	
In Service/Staff Development		894	
Other Charges		293	
Total Adult Programs			34,737

Other Programs

On-Behalf Payments to OPEB	\$	315,366	
Total Other Programs			315,366

Board of Education

Board and Committee Members Fees	\$	9,975	
Social Security		618	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

State Retirement	\$	998	
Unemployment Compensation		19	
Employer Medicare		145	
Audit Services		32,390	
Dues and Memberships		14,428	
Legal Services		5,920	
Travel		12,086	
Other Supplies and Materials		835	
Liability Insurance		216,283	
Trustee's Commission		212,723	
Workers' Compensation Insurance		149,965	
In Service/Staff Development		994	
Other Charges		5,151	
Total Board of Education			\$ 662,530

Director of Schools

County Official/Administrative Officer	\$	92,700	
Secretary(ies)		104,692	
Clerical Personnel		36,038	
Social Security		13,662	
State Retirement		24,869	
Life Insurance		151	
Medical Insurance		34,812	
Dental Insurance		1,128	
Unemployment Compensation		141	
Employer Medicare		3,195	
Other Fringe Benefits		15,374	
Communication		72,146	
Dues and Memberships		2,838	
Maintenance and Repair Services - Equipment		4,001	
Postal Charges		7,493	
Travel		2,210	
Office Supplies		2,630	
In Service/Staff Development		2,093	
Other Charges		3,565	
Administration Equipment		1,814	
Total Director of Schools			425,552

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	751,431	
Career Ladder Program		33,500	
Career Ladder Extended Contracts		32,289	
Assistant Principals		193,954	
Secretary(ies)		212,742	
Clerical Personnel		69,403	
Other Salaries and Wages		369,779	
Social Security		100,691	
State Retirement		124,158	
Life Insurance		1,184	
Medical Insurance		272,929	
Dental Insurance		10,602	
Unemployment Compensation		1,133	
Employer Medicare		23,550	
Other Fringe Benefits		10,452	
Other Contracted Services		18,440	
Office Supplies		2,143	
Administration Equipment		4,956	
Total Office of the Principal			\$ 2,233,336

Fiscal Services

Other Contracted Services	\$	139,640	
Total Fiscal Services			139,640

Operation of Plant

Custodial Personnel	\$	753,832	
Other Salaries and Wages		650	
Social Security		46,567	
State Retirement		81,981	
Life Insurance		979	
Medical Insurance		194,685	
Dental Insurance		8,466	
Unemployment Compensation		1,481	
Employer Medicare		10,894	
Other Fringe Benefits		16,111	
Rentals		18,333	
Disposal Fees		12,165	
Other Contracted Services		23,907	
Custodial Supplies		98,338	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	939,335	
Natural Gas		328,253	
Water and Sewer		53,892	
Other Charges		278	
Total Operation of Plant			\$ 2,590,147

Maintenance of Plant

Supervisor/Director	\$	41,303	
Secretary(ies)		21,989	
Maintenance Personnel		257,610	
Social Security		20,207	
State Retirement		43,000	
Life Insurance		297	
Medical Insurance		58,409	
Dental Insurance		2,662	
Unemployment Compensation		331	
Employer Medicare		4,725	
Other Fringe Benefits		5,370	
Laundry Service		5,840	
Maintenance and Repair Services - Buildings		102,076	
Maintenance and Repair Services - Equipment		50,671	
Travel		81	
Disposal Fees		613	
Other Contracted Services		91,528	
General Construction Materials		2,440	
Other Supplies and Materials		10,364	
Other Charges		2,179	
Maintenance Equipment		10,425	
Total Maintenance of Plant			732,120

Transportation

Supervisor/Director	\$	41,303
Mechanic(s)		154,878
Bus Drivers		591,183
Clerical Personnel		25,164
Social Security		50,061
State Retirement		105,230
Life Insurance		1,678
Medical Insurance		351,242

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Dental Insurance	\$	15,022	
Unemployment Compensation		1,586	
Employer Medicare		11,712	
Other Fringe Benefits		22,062	
Contracts with Parents		6,050	
Laundry Service		4,794	
Disposal Fees		49	
Other Contracted Services		2,762	
Diesel Fuel		261,287	
Gasoline		109,420	
Lubricants		8,066	
Tires and Tubes		27,503	
Vehicle Parts		76,153	
Other Supplies and Materials		9,416	
Other Charges		13,789	
Transportation Equipment		512,290	
Total Transportation			\$ 2,402,700

Central and Other

Data Processing Personnel	\$	195,864	
Social Security		11,629	
State Retirement		26,527	
Life Insurance		123	
Medical Insurance		22,659	
Dental Insurance		1,105	
Unemployment Compensation		126	
Employer Medicare		2,720	
Maintenance and Repair Services - Equipment		8,861	
Travel		17,764	
Data Processing Supplies		1,973	
Office Supplies		487	
In Service/Staff Development		3,578	
Total Central and Other			293,416

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	74,921	
Part-time Personnel		651,738	
Other Salaries and Wages		116,317	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Social Security	\$	50,987	
State Retirement		38,199	
Life Insurance		52	
Medical Insurance		13,891	
Dental Insurance		462	
Unemployment Compensation		1,481	
Employer Medicare		12,012	
Dues and Memberships		35	
Travel		11,154	
Other Contracted Services		12,311	
Food Supplies		86,839	
Instructional Supplies and Materials		70,100	
In Service/Staff Development		26,213	
Other Charges		91,824	
Total Community Services			\$ 1,258,536

Early Childhood Education

Supervisor/Director	\$	30,340	
Teachers		108,160	
Clerical Personnel		1,119	
Educational Assistants		33,374	
Other Salaries and Wages		340	
Certified Substitute Teachers		2,865	
Social Security		9,001	
State Retirement		11,423	
Life Insurance		126	
Medical Insurance		22,316	
Dental Insurance		1,128	
Unemployment Compensation		149	
Employer Medicare		2,477	
Travel		1,913	
Instructional Supplies and Materials		49,725	
In Service/Staff Development		2,725	
Other Charges		355	
Total Early Childhood Education			277,536

Capital Outlay

Regular Capital Outlay

Architects	\$	11,487	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Other Contracted Services	\$	62,295	
Building Construction		112,627	
Building Improvements		214,990	
Site Development		4,850	
Other Capital Outlay		453,192	
Total Regular Capital Outlay			\$ 859,441

Principal on Debt

Education

Principal on Notes	\$	11,065	
Principal on Capital Leases		191,599	
Total Education			202,664

Interest on Debt

Education

Interest on Capital Leases	\$	144,125	
Total Education			144,125

Total General Purpose School Fund \$ 39,280,323

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	956,712	
Social Security		57,746	
State Retirement		59,281	
Life Insurance		630	
Medical Insurance		154,719	
Dental Insurance		5,640	
Unemployment Compensation		583	
Employer Medicare		13,505	
Other Contracted Services		8,940	
Instructional Supplies and Materials		64,616	
Other Supplies and Materials		100,851	
Total Regular Instruction Program			\$ 1,423,223

Special Education Program

Teachers	\$	67,195	
Educational Assistants		505,951	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	97,022	
Social Security		39,859	
State Retirement		77,540	
Life Insurance		1,303	
Medical Insurance		272,133	
Dental Insurance		11,438	
Unemployment Compensation		1,171	
Employer Medicare		9,325	
Other Contracted Services		59,881	
Instructional Supplies and Materials		26,413	
Other Supplies and Materials		539	
Regular Instruction Equipment		4,150	
Total Special Education Program			\$ 1,173,920

Vocational Education Program

Instructional Supplies and Materials	\$	6,251	
Other Charges		8,847	
Vocational Instruction Equipment		85,040	
Total Vocational Education Program			100,138

Support Services

Health Services

Medical Personnel	\$	53,494	
Social Security		2,997	
State Retirement		6,515	
Life Insurance		40	
Medical Insurance		8,059	
Dental Insurance		361	
Unemployment Compensation		31	
Employer Medicare		701	
Total Health Services			72,198

Other Student Support

Social Workers	\$	21,765	
Attendants		42,007	
Other Salaries and Wages		41,265	
Social Security		6,512	
State Retirement		4,798	
Life Insurance		22	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Medical Insurance	\$	2,681	
Dental Insurance		202	
Unemployment Compensation		198	
Employer Medicare		1,524	
Contracts with Government Agencies		11,400	
Travel		20,836	
Other Supplies and Materials		2,844	
In Service/Staff Development		6,040	
Other Charges		14,415	
Total Other Student Support	\$		176,509

Regular Instruction Program

Supervisor/Director	\$	46,704	
Other Salaries and Wages		47,024	
Social Security		5,800	
State Retirement		5,845	
Life Insurance		38	
Medical Insurance		7,645	
Dental Insurance		338	
Unemployment Compensation		52	
Employer Medicare		1,356	
Maintenance and Repair Services - Equipment		2,898	
Travel		18,110	
Other Supplies and Materials		11,433	
In Service/Staff Development		48,409	
Other Charges		830	
Total Regular Instruction Program			196,482

Special Education Program

Secretary(ies)	\$	18,966	
Other Salaries and Wages		87,167	
Social Security		6,495	
State Retirement		9,930	
Life Insurance		76	
Medical Insurance		17,912	
Dental Insurance		677	
Unemployment Compensation		116	
Employer Medicare		1,519	
Travel		1,126	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	5,595	
Other Supplies and Materials		48	
In Service/Staff Development		3,112	
Other Charges		1,120	
Total Special Education Program			\$ 153,859

Transportation

Bus Drivers	\$	21,556	
Social Security		1,337	
State Retirement		2,906	
Life Insurance		50	
Medical Insurance		10,266	
Dental Insurance		451	
Unemployment Compensation		43	
Employer Medicare		312	
Total Transportation			\$ 36,921

Total School Federal Projects Fund \$ 3,333,250

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	52,412	
Clerical Personnel		20,471	
Cafeteria Personnel		776,234	
Other Salaries and Wages		32,428	
Social Security		54,354	
State Retirement		85,392	
Life Insurance		1,320	
Medical Insurance		266,482	
Dental Insurance		11,500	
Unemployment Compensation		169	
Employer Medicare		12,709	
Other Fringe Benefits		31,180	
Communication		4,556	
Dues and Memberships		202	
Freight Expenses		11	
Maintenance and Repair Services - Equipment		39,081	
Travel		3,574	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Contracted Services	\$	63,436	
Food Preparation Supplies		75,553	
Food Supplies		1,048,169	
Office Supplies		4,354	
Uniforms		4,000	
Other Supplies and Materials		14,159	
In Service/Staff Development		4,977	
Other Charges		597	
Food Service Equipment		19,001	
Total Food Service			\$ 2,626,321

Total Central Cafeteria Fund \$ 2,626,321

Other Education Special Revenue Fund

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	44,924	
Teachers		265,050	
Clerical Personnel		26,774	
Educational Assistants		96,299	
Custodial Personnel		1,556	
Other Salaries and Wages		150,312	
Certified Substitute Teachers		6,405	
Non-certified Substitute Teachers		8,682	
Social Security		34,860	
State Retirement		50,708	
Life Insurance		525	
Medical Insurance		123,976	
Dental Insurance		4,704	
Unemployment Compensation		526	
Employer Medicare		8,153	
Operating Lease Payments		10,506	
Travel		3,814	
Food Supplies		84,925	
Instructional Supplies and Materials		36,395	
In Service/Staff Development		9,250	
Other Charges		28,189	
Total Early Childhood Education			\$ 996,533

Total Other Education Special Revenue Fund 996,533

(Continued)

Exhibit J-8

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

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Engineering Services	\$	75,754	
Legal Notices, Recording, and Court Costs		176	
Building Improvements		<u>219,309</u>	
Total Education Capital Projects			<u>\$ 295,239</u>

Total Education Capital Projects Fund \$ 295,239

Total Governmental Funds - Carter County School Department \$ 46,531,666

Exhibit J-9

Carter 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	City School ADA - Elizabethton Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,633,332	\$ 1,633,332
Trustee's Collections - Prior Years	0	54,562	54,562
Circuit/Clerk and Master Collections - Prior Years	0	12,675	12,675
Interest and Penalty	0	14,557	14,557
Payments in-Lieu-of Taxes - Local Utilities	0	39,136	39,136
Payments in-Lieu-of Taxes - Other	0	2,429	2,429
Local Option Sales Tax	3,850,918	1,152,533	5,003,451
Bank Excise Tax	0	16,432	16,432
Interstate Telecommunications Tax	0	1,861	1,861
Marriage Licenses	0	525	525
Mixed Drink Tax	0	1,686	1,686
Contributions	0	277,993	277,993
Donations	0	127	127
Total Cash Receipts	\$ 3,850,918	\$ 3,207,848	\$ 7,058,766
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,812,409	\$ 3,112,074	\$ 6,924,483
Trustee's Commission	38,509	46,166	84,675
Total Cash Disbursements	\$ 3,850,918	\$ 3,158,240	\$ 7,009,158
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 49,608	\$ 49,608
Cash Balance, July 1, 2007	0	97,535	97,535
Cash Balance, June 30, 2008	\$ 0	\$ 147,143	\$ 147,143

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SINGLE AUDIT 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

April 6, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Carter County's basic financial statements and have issued our report thereon dated April 6, 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 Carter County Emergency Communications District as described in our report on Carter 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 Carter 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 Carter County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Carter 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 Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01, 08.03, 08.04(A,B), 08.06, 08.08, and 08.09.

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 Carter 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, 08.03, 08.04(A,B), and 08.06 to be material weaknesses.

Compliance and Other Matters

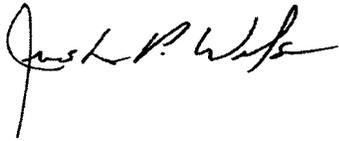
As part of obtaining reasonable assurance about whether Carter County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.02, 08.04(C), 08.05, and 08.07.

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

Carter County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Carter 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, director of schools, road superintendent, County Commission, Financial Management Committee, Board of Education, others within Carter 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 written in a cursive style with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

April 6, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Carter County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Carter County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carter County's management. Our responsibility is to express an opinion on Carter County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carter County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carter County's compliance with those requirements.

In our opinion, Carter County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Carter County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Carter County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

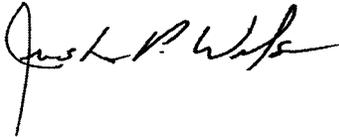
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County as of and for the year ended June 30, 2008, and have issued our report thereon dated April 6, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Carter County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to

the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Carter County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Carter 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, director of schools, road superintendent, County Commission, Financial Management Committee, Board of Education, others within Carter 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.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Carter County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 272,852 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	426,142
National School Lunch Program	10.555	N/A	1,288,734 (3)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	137,229
Total U.S. Department of Agriculture			<u>\$ 2,124,957</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-12745-00	\$ 48,421
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-04-05	247,624
Total U.S. Department of Housing and Urban Development			<u>\$ 296,045</u>
U.S. Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 76,123
Total U.S. Department of the Interior			<u>\$ 76,123</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-07-036042-00	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,331,450
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,366,496
Special Education - Preschool Grants	84.173	N/A	60,479
Vocational Education - Basic Grants to States	84.048	N/A	209,952
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	22,318
Twenty-First Century Community Learning Centers	84.287	192-08-4-002	457,303
State Grants for Innovative Programs	84.298	N/A	9,875
Education Technology State Grants	84.318	(2)	13,303
English Language Acquisition Grants	84.365	N/A	15,349
Improving Teacher Quality State Grants	84.367	N/A	306,546
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-08-020765-00	78,795
Total U.S. Department of Education			<u>\$ 3,871,866</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Upper East Tennessee			
Human Development Agency:			
Head Start	93.600	N/A	\$ 911,608
Total U.S. Department of Health and Human Services			<u>\$ 911,608</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially			
Declared Disasters)	97.036	Z-05-024711-00	\$ 34,848
Emergency Management Performance Grants	97.042	Z-07-206350-00	25,421
Homeland Security Grant Program	97.067	Z-05-025139-00	22,835
Total U.S. Department of Homeland Security			<u>\$ 83,104</u>
Total Expenditures of Federal Awards			<u>\$ 7,368,703</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Services Program - State Commission on			
Children and Youth	N/A	(2)	\$ 11,975
State Reappraisal - Comptroller of the Treasury	N/A	(2)	26,332
Litter Program - State Department of Transportation	N/A	(2)	11,239
Courtroom Security Grant - Administrative Office of the Courts	N/A	(2)	39,171
Health Department Program - State Department			
of Health	N/A	(2)	298,740
Adult Basic Education - State Department of Education	N/A	(2)	26,265
Family Resource Center Grant - State Department of Education	N/A	(2)	33,300
Safe Schools Act - State Department of Education	N/A	(2)	73,978
Lottery for Education Afterschool Programs -			
State Department of Education	N/A	(2)	380,665
Coordinated School Health - State Department of Education	N/A	(2)	157,009
Early Childhood Education Project - State Department			
of Education	N/A	(2)	<u>160,847</u>
Total State Grants			<u>\$ 1,219,521</u>

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,561,586.

Carter 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 Carter County, Tennessee, for the year ended June 30, 2007, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

Finding Number	Page Number	Subject
07.07	19	Expenditures and encumbrances exceeded appropriations

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
07.09	20	The trustee's depository used an unauthorized method of paying county warrants

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
07.10	21	Execution docket trial balances did not reconcile with general ledger accounts
07.12	22	Audit logs were not reviewed

OTHER FINDING

Finding Number	Page Number	Subject
07.14	23	Duties were not segregated adequately in the Office of Sheriff

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CARTER COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Carter County is unqualified.
2. The audit of the financial statements of Carter County disclosed significant deficiencies in internal control. Four of these deficiencies were considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance that are material to the financial statements of Carter County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), the Twenty-First Century Community Learning Centers (CFDA No. 84.287), and the Head Start Program (CFDA No. 93.600) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carter County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor and director of finance are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 08.01 MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, certain general ledger account balances in the General, Highway/Public Works, and General Purpose School funds 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 Carter County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county'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 county 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

Carter County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF FINANCE

As a result of changes in auditing standards, there was a required change in procedure for recognizing receivables per Governmental Accounting Standards Board Statement No. 33 and with guidance from the Division of County Audit. The correct procedures will be established by management to eliminate future material audit adjustments.

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

Expenditures exceeded appropriations in several major appropriation categories (the legal level of control) in the following funds:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Attorney	\$ 677
Drug Court	12,642
Other Public Safety	200
Tourism	11,919
Miscellaneous	5,268
Solid Waste/Sanitation:	
Recycling Center	487
Landfill Operations and Maintenance	1,098
General Purpose School:	
Operation of Plant	32,863
Community Services	17,078
Principal on Debt	7,763

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 governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to hold spending within amounts authorized by the County Commission and failed to correct the finding noted in the prior audit report. This deficiency resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission as required by state statute.

FINDING 08.03 THE ACTUAL BEGINNING FUND BALANCES OF THE GENERAL, HIGHWAY/PUBLIC WORKS, GENERAL DEBT SERVICE, AND GENERAL PURPOSE SCHOOL FUNDS EXCEEDED THE ESTIMATED FUND BALANCES BY MATERIAL AMOUNTS
(Internal Control – Material Weakness Under Government Auditing Standards)

The General, Highway/Public Works, General Debt Service, and General Purpose School funds' actual beginning fund balances at July 1, 2007, exceeded the estimated fund balances presented to the County Commission by the amounts noted below. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency was due to management reflecting only the amounts of beginning fund balances appropriated to

cover expenditures. This deficiency resulted in materially understating the estimated beginning fund balances.

Fund	Actual Fund Balance 7-1-07	Estimated Fund Balance 7-1-07	Variance
General	\$ 2,720,968	\$ 386,377	\$ 2,334,591
Highway/Public Works	1,667,309	662,182	1,005,127
General Debt Service	3,490,696	68,236	3,422,460
General Purpose School	3,163,047	1,401,018	1,762,029

RECOMMENDATION

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

SOLID WASTE DEPARTMENT

FINDING 08.04 WEAKNESSES WERE NOTED IN THE OPERATIONS OF THE SOLID WASTE DEPARTMENT, WHICH RESULTED IN THE LOSS OF PROPERTY

(A. and B. – Internal Control – Material Weakness Under Government Auditing Standards; C. – Noncompliance Under Government Auditing Standards)

During our audit, we were informed of an alleged theft of fuel and other items at the Solid Waste Department that purportedly occurred between the months of May 2008 and November 2008. In the fall of 2008, county officials became aware of several missing items: fuel; a money bag with \$800 for employees’ food, soda, and flower funds; antifreeze; oil; hydraulic oil; and four retread tires; however, officials did not file an offense report with the Sheriff’s Department or a fraud reporting form with the Comptroller of the Treasury until March 10, 2009. The Carter County Sheriff’s Department is currently conducting an investigation. We reviewed various records and assessed the controls of the department and determined the following weaknesses:

- A. Physical access to the solid waste facilities was not controlled after hours. Department employees informed us that a gate had been erected to control access to the facility, but it was not locked after normal operating hours. The gate had not been locked because a lessee needed access to his facility located at the rear of the landfill property and because employees of the lessee were tenants of a home located on the property.

- B. The Solid Waste Department dispenses fuel from tanks located at the facility. The department did not maintain inventory records documenting the receipt, usage, and storage of fuel. Generally accepted accounting principles require accountability for all consumable assets. The failure to maintain adequate records of a consumable asset such as fuel weakens controls over assets and increases the risk of inventory loss.
- C. The department did not file a fraud reporting form with the Comptroller of the Treasury when the suspected fraud was discovered. Section 8-4-501, Tennessee Code Annotated, provides that a public official with knowledge based upon available information that reasonably causes the official to believe that a theft or any other act of unlawful taking of public money, property, or services has occurred shall report the information within five working days to the Comptroller of the Treasury.

These weaknesses existed due to a lack of management oversight and resulted in a loss of county and employees' property. We have discussed this finding with the district attorney general.

RECOMMENDATION

County officials should take steps to determine the amount of the theft and attempt to recover the loss. Physical access to the landfill facility should be controlled after normal operating hours. The office should maintain inventory records documenting the receipt, usage, and storage of fuel. Furthermore, personnel independent of maintaining the inventory should periodically verify these records. Any future suspected instances of fraud should be reported to the Comptroller of the Treasury as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF FINANCE

A report was made to the Sheriff's Department on March 10, 2009, and a formal investigation is now taking place. The following preventive measures have been put into action.

To control physical access to the solid waste facility, solid waste management has been instructed to lock the gate after hours and obstruct access around said gate. In the past, the gate had remained open for the lessee of the back of the property to gain access to his site. Therefore, the lease option will not be renewed, and the tenants of the home on the property have been asked to evacuate the premises. Keys to the property are now restricted to management personnel access only.

Proper inventory records are now maintained by the generation of a fuel log report. On this report, the employee records the amount pumped, the piece of equipment pumped to, and his or her name. Routinely, tank contents will be measured to compare to the estimated contents from the fuel log report. Usage reports will be generated for analysis.

OFFICE OF TRUSTEE

FINDING 08.05 **THE TRUSTEE'S DEPOSITORY USED AN UNAUTHORIZED METHOD OF PAYING COUNTY WARRANTS (Noncompliance Under Government Auditing Standards)**

The office's depository deducted warrants from the office's bank account before the bank presented the warrants to the trustee for payment. Section 8-11-104(7), Tennessee Code Annotated (TCA), states that the trustee should "pay all just claims against the trustee's county as they are presented, if the trustee has a sufficient sum of money ... not otherwise appropriated." The depository's practice did not provide a method for the trustee to verify the availability of funds for paying warrants.

Section 5-8-210, TCA, provides an alternate method for the trustee to determine whether adequate funds are available and for the bank to charge the trustee's account directly. This section authorizes county trustees to implement a checking system instead of a warrant system for disbursing funds. However, as of the date of this report, the trustee had not elected to implement a checking system. This deficiency exists because management failed to correct the finding noted in prior audit reports.

RECOMMENDATION

The office's depository should not deduct warrants from the office's bank account until the warrants have been presented to the trustee for payment. As an alternative to this practice, the trustee should consider implementing a checking system for disbursing county funds as authorized by state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 08.06 **DEFICIENCIES EXISTED IN THE ACCOUNTING RECORDS (Internal Control – Material Weakness Under Government Auditing Standards)**

We noted the following deficiencies in the maintenance of accounting records. Sound business practices dictate that accounting records should be currently and accurately maintained. These deficiencies existed in part due to a lack of management oversight.

- A. Activity related to trust accounts was not posted on a current basis. Deposits and interest earnings of \$208,501 (Circuit Court) and \$28,150 (General Sessions Court) and withdrawals of \$1,500 (General Sessions Court) had not been recorded on the general ledgers or the trust account subsidiary ledgers. Management was not aware of these deficiencies until we brought it to their attention.
- B. Bank statements for the checking accounts had not been properly reconciled. The office attempted to reconcile the bank statements with the general

ledgers; however, numerous variances were unidentified or incorrectly identified.

- C. The clerk erroneously paid \$800.30 to the state Division of Unclaimed Property for outstanding checks that appeared on the bank reconciliation. However, these checks had actually cleared the bank but had not been removed from the list of outstanding checks. If the bank statements had been properly reconciled, this error would have been prevented. As of January 27, 2009, the official had not requested reimbursement for the erroneous payment.
- D. A listing of checks received and returned by the bank for insufficient funds was maintained; however, the listing was not reconciled with the general ledger. We noted certain insufficient funds checks that had been redeemed although the checks were still reflected on the general ledger as unpaid. Also, we noted certain other insufficient funds checks that had not been redeemed although these checks had not been posted to the general ledger as unpaid.

We provided management with audit adjustments to properly reflect these transactions in the financial statements of this report.

RECOMMENDATION

All trust accounts activity should be currently posted to the general ledgers and the trust account subsidiary ledgers. Bank statements should be reconciled with general ledger control accounts monthly and any variances identified and corrected promptly. The clerk should take immediate steps to recover the funds that were erroneously paid to the state Division of Unclaimed Property. The listing of insufficient funds checks outstanding should be reconciled with general ledger balances.

FINDING 08.07 **EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS** (Material Noncompliance Under Government Auditing Standards)

At June 30, 2008, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, these trial balances did not reconcile with general ledger accounts by \$57,441 and \$27,237, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to take corrective action for the finding reported in prior audit reports.

RECOMMENDATION

The execution docket trial balances should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

FINDING 08.08 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. Since this log provided the only audit trail of these changes, it should be reviewed regularly for inappropriate activity. Since management was not aware of its importance, they did not begin to review this log until several months into the fiscal year. Procedures were developed for reviewing the audit log after it was brought to the official's attention. However, the log was not reviewed on a regular basis during the remainder of the fiscal year.

RECOMMENDATION

Management should review the audit log on a routine basis. Any unusual transactions should be investigated.

OTHER FINDING

FINDING 08.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF SHERIFF AND IN THE SOLID WASTE DEPARTMENT** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Office of Sheriff and in the Solid Waste Department. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide 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 increases the risk of unauthorized transactions.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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**CARTER COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008**

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

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

FINDINGS 07.03 and 07.15

Contact Persons: Dallas Williams, Director of Schools
Jerome Kitchens, Finance Director

Corrective action taken: The absence of a contract for audit of USDA Child Nutrition was not due to inattention, but rather to a failed attempt to work with our auditor of long standing. Due to changes in staffing at the auditor's office, the audit reports continued to be pushed back. The board had a very long standing relationship with a good auditor and tried to maintain that relationship. After repeated communication with Municipal Audit and the current auditor, the board placed a request for proposals for auditing services.

The Carter County Board of Education in their regular board meeting voted to contract with the firm of Rodefer Moss & Co. to perform audit procedures for the individual schools including USDA required procedures. The intention of the board and the new auditors is to perform all possible procedures for the 06-07 year, in addition to auditing the current year.

Action Items – Estimated Time Period

- RFQ for new auditor – completed
- Interview potential auditor – completed
- Select new auditor – completed
- Allow auditor to obtain work in process and look at workpapers – completed
- Negotiate fee for work in process and sign contract – completed
- Begin audit process – completed
- Perform USDA procedures - completed