

**ANNUAL FINANCIAL REPORT**  
**HARTSVILLE/TROUSDALE**  
**COUNTY GOVERNMENT, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2008**



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**ANNUAL FINANCIAL REPORT**  
**HARTSVILLE/TROUSDALE**  
**COUNTY GOVERNMENT, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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

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

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***Director***

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***KELLEY McNEAL, CPA, CGFM***  
***State Auditors***

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

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# ***Audit Highlights***

Annual Financial Report  
Hartsville/Trousdale County Government, Tennessee  
For the Year Ended June 30, 2008

## ***Scope***

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2008.

## ***Results***

We have disclaimed an opinion on the county's business-type activities and the major enterprise fund because management was unable to provide evidence to support certain amounts reported for capital assets. Our report on the aggregate discretely presented component units is qualified because the financial statements did not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund (excluding the major enterprise fund), and the aggregate remaining fund information is unqualified.

Our audit resulted in 14 findings and recommendations, which we have reviewed with Hartsville/Trousdale County Government management. Detailed findings, recommendations, and managements' responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **HARTSVILLE/TROUSDALE COUNTY GOVERNMENT AND THE HARTSVILLE/TROUSDALE COUNTY GOVERNMENT SCHOOL DEPARTMENT**

- ◆ A payment from the General Fund to the School Department for a school bus is of questionable legality.

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### **OFFICE OF COUNTY EXECUTIVE**

- ◆ Several funds required material audit adjustments for proper financial statement presentation.
- ◆ Purchase orders were not issued in some required instances, and competitive bids were not solicited for the purchase of food at the jail.
- ◆ Deficiencies noted in the administration of the Water and Sewer Department included inadequate capital assets records, duties not segregated adequately, financial records not recorded in accordance with the County Uniform Chart of Accounts, inadequate payroll records, and purchasing procedures.

## **OFFICE OF SUPERINTENDENT OF ROADS**

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
  - ◆ Expenditures exceeded appropriations approved by the County Commission in two major appropriation categories (the legal level of control) of the Highway/Public Works Fund.
  - ◆ A formal purchase order system had not been established.
- 

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission in two major appropriation categories (the legal level of control) of the General Purpose School Fund and one major appropriation category of the School Federal Projects Fund.
  - ◆ A revenue anticipation note was not issued in compliance with state statutes.
  - ◆ In some instances, purchase orders were issued after purchases were made, and some purchase orders did not disclose the descriptions and dollar amounts of items purchased. Also, some invoices were paid without documentation that goods had been received or services had been rendered.
  - ◆ The office failed to deposit its payroll taxes promptly.
- 

## **OFFICE OF TRUSTEE**

- ◆ The office maintained a duplicate set of accounting records.
- 

## **OTHER FINDINGS**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Offices of County Executive, Superintendent of Roads, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

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# INTRODUCTORY SECTION

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# Hartsville/Trousdale County Government Officials

## June 30, 2008

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### **Officials**

Jerry Clift, County Executive  
Charles Beasley, Superintendent of Roads  
Margaret Oldham, Director of Schools  
Kay Celsor, Trustee  
Bobby Satterfield, Assessor of Property  
Rita Crowder, County Clerk  
Kim Taylor, Circuit and General Sessions Courts Clerk  
Shelly Jones, Clerk and Master  
Mary Holder, Register  
Ray Russell, Sheriff

### **Hartsville/Trousdale County Government Commissioners**

Jerry Clift, Chairman	
Freddie Banks	James McDonald
Wayne Brown	Donald Moss
Steve Burrow	David Nollner
Dewayne Byrd	Chris Oldham
William Fergusson	John Oliver
Richard Johnson	Carol Pruett
Mark Jones	Tim Roberson
Mike Keisling	Roy Skinner
Johnny Kerr	Phillip Taylor
Phyllis Martinez	Robert Thurman

### **Board of Education**

James Crabtree, Chairman  
Kim Chumley  
Barry Holder  
Randy Linville  
Regina Waller

### **Highway Commission**

Jerry Clift, Chairman  
Charles Beasley  
James McCadden

### **Water and Sewerage Board**

Pat Fergusson, Chairman  
Richard Beal  
Phyllis Martinez  
Hattie McDonald  
Dennis Oldham

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## FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

October 22, 2008

Hartsville/Trousdale County Government Executive and  
Board of County Commissioners  
Hartsville/Trousdale County Government, Tennessee

To the County Executive 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 (except for the Water and Sewer Fund, a major proprietary fund), and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise a portion of the government's basic financial statements required by accounting principles generally accepted in the United States of America. We were also engaged to audit the financial statements of the Water and Sewer Fund, which comprises the government's entire business-type activities and is also a major proprietary fund as of and for the year ended June 30, 2008. These financial statements are the responsibility of Hartsville/Trousdale County Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following three paragraphs, we conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 provides a reasonable basis for our opinions.

The scope of our audit was limited with respect to the financial statements and related notes to the financial statements for the Water and Sewer Fund (a major proprietary fund, which represents all the government's business-type activities). Management was unable to provide sufficient evidence supporting amounts presented on the financial statements for capital assets net of accumulated depreciation and their related footnote disclosures.

Since we were unable to determine the propriety of balances reported on the financial statements and the related footnote disclosures for the Water and Sewer Fund, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the Water and Sewer Fund included in the basic financial statements, in conformity with accounting principles generally accepted in the United States of America.

In addition, the financial statements of the Hartsville/Trousdale County Government Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units' financial statements referred to above do not include amounts for the Hartsville/Trousdale County Government Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Hartsville/Trousdale County Government Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Hartsville/Trousdale County Government, Tennessee, at June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund (except for the Water and Sewer Fund as noted in the preceding paragraphs), and the aggregate remaining fund information of Hartsville/Trousdale County Government, 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 October 22, 2008, on our consideration of Hartsville/Trousdale County Government'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., Hartsville/Trousdale County Government 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., the county has adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management of Hartsville/Trousdale County Government 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 other postemployment benefits information on pages 73 through 79 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 Hartsville/Trousdale County Government’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Hartsville/Trousdale County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Hartsville/Trousdale County School Department (a discretely presented component unit), and the miscellaneous schedules, except for information presented for the Hartsville/Trousdale County Government Water and Sewer Fund (major enterprise fund), have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

As described in paragraph four, we do not express an opinion on the Water and Sewer Fund (a major proprietary fund, which represents all the government's business-type activities) presented in the basic financial statements. Consequently, we do not express an opinion in relation to the basic financial statements taken as a whole, for amounts included in the miscellaneous schedules for the Water and Sewer Fund.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Hartsville/Trousdale County Government, Tennessee  
Statement of Net Assets  
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hartsville/ Trousdale County School Department
<u>ASSETS</u>				
Cash	\$ 0	\$ 3,744,902	\$ 3,744,902	\$ 0
Equity in Pooled Cash and Investments	3,471,885	0	3,471,885	1,893,037
Accounts Receivable	710,385	137,900	848,285	45
Allowance for Uncollectibles	(228,655)	0	(228,655)	0
Due from Other Governments	433,139	38,347	471,486	232,969
Property Taxes Receivable	2,958,814	0	2,958,814	991,401
Allowance for Uncollectible Property Taxes	(133,250)	0	(133,250)	(44,661)
Internal Balances	9,564	(9,564)	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	959,554	22,043	981,597	629,383
Construction in Progress	0	114,785	114,785	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	929,039	8,681,920	9,610,959	12,297,462
Infrastructure	5,064,686	540,111	5,604,797	0
Other Capital Assets	1,100,728	81,960	1,182,688	555,832
Total Assets	\$ 15,275,889	\$ 13,352,404	\$ 28,628,293	\$ 16,555,468
<u>LIABILITIES</u>				
Accounts Payable	\$ 309,437	\$ 0	\$ 309,437	\$ 67,050
Accrued Payroll	37,136	0	37,136	0
Payroll Deductions Payable	0	3,443	3,443	127,692
Accrued Interest Payable	14,565	0	14,565	0
Due to State of Tennessee	802	7,838	8,640	0
Deferred Revenue - Current Property Taxes	2,614,802	0	2,614,802	877,499
Revenue Bonds Payable	0	237,361	237,361	0
Other Current Liabilities	8	0	8	0
Noncurrent Liabilities:				
Due Within One Year	1,027,653	18,834	1,046,487	0
Due in More Than One Year	8,775,765	520,804	9,296,569	0
Total Liabilities	\$ 12,780,168	\$ 788,280	\$ 13,568,448	\$ 1,072,241
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 6,899,917	\$ 8,695,845	\$ 15,595,762	\$ 0
Invested in Capital Assets	0	0	0	13,482,677
Restricted for:				
Capital Projects	92,463	0	92,463	0
Debt Service	1,015,940	0	1,015,940	0
Urban Services	611,299	0	611,299	0
Solid Waste/Sanitation	226,650	0	226,650	0
Highway/Public Works	247,000	0	247,000	0
School Federal Projects	0	0	0	79,388
Construction Contracts	0	153,136	153,136	0
Basic Education Program	0	0	0	732,267
Other Purposes	135,374	0	135,374	31,413
Unrestricted	(6,732,922)	3,715,143	(3,017,779)	1,157,482
Total Net Assets	\$ 2,495,721	\$ 12,564,124	\$ 15,059,845	\$ 15,483,227

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

Exhibit B

Hartsville/Trousdale County Government, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Unit Hartsville/ Trousdale County School Department
	Program Revenues			Primary Government		Business-type		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total		
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 585,817	\$ 120,158	\$ 0	\$ (447,506)	\$ 0	\$ (447,506)	\$ 0	
Finance	298,174	130,331	0	(165,014)	0	(165,014)	0	
Administration of Justice	312,560	363,384	35,362	92,936	0	92,936	0	
Public Safety	2,073,932	206,119	14,993	(1,822,073)	0	(1,822,073)	0	
Public Health and Welfare	1,708,131	671,462	0	(978,136)	0	(978,136)	0	
Social, Cultural, and Recreational Services	196,905	14,418	0	(150,803)	0	(150,803)	0	
Agriculture and Natural Resources	40,874	0	0	(40,874)	0	(40,874)	0	
Other Operations	421,466	0	35,000	(386,466)	0	(386,466)	0	
Highways/Public Works	2,115,143	0	1,313,336	(750,699)	0	(750,699)	0	
Education	35,700	0	245,000	209,300	0	209,300	0	
Interest on Long-term Debt	357,098	0	0	(357,098)	0	(357,098)	0	
Other Debt Service	11,909	0	0	(11,909)	0	(11,909)	0	
<b>Total Governmental Activities</b>	<b>\$ 8,157,709</b>	<b>\$ 1,505,872</b>	<b>\$ 1,462,032</b>	<b>\$ (4,808,342)</b>	<b>\$ 0</b>	<b>\$ (4,808,342)</b>	<b>\$ 0</b>	
<b>Business-type Activities:</b>								
Public Utility - Water and Sewer	\$ 2,351,234	\$ 1,489,599	\$ 38,347	\$ 0	\$ 1,142,797	\$ 1,142,797	\$ 0	
<b>Total Business-type Activities</b>	<b>\$ 2,351,234</b>	<b>\$ 1,489,599</b>	<b>\$ 38,347</b>	<b>\$ 1,966,085</b>	<b>\$ 0</b>	<b>\$ 1,142,797</b>	<b>\$ 0</b>	
<b>Total Primary Government</b>	<b>\$ 10,508,943</b>	<b>\$ 2,995,471</b>	<b>\$ 1,500,379</b>	<b>\$ (4,808,342)</b>	<b>\$ 1,142,797</b>	<b>\$ (3,665,545)</b>	<b>\$ 0</b>	
<b>Component Unit:</b>								
Hartsville/Trousdale County	\$ 9,961,236	\$ 22,479	\$ 1,197,139	\$ 0	\$ 0	\$ 0	\$ (8,741,618)	
School Department								
<b>Total Component Unit</b>	<b>\$ 9,961,236</b>	<b>\$ 22,479</b>	<b>\$ 1,197,139</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (8,741,618)</b>	

(Continued)

Exhibit B

Hartsville/Trousdale County Government, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					Component Unit Hartsville/ Trousdale County School Department
	Program Revenues		Primary Government		Total	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes			\$ 2,276,661	\$ 0	\$ 2,276,661	\$ 898,489
Property Taxes Levied for Debt Service			397,362	0	397,362	0
Local Option Sales Tax			569,038	0	569,038	430,071
Wheel Tax			296,480	0	296,480	0
Wholesale Beer Tax			144,332	0	144,332	0
Litigation Tax			111,060	0	111,060	0
Business Tax			21,058	0	21,058	0
Adequate Facilities Tax			40,000	0	40,000	0
Interstate Telecommunications Tax			730	0	730	0
Other Local Taxes			0	0	0	7,718
Grants and Contributions Not Restricted for Specific Programs			253,414	0	253,414	7,167,981
Unrestricted Investment Income			294,266	79,690	373,956	0
Miscellaneous			266,545	71,124	337,669	40,178
Total General Revenues			\$ 4,670,946	\$ 150,814	\$ 4,821,760	\$ 8,544,437
Change in Net Assets			\$ (137,396)	\$ 1,293,611	\$ 1,156,215	\$ (197,181)
Prior-period Adjustment			0	2,164,427	2,164,427	0
Net Assets, July 1, 2007			2,633,117	9,106,086	11,739,203	15,680,408
Net Assets, June 30, 2008			\$ 2,495,721	\$ 12,564,124	\$ 15,059,845	\$ 15,483,227

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

Exhibit C-1

Hartsville/Trousdale County Government, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Urban Services	Highway / Public Works	Other Governmental Funds	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 1,366,882	\$ 567,214	\$ 186,351	\$ 1,351,438	\$ 3,471,885
Accounts Receivable	694,170	0	5,674	10,541	710,385
Allowance for Uncollectibles	(228,655)	0	0	0	(228,655)
Due from Other Governments	164,564	1,865	262,547	4,163	433,139
Due from Other Funds	0	9,564	44	0	9,608
Property Taxes Receivable	1,757,495	480,296	0	721,023	2,958,814
Allowance for Uncollectible Property Taxes	(79,175)	(21,592)	0	(32,483)	(133,250)
Total Assets	<u>\$ 3,675,281</u>	<u>\$ 1,037,347</u>	<u>\$ 454,616</u>	<u>\$ 2,054,682</u>	<u>\$ 7,221,926</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 131,711	\$ 4,050	\$ 158,035	\$ 15,641	\$ 309,437
Accrued Payroll	0	0	37,136	0	37,136
Due to Other Funds	44	0	0	0	44
Due to State of Tennessee	0	0	802	0	802
Other Current Liabilities	8	0	0	0	8
Deferred Revenue - Current Property Taxes	1,555,568	421,054	0	638,180	2,614,802
Deferred Revenue - Delinquent Property Taxes	115,408	35,150	0	47,347	197,905
Other Deferred Revenues	479,593	1,865	152,842	4,163	638,463
Total Liabilities	<u>\$ 2,282,332</u>	<u>\$ 462,119</u>	<u>\$ 348,815</u>	<u>\$ 705,331</u>	<u>\$ 3,798,597</u>
<u>Fund Balances</u>					
Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 0	\$ 0	\$ 0	\$ 7,482	\$ 7,482
Reserved for Alcohol and Drug Treatment	26,690	0	0	0	26,690
Reserved for Litter Enforcement Awards	519	0	0	0	519
Reserved for Sexual Offender Registration	4,490	0	0	0	4,490
Reserved for Courtroom Security	558	0	0	0	558
Reserved for Computer System - Register	14,089	0	0	0	14,089
Reserved for Automation Purposes - Circuit Court	13,839	0	0	0	13,839
Reserved for Automation Purposes - General Sessions Court	21,037	0	0	0	21,037
Reserved for Automation Purposes - Chancery Court	1,965	0	0	0	1,965
Reserved for Capital Outlay	0	0	53,999	15,755	69,754
Unreserved, Reported In:					
General Fund	1,309,762	0	0	0	1,309,762
Special Revenue Funds	0	575,228	51,802	233,879	860,909
Debt Service Funds	0	0	0	999,772	999,772
Capital Projects Funds	0	0	0	92,463	92,463
Total Fund Balances	<u>\$ 1,392,949</u>	<u>\$ 575,228</u>	<u>\$ 105,801</u>	<u>\$ 1,349,351</u>	<u>\$ 3,423,329</u>
Total Liabilities and Fund Balances	<u>\$ 3,675,281</u>	<u>\$ 1,037,347</u>	<u>\$ 454,616</u>	<u>\$ 2,054,682</u>	<u>\$ 7,221,926</u>

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

Exhibit C-2

Hartsville/Trousdale County Government, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,423,329
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 959,554	
Add: buildings and improvements net of accumulated depreciation	929,039	
Add: infrastructure net of accumulated depreciation	5,064,686	
Add: other capital assets net of accumulated depreciation	<u>1,100,728</u>	8,054,007
(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	\$ (1,112,822)	
Less: other loans payable	(8,291,673)	
Less: capital leases payable	(41,268)	
Less: landfill postclosure care costs	(253,909)	
Less: other postemployment benefits	(22,650)	
Less: compensated absences payable	<u>(81,096)</u>	(9,803,418)
(3) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(14,565)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>836,368</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 2,495,721</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Urban Services	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,462,381	\$ 501,323	\$ 0	\$ 989,837	\$ 3,953,541
Licenses and Permits	29,735	9,618	0	0	39,353
Fines, Forfeitures, and Penalties	74,153	0	0	31,916	106,069
Charges for Current Services	61,505	115,130	0	95,654	272,289
Other Local Revenues	283,339	30	17,883	60,173	361,425
Fees Received from County Officials	424,982	0	0	0	424,982
State of Tennessee	432,453	2,400	1,328,016	11,161	1,774,030
Federal Government	51,389	0	0	0	51,389
Other Governments and Citizens Groups	11,200	500	0	245,000	256,700
Total Revenues	<u>\$ 3,831,137</u>	<u>\$ 629,001</u>	<u>\$ 1,345,899</u>	<u>\$ 1,433,741</u>	<u>\$ 7,239,778</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 553,596	\$ 0	\$ 0	\$ 0	\$ 553,596
Finance	298,635	0	0	0	298,635
Administration of Justice	303,613	0	0	13,015	316,628
Public Safety	1,752,945	272,266	0	11,241	2,036,452
Public Health and Welfare	1,121,200	149,918	0	472,454	1,743,572
Social, Cultural, and Recreational Services	182,527	2,199	0	0	184,726
Agriculture and Natural Resources	40,874	0	0	0	40,874
Other Operations	305,361	105,540	0	10,565	421,466
Highways	0	51,800	1,734,853	0	1,786,653
Debt Service:					
Principal on Debt	19,808	36,994	49,172	764,198	870,172
Interest on Debt	2,445	3,334	10,828	339,615	356,222
Other Debt Service	0	0	0	11,909	11,909
Capital Projects	0	0	0	7,941	7,941
Capital Projects - Donated	35,700	0	0	0	35,700
Total Expenditures	<u>\$ 4,616,704</u>	<u>\$ 622,051</u>	<u>\$ 1,794,853</u>	<u>\$ 1,630,938</u>	<u>\$ 8,664,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (785,567)</u>	<u>\$ 6,950</u>	<u>\$ (448,954)</u>	<u>\$ (197,197)</u>	<u>\$ (1,424,768)</u>
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 300,000
Proceeds from Sale of Capital Assets	0	0	0	214,998	214,998
Insurance Recovery	30,451	0	5,646	0	36,097
Total Other Financing Sources (Uses)	<u>\$ 330,451</u>	<u>\$ 0</u>	<u>\$ 5,646</u>	<u>\$ 214,998</u>	<u>\$ 551,095</u>
Net Change in Fund Balances	\$ (455,116)	\$ 6,950	\$ (443,308)	\$ 17,801	\$ (873,673)
Fund Balance, July 1, 2007	<u>1,848,065</u>	<u>568,278</u>	<u>549,109</u>	<u>1,331,550</u>	<u>4,297,002</u>
Fund Balance, June 30, 2008	<u>\$ 1,392,949</u>	<u>\$ 575,228</u>	<u>\$ 105,801</u>	<u>\$ 1,349,351</u>	<u>\$ 3,423,329</u>

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

Exhibit C-4

Hartsville/Trousdale County Government, 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)		\$ (873,673)	
(1) Governmental funds report capital outlay 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	\$ 93,653		
Less: current year depreciation expense	<u>(436,969)</u>	(343,316)	
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (306,928)		
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>836,368</u>	529,440	
(3) The issuance of long-term debt (e.g., notes, bonds) 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.			
Less: note proceeds	\$ (300,000)		
Add: principal payments on bonds	17,546		
Add: principal payments on notes	293,172		
Add: principal payments on other loans	520,198		
Add: principal payments on capital lease	<u>39,256</u>	570,172	
(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 accrued interest payable	\$ (876)		
Change in postclosure care costs	5,800		
Change in other postemployment benefits	(22,650)		
Change in compensated absences payable	<u>(2,293)</u>	<u>(20,019)</u>	
Change in net assets of governmental activities (Exhibit B)			<u>\$ (137,396)</u>

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

Exhibit D-1

Hartsville/Trousdale County Government, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 3,744,902
Accounts Receivable (Net of Allowance for Uncollectibles)	137,900
Due from Other Governments	38,347
Total Current Assets	<u>\$ 3,921,149</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 22,043
Construction in Progress	114,785
Buildings and Improvements	8,681,920
Infrastructure	540,111
Other Capital Assets	81,960
Total Noncurrent Assets	<u>\$ 9,440,819</u>
Total Assets	<u>\$ 13,361,968</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 3,443
Compensated Absences Payable	18,834
Due to Other Funds	9,564
Due to State of Tennessee	7,838
Revenue Bonds Payable	237,361
Total Current Liabilities	<u>\$ 277,040</u>
Noncurrent Liabilities:	
Revenue Bonds Payable	\$ 507,613
Compensated Absences Payable	13,191
Total Noncurrent Liabilities	<u>\$ 520,804</u>
Total Liabilities	<u>\$ 797,844</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 8,695,845
Restricted for Construction Contracts	153,136
Unrestricted	<u>3,715,143</u>
Total Net Assets	<u>\$ 12,564,124</u>

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

Exhibit D-2

Hartsville/Trousdale County Government, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2008

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,489,599
Other Local Revenues	71,124
Total Operating Revenues	<u>\$ 1,560,723</u>
<u>Operating Expenses</u>	
Other Public Health and Welfare	\$ 1,531,052
Depreciation	783,772
Total Operating Expenses	<u>\$ 2,314,824</u>
Operating Income (Loss)	<u>\$ (754,101)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 79,690
Grant Income	156,230
Other State Revenues	11,546
Interest Expense	(36,410)
Total Nonoperating Revenues (Expenses)	<u>\$ 211,056</u>
Income Before Contributions	\$ (543,045)
Contributions	1,836,656
Change in Net Assets	\$ 1,293,611
Net Assets, July 1, 2007	9,106,086
Prior-period Adjustment	<u>2,164,427</u>
Nets Assets, June 30, 2008	<u><u>\$ 12,564,124</u></u>

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

Exhibit D-3

Hartsville/Trousdale County Government, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2008

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,472,499
Payments to Employees	(655,663)
Payments to Suppliers	(1,014,694)
Other Receipts (Payments)	71,124
Net Cash Provided By (Used In) Operating Activities	<u>\$ (126,734)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 156,230
Other State Revenue	11,546
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 167,776</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Contributions	\$ 1,836,656
Construction of Capital Assets	(122,459)
Principal Paid on Capital Debt	(226,194)
Interest Paid on Capital Debt	(36,410)
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ 1,451,593</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 79,690
Net Cash Provided By (Used In) Investing Activities	<u>\$ 79,690</u>
Net Increase (Decrease) in Cash	\$ 1,572,325
Cash, July 1, 2007	<u>2,172,577</u>
Cash, June 30, 2008	<u>\$ 3,744,902</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (754,101)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	783,772
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	21,247
(Increase) Decrease in Due from Other Governments	(38,347)
Increase (Decrease) in Accounts Payable	(26,358)
Increase (Decrease) in Payroll Deductions Payable	1,463
Increase (Decrease) in Contracts Payable	(72,252)
Increase (Decrease) in Retainage Payable	(40,913)
Increase (Decrease) in Due to Other Funds	(111)
Increase (Decrease) in Due to State of Tennessee	(9,256)
Increase (Decrease) in Compensated Absences Payable	8,122
Net Cash Provided By (Used In) Operating Activities	<u>\$ (126,734)</u>

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

Exhibit E

Hartsville/Trousdale County Government, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 1,197,209
Cash	302,999
Accounts Receivable	1,442
Due from Other Governments	<u>13,000</u>
Total Assets	<u>\$ 1,514,650</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 887
Due to Litigants, Heirs, and Others	303,554
Due to Joint Venture	<u>1,210,209</u>
Total Liabilities	<u>\$ 1,514,650</u>

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

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**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hartsville/Trousdale County Government'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 Hartsville/Trousdale County Government:

**A. Reporting Entity**

The Hartsville/Trousdale County Government is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present the metropolitan government (the primary government) and its component units. The component units discussed below are included in the metropolitan government's reporting entity because of the significance of their operational or financial relationship with the metropolitan government.

**Blended Component Units** – There are no legally separate component units of Hartsville/Trousdale County Government 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 Hartsville/Trousdale County Government. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Hartsville/Trousdale County Government.

The Hartsville/Trousdale County Government School Department operates the public school system in the county, and the voters of Trousdale County elect its board. The School Department is fiscally dependent on the metropolitan government because it may not issue debt without metropolitan government 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 metropolitan government and are included as part of the metropolitan government's total tax levy.

The Hartsville/Trousdale County Government Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Trousdale County, and the 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 financial statements of the Hartsville/Trousdale County Government Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Hartsville/Trousdale County Government School Department does not issue separate financial statements from those of the metropolitan government. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Hartsville/Trousdale County Government Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Hartsville/Trousdale County Government Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hartsville/Trousdale County Government  
Emergency Communications District  
210 Broadway  
Hartsville, TN 37074

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The 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.

The Hartsville/Trousdale County Government issues most debt for the discretely presented School Department. No debt issues were contributed by the primary government to the School Department during the year ended June 30, 2008.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and 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 Hartsville/Trousdale County Government are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Hartsville/Trousdale County Government only reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. 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 Hartsville/Trousdale County Government 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. Hartsville/Trousdale County Government 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 debt service funds 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 consolidated government receives cash.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Hartsville/Trousdale County Government 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.

**Urban Services Fund** – This fund accounts for the financial activity for the Urban Services District.

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

Hartsville/Trousdale County Government reports the following major enterprise fund:

**Water and Sewer Fund** – This fund accounts for transactions of the metropolitan government’s Water and Sewer Department.

Additionally, Hartsville/Trousdale County Government reports the following fund types:

**Debt Service Funds** – These funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and state grants and other restricted revenues held for the benefit of the Fifteenth Judicial District Drug Task Force. 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 School Department reports the following major governmental fund:

**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.

Additionally, the School Department reports the following fund type:

**Special Revenue Fund** – The School Federal Projects Fund is used to account for restricted federal revenues that must be expended on specific education programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. Hartsville/Trousdale County Government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The metropolitan government has one proprietary fund,

an enterprise fund, used to account for the transactions of the Water and Sewer Department. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the enterprise fund are customer fees for water and sewer usage. Operating expenses for the enterprise fund consist entirely of operation and maintenance costs of the department.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

For purposes of the statement of cash flows, cash includes cash on hand and demand deposits.

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 government's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The metropolitan government trustee maintains a cash and internal investment pool that is used by all funds (excluding the Water and Sewer Fund) and the discretely presented School Department. Each fund's portion of this pool is displayed on its balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hartsville/Trousdale County Government 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**

Outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All ambulance service and property taxes receivable are shown with an allowance for uncollectibles. Ambulance service receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.5 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. Current liabilities payable from restricted assets reflected in the proprietary fund represent deposits placed with the Water and Sewer Department by customers when service is initiated.

Retainage payable in the Water and Sewer Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held in a demand deposit account.

**3. Restricted Assets**

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Revenue Bond Future Debt Service account is used to report resources set aside to comply with those covenants.

**4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column and business-type column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five years. 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	7-40
Other Capital Assets	5-30
Infrastructure:	
Roads	20-40
Bridges	75
Water and Sewage	25

**5. Compensated Absences**

**Primary Government**

It is Hartsville/Trousdale County Government'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 Hartsville/Trousdale County Government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**Discretely Presented Hartsville/Trousdale County Government School Department**

The School Department does not allow for the accumulation of unused vacation and sick days beyond year-end, except for professional personnel of the School Department. The School Department allows professional personnel (teachers) to accumulate an unlimited amount of unused sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

**6. Long-term Obligations**

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the

current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## **7. Net Assets and Fund Equity**

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

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

As of June 30, 2008, Hartsville/Trousdale County Government had \$8,291,673 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of Hartsville/Trousdale County Government, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hartsville/Trousdale County Government has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the primary government'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.

**8. Prior-period Adjustments**

Capital assets were restated (\$2,164,427) from the prior year because the Hartsville/Trousdale County Government Water and Sewer Fund added amounts to reconcile the capital asset records with the financial statements.

**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 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 School Department**

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

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

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

The metropolitan government 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, Beer Board, 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 metropolitan government'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. Cash Overdraft

The Constitutional Officers - Agency Fund had a cash overdraft of \$887 on June 30, 2008. This cash overdraft resulted from uncollected bad checks held in the Office of County Clerk at year-end. The overdraft should be liquidated subsequent to year-end with funds collected from individuals responsible for the checks.

#### C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
Solid Waste/Sanitation:	
Other Operations - Other Charges	\$ 10,565
Highway/Public Works:	
Highway and Bridge Maintenance	41,701
Operation and Maintenance of Equipment	1,915
 <u>Discretely Presented School Department</u>	
General Purpose School:	
Support Services - Health Services	18,640
Operation of Non-Instructional Services - Food Service	17,277
School Federal Projects:	
Support Services - Regular Instruction Program	27,632

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.” These overexpenditures were funded from available fund balances.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Hartsville/Trousdale County Government (except for the Water and Sewer Fund) and the discretely presented School Department participate in an internal cash and investment pool through the Office of Trustee. The trustee is the treasurer of the metropolitan government 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 consolidated government.

### **Investments**

**Legal Provisions.** The government is 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 metropolitan government's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The government may make investments with longer maturities if various restrictions set out in state law are followed. The government is 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, Hartsville/Trousdale County Government had the following investments carried at cost. All investments are in the trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hartsville/Trousdale County Government and the discretely presented School Department since both pool their deposits and investments through the trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 271,823

**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. Hartsville/Trousdale County Government 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. Hartsville/Trousdale County Government has no investment policy that would further limit its investment choices. As of June 30, 2008, Hartsville/Trousdale County Government's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

**Primary Government**

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

**Governmental Activities:**

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 959,554	\$ 0	\$ 959,554
Total Capital Assets Not Depreciated	<u>\$ 959,554</u>	<u>\$ 0</u>	<u>\$ 959,554</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,564,361	\$ 0	\$ 1,564,361
Roads and Bridges	13,619,293	0	13,619,293
Other Capital Assets	2,750,014	93,653	2,843,667
Total Capital Assets Depreciated	<u>\$ 17,933,668</u>	<u>\$ 93,653</u>	<u>\$ 18,027,321</u>

**Governmental Activities (Cont.):**

	Balance 7-1-07	Increases	Balance 6-30-08
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 608,565	\$ 26,757	\$ 635,322
Roads and Bridges	8,303,732	250,875	8,554,607
Other Capital Assets	1,583,602	159,337	1,742,939
Total Accumulated Depreciation	<u>\$ 10,495,899</u>	<u>\$ 436,969</u>	<u>\$ 10,932,868</u>
Total Capital Assets Depreciated, Net	<u>\$ 7,437,769</u>	<u>\$ (343,316)</u>	<u>\$ 7,094,453</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,397,323</u>	<u>\$ (343,316)</u>	<u>\$ 8,054,007</u>

**Business -Type Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 22,043	\$ 0	\$ 0	\$ 22,043
Construction in Progress	0	229,570	(114,785)	114,785
Total Capital Assets Not Depreciated	<u>\$ 22,043</u>	<u>\$ 229,570</u>	<u>\$ (114,785)</u>	<u>\$ 136,828</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,000	\$ 14,728,641	\$ 0	\$ 14,737,641
Roads and Bridges	0	542,860	0	542,860
Other Capital Assets	14,881,694	0	(14,364,189)	517,505
Total Capital Assets Depreciated	<u>\$ 14,890,694</u>	<u>\$ 15,271,501</u>	<u>\$ (14,364,189)</u>	<u>\$ 15,798,006</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 0	\$ 6,055,721	\$ 0	\$ 6,055,721
Roads and Bridges	0	2,749	0	2,749
Other Capital Assets	6,975,032	43,991	(6,583,478)	435,545
Total Accumulated Depreciation	<u>\$ 6,975,032</u>	<u>\$ 6,102,461</u>	<u>\$ (6,583,478)</u>	<u>\$ 6,494,015</u>

**Business-Type Activities (Cont.):**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Total Capital Assets Depreciated, Net	\$ 7,915,662	\$ 9,169,040	\$ (7,780,711)	\$ 9,303,991
Business-Type Activities Capital Assets, Net	\$ 7,937,705	\$ 9,398,610	\$ (7,895,496)	\$ 9,440,819

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

**Governmental Activities:**

General Government	\$ 1,635
Public Safety	44,254
Public Health and Welfare	50,393
Social, Cultural, and Recreational Services	11,940
Highways/Public Works	<u>328,747</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 436,969</u>

**Business-Type Activities:**

Water and Sewer	<u>\$ 783,772</u>
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**Discretely Presented Hartsville/Trousdale County Government School Department**

**Governmental Activities:**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 629,383	\$ 0	\$ 0	\$ 629,383
Total Capital Assets Not Depreciated	<u>\$ 629,383</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 629,383</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,030,866	\$ 0	\$ 0	\$ 18,030,866
Other Capital Assets	1,064,539	103,900	0	1,168,439
Total Capital Assets Depreciated	<u>\$ 19,095,405</u>	<u>\$ 103,900</u>	<u>\$ 0</u>	<u>\$ 19,199,305</u>

**Governmental Activities (Cont.):**

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciation for: Buildings and Improvements	\$ 5,338,979	\$ 394,425	\$ 0	\$ 5,733,404
Other Capital Assets	544,338	68,269	0	612,607
Total Accumulated Depreciation	<u>\$ 5,883,317</u>	<u>\$ 462,694</u>	<u>\$ 0</u>	<u>\$ 6,346,011</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,212,088</u>	<u>\$ (358,794)</u>	<u>\$ 0</u>	<u>\$ 12,853,294</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,841,471</u>	<u>\$ (358,794)</u>	<u>\$ 0</u>	<u>\$ 13,482,677</u>

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

**Governmental Activities:**

Instruction	\$ 394,425
Support Services	<u>68,269</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 462,694</u>

**C. Construction Commitments**

At June 30, 2008, the Water and Sewer Fund had uncompleted construction contracts of approximately \$153,136 for the installation of water lines. Funding for these future expenditures is expected to be received from federal grants.

**D. Interfund Receivables and Payables**

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
Urban Services	Water and Sewer (enterprise fund)	\$ 9,564
Highway/Public Works	General	44
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	4,983
Nonmajor governmental	General Purpose School	323

**E. Capital Leases**

On October 12, 2006, the government entered into a two-year lease-purchase agreement for patrol cars for the Sheriff's Department. The terms of this agreement require total lease payments of \$123,950 plus interest of six percent. Title to the equipment transfers to the government at the end of the lease. The lease payments will be split between the General Fund and the Urban Services Fund.

Future minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 43,786
Total Minimum Lease Payments	\$ 43,786
Amount Representing Interest	(2,518)
Present Value of Minimum Lease Payments	<u>\$ 41,268</u>

**F. Long-term Debt****Primary Government****General Obligation Bonds, Notes, and Other Loans**

The Hartsville/Trousdale County Government issues bonds and other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are also issued to fund capital facilities renovation 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 ten years for notes and up to 21 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. As of June 30, 2008, all capital outlay notes outstanding will be retired from the General Debt Service Fund and the Highway/Public Works Fund, and other loans outstanding will be retired from the General Debt Service Fund and the Education Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Capital Outlay Notes	3.95 to 4.68 %	\$ 1,387,000	\$ 1,112,822
Other Loans	Variable	11,455,359	8,291,673
Capital Leases	6	123,950	41,268

In prior years, Hartsville/Trousdale County Government entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned Hartsville/Trousdale County Government \$3,000,000 for the construction of a new middle school. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the government pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2008, the variable interest rate was 3.99 percent, and other fees totaled approximately .35 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. Fees on this loan also include a trustee fee of \$85 per month.

Also, in prior years, Hartsville/Trousdale County Government entered into a second loan agreement with the Montgomery County Public Building Authority. This agreement provided for the authority to issue variable rate bonds of \$8,500,000 and loan the proceeds to Hartville/Trousdale County Government on an as-needed basis for the construction of a new high school. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the government pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2008, the variable interest rate was 3.87 percent, and other fees totaled approximately .45 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. Fees on this loan also include a trustee fee of \$85 per month. As of June 30, 2008, Hartsville/Trousdale County Government had borrowed \$8,455,359 of this loan.

The annual requirements to amortize the notes and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 428,207	\$ 46,823	\$ 475,030
2010	133,295	29,227	162,522
2011	139,469	23,410	162,879
2012	145,727	17,326	163,053
2013	116,124	11,306	127,430
2014-2015	150,000	9,896	159,896
Total	\$ 1,112,822	\$ 137,988	\$ 1,250,810

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 540,431	\$ 327,160	\$ 44,895	\$ 912,486
2010	562,000	305,979	42,185	910,164
2011	584,922	283,952	39,366	908,240
2012	608,213	261,025	36,435	905,673
2013	632,890	237,184	33,387	903,461
2014-2018	3,092,858	797,604	143,282	4,033,744
2019-2022	2,270,359	213,866	95,079	2,579,304
Total	\$ 8,291,673	\$ 2,426,770	\$ 434,629	\$ 11,153,072

There is \$236,646 available in the General Debt Service Fund and \$763,126 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including notes, other loans, and capital leases totaled \$1,301, 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:

	Bonds	Notes	Other Loans
Balance, July 1, 2007	\$ 17,546	\$ 1,105,994	\$ 8,811,871
Additions	0	300,000	0
Deductions	(17,546)	(293,172)	(520,198)
Balance, June 30, 2008	\$ 0	\$ 1,112,822	\$ 8,291,673
Balance Due Within One Year	\$ 0	\$ 428,207	\$ 540,431

	Capital Leases	Compensated Absences	Landfill Postclosure Care Cost	Other Postemployment Benefit
Balance, July 1, 2007	\$ 80,524	\$ 78,803	\$ 259,709	\$ 0
Additions	0	96,404	0	24,000
Deductions	(39,256)	(94,111)	(5,800)	(1,350)
Balance, June 30, 2008	<u>\$ 41,268</u>	<u>\$ 81,096</u>	<u>\$ 253,909</u>	<u>\$ 22,650</u>
Balance Due Within One Year	<u>\$ 41,268</u>	<u>\$ 12,747</u>	<u>\$ 5,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 9,803,418
Less: Due Within One Year	<u>(1,027,653)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,775,765</u>

**Hartsville/Trousdale County Government Water and Sewer Fund  
(enterprise fund)**

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 237,361	\$ 26,999	\$ 264,360
2010	178,775	18,483	197,258
2011	4,728	13,884	18,612
2012	4,933	13,679	18,612
2013	5,146	13,466	18,612
2014-2018	29,277	63,783	93,060
2019-2023	36,195	56,865	93,060
2024-2028	44,750	48,310	93,060
2029-2033	55,323	37,737	93,060
2034-2038	68,396	24,664	93,060
2039-2043	80,090	8,516	88,606
Total	<u>\$ 744,974</u>	<u>\$ 326,386</u>	<u>\$ 1,071,360</u>

Changes in Long-term Liabilities

Long-term liability activity for the Hartsville/Trousdale County Government Water and Sewer Fund (enterprise fund) for the year ended June 30, 2008, was as follows:

**Business-type Activities:**

	Bonds	Compensated Absences
Balance, July 1, 2007	\$ 971,168	\$ 23,903
Additions	0	44,622
Deductions	(226,194)	(36,500)
Balance, June 30, 2008	<u>\$ 744,974</u>	<u>\$ 32,025</u>
Balance Due Within One Year	<u>\$ 237,361</u>	<u>\$ 18,834</u>

**G. On-Behalf Payments – Discretely Presented Hartsville/Trousdale County Government School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the 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 \$50,527 and \$4,050, 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**

Hartsville/Trousdale County Government is exposed to various risks related to general liability, property, and casualty losses. During 2008, the metropolitan government decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The metropolitan government joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The metropolitan government pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims more than \$100,000 for each insured event.

The metropolitan government continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health and accident, and environmental. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

### **Hartsville/Trousdale County Government**

#### **Employee Health Insurance**

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

#### **Discretely Presented Hartsville/Trousdale County Government School Department**

The Hartsville/Trousdale County Government School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

## **B. Accounting Changes**

At the beginning of the year, Hartsville/Trousdale County Government 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, Hartsville/Trousdale County Government had elected to

implement only the provisions of Statement 34 that related to the fund financial statements.

During the year, Hartsville/Trousdale County Government adopted the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the consolidated government's financial statements. In previous years, Hartsville/Trousdale County Government and the 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 Hartsville/Trousdale County Government. GASB Statement No. 48 had no effect on the financial statement of Hartsville/Trousdale County Government for the year ended June 30, 2008, since the government has not pledged any of its future revenues. However, it is reasonably expected that Hartsville/Trousdale County Government 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 (OPEB) and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Hartsville/Trousdale County Government to provide additional and more detailed pension plan note disclosures than in previous years.

**C. Subsequent Events**

On July 24, 2008, Margaret Oldham left the Office of Director of Schools and was succeeded by Clint Satterfield.

On August 25, 2008, the Hartsville/Trousdale County Government authorized revenue bonds totaling \$3,605,000 for a new sewer plant.

On September 1, 2008, Bobby Satterfield left the Office of Assessor of Property and was succeeded by Dewayne Byrd.

**D. Contingent Liabilities**

The county attorney advised us that there are no pending lawsuits in which the government is involved as of the date of this report.

**E. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the government to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. The Hartsville/Trousdale County landfill was closed in January 1997. The Solid Waste/Sanitation Fund (special revenue fund) reports the postclosure care costs as expenditures in each period in which they are incurred. The \$253,909 reported as landfill postclosure care liability at June 30, 2008, represents the net amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District, Jackson, Macon, Smith, Trousdale, and Wilson 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. Hartsville/Trousdale County Government made no contributions to the DTF for the year ended June 30, 2008.

Hartsville/Trousdale County Government does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General  
Fifteenth Judicial District  
203 Greentop Street  
Hartsville, TN 37074

**G. Retirement Commitments**

**Employees**

**Plan Description**

Employees of Hartsville/Trousdale County Government 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 Hartsville/Trousdale County Government 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://treasury.state.tn.us/tcrs/PS/>.

## **Funding Policy**

### Hartsville/Trousdale County Government

Hartsville/Trousdale County Government requires employees to contribute five percent of their earnable compensation. Hartsville/Trousdale County Government is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 8.04 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hartsville/Trousdale County Government is established and may be amended by the TCRS Board of Trustees.

### Former City of Hartsville Employees

Hartsville/Trousdale County Government requires employees to contribute five percent of their earnable compensation. Hartsville/Trousdale County Government is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008, was 17.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hartsville/Trousdale County Government is established and may be amended by the TCRS Board of Trustees.

## **Annual Pension Cost**

### Hartsville/Trousdale County Government

For the year ending June 30, 2008, Hartsville/Trousdale County Government's annual pension cost of \$283,437 to TCRS was equal to Hartsville/Trousdale County Government'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. Hartsville/Trousdale County Government's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 16 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$283,437	100%	\$0
6-30-07	233,386	100	0
6-30-06	173,741	100	0

Former City of Hartsville Employees

For the year ending June 30, 2008, Hartsville/Trousdale County Government's annual pension cost of \$142,966 to TCRS was equal to Hartsville/Trousdale County Government'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. Hartsville/Trousdale County Government'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 Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$142,966	100%	\$0
6-30-07	141,205	100	0
6-30-06	98,379	100	0

**Funded Status and Funding Progress**

Hartsville/Trousdale County Government

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.21 percent funded. The actuarial accrued liability for benefits was

\$7.88 million, and the actuarial value of assets was \$6.88 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.17 million, and the ratio of the UAAL to the covered payroll was 31.82 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) 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.

#### Former City of Hartsville Employees

As of July 1, 2007, the most recent actuarial valuation date, the plan was 85.59 percent funded. The actuarial accrued liability for benefits was \$4.43 million, and the actuarial value of assets was \$3.79 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.64 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.80 million, and the ratio of the UAAL to the covered payroll was 79.38 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) 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 Hartsville/Trousdale County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Hartsville/Trousdale County 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 Hartsville/Trousdale County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$300,647, \$282,688, and \$236,865, respectively, equal to the required contributions for each year.

**H. Other Postemployment Benefits (OPEB)**

**Postemployment Healthcare Plan**

Plan Description

Hartsville/Trousdale County Government participates in the state-administered Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-701, Tennessee Code Annotated (TCA) for the Medicare Supplement. 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 provides a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plan</u>
ARC	\$ 24,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<u>\$ 24,000</u>

Annual OPEB Cost and Net OPEB Obligation (Cont.)

	<u>Medicare Supplement Plan</u>
Amount of contribution	\$ (1,350)
Increase/decrease in NPO	\$ 22,650
Net OPEB obligation, 7-1-07	<u>0</u>
Net OPEB obligation, 6-30-08	<u>\$ 22,650</u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Medicare Supplement	\$ 24,000	5.625 %	\$ 22,650

\* 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>Medicare Supplement Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 229,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 229,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 0
UAAL as a % of covered payroll	0%

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 RSI 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, 2008, 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.

#### **I. Termination Benefits**

In August 2005, the Board of Education initiated a voluntary retirement incentive program for certified employees who retire from the system with at least 15 years service with the School Department. This incentive consists of a cash payment of \$10 per day for each sick and professional day held by the employee at their retirement date. During the year, four employees retired and received payments of \$10,840 under this program. The director of schools stated that this program is intended to be an on-going incentive, and there is no limit to the number of accumulated days that employees can be paid under the program. The employees are entitled to this benefit when they formally notify the School Department of their retirement date.

The cost of these termination benefits is normally recognized in the governmental funds when payments are made to retirees. A liability for any unpaid amounts at year end is reported in the governmental funds only to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. In the government-wide financial statements, a liability and expense for these benefits should be recognized when the employee formally notifies the School Department of their intention to retire and the payment amount can be estimated. The costs of any unpaid benefits at year end, if any, based on the discounted total of estimated future benefits at current cost levels should be reported in the government-wide statement of net assets. At June 30, 2008, the School Department had no liability for unpaid termination benefits.

**J. Purchasing Laws**

Office of Hartsville/Trousdale County Executive

Purchasing procedures for the Hartsville/Trousdale County Executive's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Superintendent of Roads

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, TCA, which requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the Hartsville/Trousdale County School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,462,381	\$ 2,310,000	\$ 2,310,000	\$ 152,381
Licenses and Permits	29,735	55,000	55,000	(25,265)
Fines, Forfeitures, and Penalties	74,153	75,800	75,800	(1,647)
Charges for Current Services	61,505	20,700	20,700	40,805
Other Local Revenues	283,339	522,500	522,140	(238,801)
Fees Received from County Officials	424,982	373,000	373,000	51,982
State of Tennessee	432,453	316,337	398,616	33,837
Federal Government	51,389	8,600	50,626	763
Other Governments and Citizens Groups	11,200	6,000	6,474	4,726
<b>Total Revenues</b>	<b>\$ 3,831,137</b>	<b>\$ 3,687,937</b>	<b>\$ 3,812,356</b>	<b>\$ 18,781</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,501	\$ 24,755	\$ 24,755	\$ 12,254
Beer Board	80	200	200	120
County Mayor/Executive	177,335	190,777	190,777	13,442
County Attorney	9,015	28,400	28,400	19,385
Election Commission	76,627	74,926	86,345	9,718
Register of Deeds	78,375	79,181	79,181	806
Planning	61,039	68,935	68,935	7,896
County Buildings	138,624	201,924	206,748	68,124
<u>Finance</u>				
Property Assessor's Office	102,588	102,290	102,790	202
County Trustee's Office	97,956	101,299	101,299	3,343
County Clerk's Office	98,091	101,502	101,502	3,411
<u>Administration of Justice</u>				
Circuit Court	141,345	143,108	146,108	4,763
General Sessions Court	76,610	76,912	76,912	302
Chancery Court	69,250	71,791	71,791	2,541
Judicial Commissioners	16,408	16,924	16,924	516
<u>Public Safety</u>				
Sheriff's Department	870,300	887,369	902,099	31,799
Drug Enforcement	41,690	52,464	52,464	10,774
Administration of the Sexual Offender Registry	0	1,000	1,000	1,000
Jail	706,440	757,983	757,983	51,543
Workhouse	44,490	43,429	48,186	3,696
Juvenile Services	23,418	27,773	27,773	4,355
Fire Prevention and Control	46,760	43,127	54,609	7,849
Civil Defense	10,851	12,245	12,245	1,394
Other Emergency Management	0	30,000	35,253	35,253
Inspection and Regulation	6,096	6,394	6,394	298
County Coroner/Medical Examiner	2,900	12,000	12,000	9,100

(Continued)

Exhibit F-1

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 44,867	\$ 34,406	\$ 50,195	\$ 5,328
Ambulance/Emergency Medical Services	1,028,080	185,556	1,065,725	37,645
Alcohol and Drug Programs	0	3,186	3,186	3,186
Other Local Health Services	0	10,900	10,900	10,900
Sanitation Education/Information	30,253	28,982	31,237	984
Other Waste Disposal	6,000	8,000	8,000	2,000
Other Public Health and Welfare	12,000	12,000	12,000	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	38,324	36,743	41,743	3,419
Libraries	65,524	68,820	68,820	3,296
Parks and Fair Boards	78,679	100,930	103,930	25,251
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	28,759	38,173	38,173	9,414
Soil Conservation	12,115	12,115	12,115	0
<u>Other Operations</u>				
Other Economic and Community Development	35,000	0	35,000	0
Other Charges	248,130	568,943	617,245	369,115
Employee Benefits	10,979	10,000	11,280	301
Miscellaneous	11,252	11,415	11,415	163
<u>Principal on Debt</u>				
General Government	19,808	0	19,808	0
<u>Interest on Debt</u>				
General Government	2,445	0	2,445	0
<u>Capital Projects - Donated</u>				
Capital Projects Donated to School Department	35,700	0	35,700	0
Total Expenditures	<u>\$ 4,616,704</u>	<u>\$ 4,286,877</u>	<u>\$ 5,391,590</u>	<u>\$ 774,886</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (785,567)</u>	<u>\$ (598,940)</u>	<u>\$ (1,579,234)</u>	<u>\$ 793,667</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Insurance Recovery	30,451	0	29,951	500
Total Other Financing Sources (Uses)	<u>\$ 330,451</u>	<u>\$ 0</u>	<u>\$ 329,951</u>	<u>\$ 500</u>
Net Change in Fund Balance	\$ (455,116)	\$ (598,940)	\$ (1,249,283)	\$ 794,167
Fund Balance, July 1, 2007	<u>1,848,065</u>	<u>1,658,526</u>	<u>1,658,526</u>	<u>189,539</u>
Fund Balance, June 30, 2008	<u>\$ 1,392,949</u>	<u>\$ 1,059,586</u>	<u>\$ 409,243</u>	<u>\$ 983,706</u>

## Exhibit F-2

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Urban Services Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 501,323	\$ 510,500	\$ 510,500	\$ (9,177)
Licenses and Permits	9,618	8,000	8,000	1,618
Charges for Current Services	115,130	105,000	105,000	10,130
Other Local Revenues	30	0	0	30
State of Tennessee	2,400	0	0	2,400
Other Governments and Citizens Groups	500	500	500	0
Total Revenues	<u>\$ 629,001</u>	<u>\$ 624,000</u>	<u>\$ 624,000</u>	<u>\$ 5,001</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 269,166	\$ 326,435	\$ 303,435	\$ 34,269
Fire Prevention and Control	3,100	2,648	3,798	698
<u>Public Health and Welfare</u>				
Rabies and Animal Control	13,915	19,325	19,325	5,410
Waste Pickup	136,003	166,452	166,452	30,449
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	2,199	5,000	5,000	2,801
<u>Other Operations</u>				
Other Charges	102,433	87,750	110,550	8,117
Employee Benefits	3,107	3,123	3,123	16
<u>Highways</u>				
Highway and Bridge Maintenance	51,800	51,800	51,800	0
<u>Principal on Debt</u>				
General Government	36,994	17,546	37,546	552
<u>Interest on Debt</u>				
General Government	3,334	800	3,900	566
Total Expenditures	<u>\$ 622,051</u>	<u>\$ 680,879</u>	<u>\$ 704,929</u>	<u>\$ 82,878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,950</u>	<u>\$ (56,879)</u>	<u>\$ (80,929)</u>	<u>\$ 87,879</u>
Net Change in Fund Balance	\$ 6,950	\$ (56,879)	\$ (80,929)	\$ 87,879
Fund Balance, July 1, 2007	568,278	510,145	510,145	58,133
Fund Balance, June 30, 2008	<u>\$ 575,228</u>	<u>\$ 453,266</u>	<u>\$ 429,216</u>	<u>\$ 146,012</u>

Exhibit F-3

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 17,883	\$ 2,803	\$ 3,133	\$ 14,750
State of Tennessee	1,328,016	1,439,585	1,439,585	(111,569)
Total Revenues	<u>\$ 1,345,899</u>	<u>\$ 1,442,388</u>	<u>\$ 1,442,718</u>	<u>\$ (96,819)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 124,552	\$ 127,471	\$ 127,471	\$ 2,919
Highway and Bridge Maintenance	915,332	835,385	873,631	(41,701)
Operation and Maintenance of Equipment	200,849	178,575	198,934	(1,915)
Other Charges	103,267	172,985	104,380	1,113
Employee Benefits	51,023	58,144	58,144	7,121
Capital Outlay	339,830	441,491	391,491	51,661
<u>Principal on Debt</u>				
Highways and Streets	49,172	0	49,172	0
<u>Interest on Debt</u>				
Highways and Streets	10,828	0	10,828	0
Total Expenditures	<u>\$ 1,794,853</u>	<u>\$ 1,814,051</u>	<u>\$ 1,814,051</u>	<u>\$ 19,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (448,954)</u>	<u>\$ (371,663)</u>	<u>\$ (371,333)</u>	<u>\$ (77,621)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,646	\$ 0	\$ 0	\$ 5,646
Total Other Financing Sources (Uses)	<u>\$ 5,646</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,646</u>
Net Change in Fund Balance	\$ (443,308)	\$ (371,663)	\$ (371,333)	\$ (71,975)
Fund Balance, July 1, 2007	<u>549,109</u>	<u>425,075</u>	<u>425,075</u>	<u>124,034</u>
Fund Balance, June 30, 2008	<u>\$ 105,801</u>	<u>\$ 53,412</u>	<u>\$ 53,742</u>	<u>\$ 52,059</u>

Exhibit F-4

Hartsville/Trousdale County Government  
Schedule of Funding Progress – Pension Plan  
June 30, 2008

Hartsville/Trousdale County Government

(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)
Hartsville/Trousdale County Government	6-30-07	\$ 6,880	\$ 7,889	\$ 1,009	87.21 %	\$ 3,171	31.82 %
Former City of Hartsville Employees	6-30-07	3,794	4,433	639	85.59	805	79.38

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

Exhibit F-5

Hartsville/Trousdale County Government, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefits Plan  
Hartsville/ Trousdale County Government and Hartsville/Trousdale  
County Government School Department  
For the Year Ended 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)
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Medicare Supplement Plan

6-30-08	\$ 0	\$ 229,000	\$ 229,000	0 %	\$ 0	0 %
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\* Data not available for two preceding years.

**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2008**

**A. BUDGETARY INFORMATION**

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the Highway and Bridge Maintenance (\$41,701) and Operation and Maintenance of Equipment (\$1,915) major appropriation categories (the legal level of control) of the Highway/Public Works Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to the disposal of solid waste.

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

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

## Debt Service Funds

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Debt Service Funds are 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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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.

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

# Capital Projects Fund

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for funds used for construction of major capital facilities.

Exhibit G-1

Hartsville/Trousdale County Government, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue Funds				Debt Service Funds				Capital Projects Fund	
	Solid Waste/ Sanitation	Drug Control	District Attorney General	Total	General Debt Service	Education Debt Service	Total	General Capital Projects	Nonmajor Governmental Funds	Total
										Fund
Equity in Pooled Cash and Investments	\$ 207,908	\$ 31,820	\$ 21,311	\$ 261,039	\$ 235,940	\$ 761,996	\$ 997,936	\$ 92,463	\$ 1,351,438	
Accounts Receivable	10,541	0	0	10,541	0	0	0	0	10,541	
Due from Other Governments	4,163	0	0	4,163	0	0	0	0	4,163	
Property Taxes Receivable	281,659	0	0	281,659	168,988	270,376	439,364	0	721,023	
Allowance for Uncollectible Property Taxes	(12,691)	0	0	(12,691)	(7,613)	(12,179)	(19,792)	0	(32,483)	
<b>Total Assets</b>	<b>\$ 491,580</b>	<b>\$ 31,820</b>	<b>\$ 21,311</b>	<b>\$ 544,711</b>	<b>\$ 397,315</b>	<b>\$ 1,020,193</b>	<b>\$ 1,417,508</b>	<b>\$ 92,463</b>	<b>\$ 2,054,682</b>	

ASSETS

LIABILITIES AND FUND BALANCES

<b>Liabilities</b>	\$ 15,641	\$ 0	\$ 0	\$ 15,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,641
Accounts Payable	249,289	0	0	249,289	149,573	239,318	388,891	0	638,180
Deferred Revenue - Current Property Taxes	18,502	0	0	18,502	11,096	17,749	28,845	0	47,347
Deferred Revenue - Delinquent Property Taxes	4,163	0	0	4,163	0	0	0	0	4,163
Other Deferred Revenues	\$ 287,595	\$ 0	\$ 0	\$ 287,595	\$ 160,669	\$ 257,067	\$ 417,736	\$ 0	\$ 705,331
<b>Total Liabilities</b>									
<b>Fund Balances</b>	\$ 0	\$ 7,482	\$ 0	\$ 7,482	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,482
Reserved for Purchase of Electronic Fingerprint Imaging System	15,755	0	0	15,755	0	0	0	0	15,755
Reserved for Capital Outlay	188,230	24,338	21,311	233,879	236,646	763,126	999,772	92,463	1,326,114
Unreserved	\$ 203,985	\$ 31,820	\$ 21,311	\$ 257,116	\$ 236,646	\$ 763,126	\$ 999,772	\$ 92,463	\$ 1,349,351
<b>Total Fund Balances</b>									
<b>Total Liabilities and Fund Balances</b>	<b>\$ 491,580</b>	<b>\$ 31,820</b>	<b>\$ 21,311</b>	<b>\$ 544,711</b>	<b>\$ 397,315</b>	<b>\$ 1,020,193</b>	<b>\$ 1,417,508</b>	<b>\$ 92,463</b>	<b>\$ 2,054,682</b>

Exhibit G-2

Hartsville/Trousdale County Government, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2008

	Special Revenue Funds					Debt Service Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	Total	General Debt Service	Education Debt Service	Total	Fund			
								General Capital Projects	Nonmajor Governmental Funds		
<b>Revenues</b>											
Local Taxes	\$ 249,260	\$ 0	\$ 0	\$ 249,260	\$ 164,603	\$ 575,974	\$ 740,577	\$ 0	\$ 0	\$ 989,887	
Fines, Forfeitures, and Penalties	0	6,611	25,195	31,806	110	0	110	0	0	31,916	
Charges for Current Services	95,654	0	0	95,654	0	0	0	0	0	95,654	
Other Local Revenues	21,210	40	0	21,250	0	38,923	38,923	0	0	60,173	
State of Tennessee	11,161	0	0	11,161	0	0	0	0	0	11,161	
Other Governments and Citizens Groups	0	0	0	0	170,000	75,000	245,000	0	0	245,000	
<b>Total Revenues</b>	<b>\$ 377,285</b>	<b>\$ 6,651</b>	<b>\$ 25,195</b>	<b>\$ 409,131</b>	<b>\$ 334,713</b>	<b>\$ 689,897</b>	<b>\$ 1,024,610</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,433,741</b>	
<b>Expenditures</b>											
Current:											
Administration of Justice	\$ 0	\$ 0	\$ 13,015	\$ 13,015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,015	
Public Safety	0	11,241	0	11,241	0	0	0	0	0	11,241	
Public Health and Welfare	385,626	0	0	385,626	86,828	0	86,828	0	0	472,454	
Other Operations	10,565	0	0	10,565	0	0	0	0	0	10,565	
Debt Service:											
Principal on Debt	0	0	0	0	399,198	365,000	764,198	0	0	764,198	
Interest on Debt	0	0	0	0	97,792	241,823	339,615	0	0	339,615	
Other Debt Service	0	0	0	0	3,111	8,798	11,909	0	0	11,909	
Capital Projects	0	0	0	0	0	0	0	7,941	7,941	7,941	
<b>Total Expenditures</b>	<b>\$ 396,191</b>	<b>\$ 11,241</b>	<b>\$ 13,015</b>	<b>\$ 420,447</b>	<b>\$ 586,929</b>	<b>\$ 615,621</b>	<b>\$ 1,202,550</b>	<b>\$ 7,941</b>	<b>\$ 7,941</b>	<b>\$ 1,630,938</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (18,906)</b>	<b>\$ (4,590)</b>	<b>\$ 12,180</b>	<b>\$ (11,316)</b>	<b>\$ (252,216)</b>	<b>\$ 74,276</b>	<b>\$ (177,940)</b>	<b>\$ (7,941)</b>	<b>\$ (7,941)</b>	<b>\$ (197,197)</b>	
<b>Other Financing Sources (Uses)</b>											
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,923	\$ 0	\$ 194,923	\$ 20,075	\$ 20,075	\$ 214,998	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,923	\$ 0	\$ 194,923	\$ 20,075	\$ 20,075	\$ 214,998	
<b>Net Change in Fund Balances</b>	<b>\$ (18,906)</b>	<b>\$ (4,590)</b>	<b>\$ 12,180</b>	<b>\$ (11,316)</b>	<b>\$ (57,293)</b>	<b>\$ 74,276</b>	<b>\$ 16,983</b>	<b>\$ 12,134</b>	<b>\$ 12,134</b>	<b>\$ 17,801</b>	
<b>Fund Balance, July 1, 2007</b>	<b>222,891</b>	<b>36,410</b>	<b>9,131</b>	<b>268,432</b>	<b>293,939</b>	<b>688,850</b>	<b>982,789</b>	<b>80,329</b>	<b>80,329</b>	<b>1,331,550</b>	
<b>Fund Balance, June 30, 2008</b>	<b>\$ 203,985</b>	<b>\$ 31,820</b>	<b>\$ 21,311</b>	<b>\$ 257,116</b>	<b>\$ 236,646</b>	<b>\$ 763,126</b>	<b>\$ 999,772</b>	<b>\$ 92,463</b>	<b>\$ 92,463</b>	<b>\$ 1,349,351</b>	

Exhibit G-3

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 249,260	\$ 248,900	\$ 248,900	\$ 360
Charges for Current Services	95,654	85,000	85,000	10,654
Other Local Revenues	21,210	11,000	11,000	10,210
State of Tennessee	11,161	5,321	5,321	5,840
Total Revenues	<u>\$ 377,285</u>	<u>\$ 350,221</u>	<u>\$ 350,221</u>	<u>\$ 27,064</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 235,583	\$ 212,499	\$ 241,868	\$ 6,285
Other Waste Disposal	144,243	146,200	146,200	1,957
Postclosure Care Costs	5,800	14,500	10,696	4,896
<u>Other Operations</u>				
Other Charges	10,565	10,565	0	(10,565)
Total Expenditures	<u>\$ 396,191</u>	<u>\$ 383,764</u>	<u>\$ 398,764</u>	<u>\$ 2,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,906)</u>	<u>\$ (33,543)</u>	<u>\$ (48,543)</u>	<u>\$ 29,637</u>
Net Change in Fund Balance	\$ (18,906)	\$ (33,543)	\$ (48,543)	\$ 29,637
Fund Balance, July 1, 2007	<u>222,891</u>	<u>190,433</u>	<u>190,433</u>	<u>32,458</u>
Fund Balance, June 30, 2008	<u>\$ 203,985</u>	<u>\$ 156,890</u>	<u>\$ 141,890</u>	<u>\$ 62,095</u>

Exhibit G-4

Hartsville/Trousdale County Government, 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	\$ 6,611	\$ 10,400	\$ 10,400	\$ (3,789)
Other Local Revenues	40	0	0	40
Total Revenues	<u>\$ 6,651</u>	<u>\$ 10,400</u>	<u>\$ 10,400</u>	<u>\$ (3,749)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 11,241	\$ 38,714	\$ 38,714	\$ 27,473
Total Expenditures	<u>\$ 11,241</u>	<u>\$ 38,714</u>	<u>\$ 38,714</u>	<u>\$ 27,473</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,590)</u>	<u>\$ (28,314)</u>	<u>\$ (28,314)</u>	<u>\$ 23,724</u>
Net Change in Fund Balance	\$ (4,590)	\$ (28,314)	\$ (28,314)	\$ 23,724
Fund Balance, July 1, 2007	<u>36,410</u>	<u>32,913</u>	<u>32,913</u>	<u>3,497</u>
Fund Balance, June 30, 2008	<u><u>\$ 31,820</u></u>	<u><u>\$ 4,599</u></u>	<u><u>\$ 4,599</u></u>	<u><u>\$ 27,221</u></u>

Exhibit G-5

Hartsville/Trousdale County Government, 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	\$ 164,603	\$ 161,250	\$ 161,250	\$ 3,353
Fines, Forfeitures, and Penalties	110	0	0	110
Other Governments and Citizens Groups	170,000	170,000	170,000	0
Total Revenues	<u>\$ 334,713</u>	<u>\$ 331,250</u>	<u>\$ 331,250</u>	<u>\$ 3,463</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 86,828	\$ 0	\$ 86,828	\$ 0
<u>Principal on Debt</u>				
General Government	244,000	112,100	251,783	7,783
Education	155,198	155,200	155,200	2
<u>Interest on Debt</u>				
General Government	36,848	36,500	56,817	19,969
Education	60,944	78,639	78,639	17,695
<u>Other Debt Service</u>				
General Government	3,111	4,000	4,000	889
Education	0	1,000	1,000	1,000
Total Expenditures	<u>\$ 586,929</u>	<u>\$ 387,439</u>	<u>\$ 634,267</u>	<u>\$ 47,338</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (252,216)</u>	<u>\$ (56,189)</u>	<u>\$ (303,017)</u>	<u>\$ 50,801</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 194,923	\$ 0	\$ 160,000	\$ 34,923
Total Other Financing Sources (Uses)	<u>\$ 194,923</u>	<u>\$ 0</u>	<u>\$ 160,000</u>	<u>\$ 34,923</u>
Net Change in Fund Balance	\$ (57,293)	\$ (56,189)	\$ (143,017)	\$ 85,724
Fund Balance, July 1, 2007	293,939	284,894	284,894	9,045
Fund Balance, June 30, 2008	<u>\$ 236,646</u>	<u>\$ 228,705</u>	<u>\$ 141,877</u>	<u>\$ 94,769</u>

Exhibit G-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education 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	\$ 575,974	\$ 643,600	\$ 643,600	\$ (67,626)
Other Local Revenues	38,923	35,000	35,000	3,923
Other Governments and Citizens Groups	75,000	75,000	75,000	0
Total Revenues	<u>\$ 689,897</u>	<u>\$ 753,600</u>	<u>\$ 753,600</u>	<u>\$ (63,703)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 365,000	\$ 365,000	\$ 365,000	\$ 0
<u>Interest on Debt</u>				
Education	241,823	358,450	358,450	116,627
<u>Other Debt Service</u>				
Education	8,798	1,000	10,200	1,402
Total Expenditures	<u>\$ 615,621</u>	<u>\$ 724,450</u>	<u>\$ 733,650</u>	<u>\$ 118,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 74,276</u>	<u>\$ 29,150</u>	<u>\$ 19,950</u>	<u>\$ 54,326</u>
Net Change in Fund Balance	\$ 74,276	\$ 29,150	\$ 19,950	\$ 54,326
Fund Balance, July 1, 2007	<u>688,850</u>	<u>634,078</u>	<u>634,078</u>	<u>54,772</u>
Fund Balance, June 30, 2008	<u>\$ 763,126</u>	<u>\$ 663,228</u>	<u>\$ 654,028</u>	<u>\$ 109,098</u>

# Fiduciary Funds

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

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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 the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the Fifteenth Judicial District Drug Task Force.

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Exhibit H-1

Hartsville/Trousdale County Government, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2008

	<u>Agency Funds</u>		
	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 0	\$ 1,197,209	\$ 1,197,209
Cash	302,999	0	302,999
Accounts Receivable	1,442	0	1,442
Due from Other Governments	0	13,000	13,000
Total Assets	<u>\$ 304,441</u>	<u>\$ 1,210,209</u>	<u>\$ 1,514,650</u>
<u>LIABILITIES</u>			
Cash Overdraft	\$ 887	\$ 0	\$ 887
Due to Litigants, Heirs, and Others	303,554	0	303,554
Due to Joint Venture	0	1,210,209	1,210,209
Total Liabilities	<u>\$ 304,441</u>	<u>\$ 1,210,209</u>	<u>\$ 1,514,650</u>

Exhibit H-2

Hartsville/Trousdale County Government, 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>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 560,407	\$ 3,361,410	\$ 3,618,818	\$ 302,999
Accounts Receivable	1,606	0	164	1,442
Total Assets	<u>\$ 562,013</u>	<u>\$ 3,361,410</u>	<u>\$ 3,618,982</u>	<u>\$ 304,441</u>
<u>Liabilities</u>				
Cash Overdraft	\$ 1,056	\$ 0	\$ 169	\$ 887
Due to Litigants, Heirs, and Others	560,957	3,361,410	3,618,813	303,554
Total Liabilities	<u>\$ 562,013</u>	<u>\$ 3,361,410</u>	<u>\$ 3,618,982</u>	<u>\$ 304,441</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 738,089	\$ 774,603	\$ 315,483	\$ 1,197,209
Due from Other Governments	13,000	0	0	13,000
Total Assets	<u>\$ 751,089</u>	<u>\$ 774,603</u>	<u>\$ 315,483</u>	<u>\$ 1,210,209</u>
<u>Liabilities</u>				
Accounts Payable	\$ 355	\$ 0	\$ 355	\$ 0
Due to Joint Venture	750,734	774,603	315,128	1,210,209
Total Liabilities	<u>\$ 751,089</u>	<u>\$ 774,603</u>	<u>\$ 315,483</u>	<u>\$ 1,210,209</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 738,089	\$ 774,603	\$ 315,483	\$ 1,197,209
Cash	560,407	3,361,410	3,618,818	302,999
Accounts Receivable	1,606	0	164	1,442
Due from Other Governments	13,000	0	0	13,000
Total Assets	<u>\$ 1,313,102</u>	<u>\$ 4,136,013</u>	<u>\$ 3,934,465</u>	<u>\$ 1,514,650</u>
<u>Liabilities</u>				
Accounts Payable	\$ 355	\$ 0	\$ 355	\$ 0
Cash Overdraft	1,056	0	169	887
Due to Litigants, Heirs, and Others	560,957	3,361,410	3,618,813	303,554
Due to Joint Venture	750,734	774,603	315,128	1,210,209
Total Liabilities	<u>\$ 1,313,102</u>	<u>\$ 4,136,013</u>	<u>\$ 3,934,465</u>	<u>\$ 1,514,650</u>

# Hartsville/Trousdale County Government School Department

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This section presents fund financial statements for the Hartsville/Trousdale County Government School Department, a discretely presented component unit. The School Department uses a General Fund and one Special Revenue Fund.

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

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

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Exhibit I-1

Hartsville/Trousdale County Government, Tennessee  
Statement of Activities  
Discretely Presented Hartsville/Trousdale County Government School Department  
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 6,079,394	\$ 0	\$ 861,042	\$ (5,218,352)
Support Services	3,236,503	22,479	61,098	(3,152,926)
Operation of Non-Instructional Services	400,339	0	274,999	(125,340)
Other Debt Service	245,000	0	0	(245,000)
Total Governmental Activities	\$ 9,961,236	\$ 22,479	\$ 1,197,139	\$ (8,741,618)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 898,489
Local Option Sales Tax				430,071
Other Local Taxes				7,718
Grants and Contributions Not Restricted to Specific Programs				7,167,981
Miscellaneous				40,178
Total General Revenues				\$ 8,544,437
Change in Net Assets				\$ (197,181)
Net Assets, July 1, 2007				15,680,408
Net Assets, June 30, 2008				\$ 15,483,227

Exhibit I-2

Hartsville/Trousdale County Government, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hartsville/Trousdale County School Department  
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects Fund	Govern-mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 1,802,535	\$ 90,502	\$ 1,893,037
Accounts Receivable	0	45	45
Due from Other Governments	223,234	9,735	232,969
Due from Other Funds	4,983	323	5,306
Property Taxes Receivable	991,401	0	991,401
Allowance for Uncollectible Property Taxes	(44,661)	0	(44,661)
Total Assets	<u>\$ 2,977,492</u>	<u>\$ 100,605</u>	<u>\$ 3,078,097</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<u>Liabilities</u>			
Accounts Payable	\$ 57,351	\$ 9,699	\$ 67,050
Payroll Deductions Payable	121,157	6,535	127,692
Due to Other Funds	323	4,983	5,306
Deferred Revenue - Current Property Taxes	877,499	0	877,499
Deferred Revenue - Delinquent Property Taxes	65,098	0	65,098
Other Deferred Revenues	36,741	0	36,741
Total Liabilities	<u>\$ 1,158,169</u>	<u>\$ 21,217</u>	<u>\$ 1,179,386</u>
<u>Fund Balances</u>			
Reserved for Career Ladder - Extended Contract	\$ 26,391	\$ 0	\$ 26,391
Reserved for Career Ladder Program	5,022	0	5,022
Reserved for Basic Education Program	732,267	0	732,267
Other State Education Reserves	20,203	0	20,203
Reserved for Title I Grants to Local Education Agencies	0	4,599	4,599
Reserved for Innovative Education Program Strategies	0	4,492	4,492
Reserved for Special Education - Grants to States	0	51,047	51,047
Other Federal Reserves	0	19,250	19,250
Unreserved, Reported In:			
General Fund	1,035,440	0	1,035,440
Total Fund Balances	<u>\$ 1,819,323</u>	<u>\$ 79,388</u>	<u>\$ 1,898,711</u>
Total Liabilities and Fund Balances	<u>\$ 2,977,492</u>	<u>\$ 100,605</u>	<u>\$ 3,078,097</u>

Exhibit I-3

Hartsville/Trousdale County Government, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Hartsville/Trousdale County Government 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)		\$	1,898,711
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	629,383	
Add: buildings and improvements net of accumulated depreciation		12,297,462	
Add: other capital assets net of accumulated depreciation		<u>555,832</u>	13,482,677
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>101,839</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 15,483,227</u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	General Purpose School	School Federal Projects Fund	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,476,436	\$ 0	\$ 1,476,436
Licenses and Permits	808	0	808
Charges for Current Services	22,479	0	22,479
Other Local Revenues	46,730	0	46,730
State of Tennessee	7,154,395	0	7,154,395
Federal Government	372,413	594,115	966,528
Other Governments and Citizens Groups	35,700	0	35,700
Total Revenues	<u>\$ 9,108,961</u>	<u>\$ 594,115</u>	<u>\$ 9,703,076</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 5,139,652	\$ 349,967	\$ 5,489,619
Support Services	3,099,480	172,654	3,272,134
Operation of Non-Instructional Services	366,544	0	366,544
Capital Outlay	195,350	0	195,350
Debt Service:			
Other Debt Service	245,000	0	245,000
Total Expenditures	<u>\$ 9,046,026</u>	<u>\$ 522,621</u>	<u>\$ 9,568,647</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,935</u>	<u>\$ 71,494</u>	<u>\$ 134,429</u>
Net Change in Fund Balances	\$ 62,935	\$ 71,494	\$ 134,429
Fund Balance, July 1, 2007	1,756,388	7,894	1,764,282
Fund Balance, June 30, 2008	<u>\$ 1,819,323</u>	<u>\$ 79,388</u>	<u>\$ 1,898,711</u>

Exhibit I-5

Hartsville/Trousdale County Government, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Hartsville/Trousdale County Government 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)		\$ 134,429
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 103,900	
Less: current year depreciation expense	<u>(462,694)</u>	(358,794)
(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	\$ 101,839	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(74,655)</u>	<u>27,184</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (197,181)</u>

Exhibit I-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Hartsville/Trousdale County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,476,436	\$ 1,440,800	\$ 1,440,800	\$ 35,636
Licenses and Permits	808	800	800	8
Charges for Current Services	22,479	400	400	22,079
Other Local Revenues	46,730	10,000	18,800	27,930
State of Tennessee	7,154,395	6,980,714	7,083,191	71,204
Federal Government	372,413	348,421	363,809	8,604
Other Governments and Citizens Groups	35,700	0	0	35,700
Total Revenues	<u>\$ 9,108,961</u>	<u>\$ 8,781,135</u>	<u>\$ 8,907,800</u>	<u>\$ 201,161</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,860,834	\$ 4,210,250	\$ 4,060,250	\$ 199,416
Special Education Program	820,807	873,671	873,671	52,864
Vocational Education Program	403,136	394,105	409,105	5,969
Adult Education Program	54,875	69,475	77,549	22,674
<u>Support Services</u>				
Attendance	67,040	69,233	69,233	2,193
Health Services	163,250	133,610	144,610	(18,640)
Other Student Support	225,193	446,655	253,655	28,462
Regular Instruction Program	430,547	394,467	439,467	8,920
Special Education Program	98,240	130,125	122,125	23,885
Vocational Education Program	23,277	27,260	27,260	3,983
Adult Programs	33,124	38,350	45,664	12,540
Other Programs	54,577	0	54,577	0
Board of Education	92,764	123,620	104,620	11,856
Director of Schools	163,918	145,385	170,385	6,467
Office of the Principal	516,243	541,425	541,425	25,182
Fiscal Services	88,742	103,900	97,900	9,158
Operation of Plant	579,163	655,300	645,300	66,137
Maintenance of Plant	138,944	233,290	183,290	44,346
Transportation	424,458	439,536	460,826	36,368
<u>Operation of Non-Instructional Services</u>				
Food Service	263,317	246,040	246,040	(17,277)
Early Childhood Education	103,227	100,978	115,978	12,751
<u>Capital Outlay</u>				
Regular Capital Outlay	195,350	53,000	203,000	7,650
<u>Other Debt Service</u>				
Education	245,000	0	245,000	0
Total Expenditures	<u>\$ 9,046,026</u>	<u>\$ 9,429,675</u>	<u>\$ 9,590,930</u>	<u>\$ 544,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,935</u>	<u>\$ (648,540)</u>	<u>\$ (683,130)</u>	<u>\$ 746,065</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 35,700	\$ (35,700)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,700</u>	<u>\$ (35,700)</u>
Net Change in Fund Balance	\$ 62,935	\$ (648,540)	\$ (647,430)	\$ 710,365
Fund Balance, July 1, 2007	<u>1,756,388</u>	<u>1,734,112</u>	<u>1,734,112</u>	<u>22,276</u>
Fund Balance, June 30, 2008	<u>\$ 1,819,323</u>	<u>\$ 1,085,572</u>	<u>\$ 1,086,682</u>	<u>\$ 732,641</u>

Exhibit I-7

Hartsville/Trousdale County Government, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Hartsville/Trousdale 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	\$ 594,115	\$ 804,231	\$ 812,363	\$ (218,248)
Total Revenues	\$ 594,115	\$ 804,231	\$ 812,363	\$ (218,248)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 154,710	\$ 164,829	\$ 166,009	\$ 11,299
Special Education Program	177,595	374,657	383,157	205,562
Vocational Education Program	17,662	14,500	17,662	0
<u>Support Services</u>				
Other Student Support	3,544	5,332	48,229	44,685
Regular Instruction Program	111,310	121,023	83,678	(27,632)
Special Education Program	38,396	88,167	79,667	41,271
Vocational Education Program	739	500	739	0
Transportation	18,665	33,854	33,854	15,189
Total Expenditures	\$ 522,621	\$ 802,862	\$ 812,995	\$ 290,374
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,494	\$ 1,369	\$ (632)	\$ 72,126
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 109,500	\$ 0	\$ 0
Transfers Out	0	(109,500)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 71,494	\$ 1,369	\$ (632)	\$ 72,126
Fund Balance, July 1, 2007	7,894	7,894	7,894	0
Fund Balance, June 30, 2008	\$ 79,388	\$ 9,263	\$ 7,262	\$ 72,126

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Changes in Long-term Notes, Capital Leases,  
 Other Loans, and Bonds  
 For the Year Ended June 30, 2008

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Matured During Period	Outstanding 6-30-08
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Leachate Collection Trench	\$ 72,000	4.65 %	4-1-04	3-1-13	\$ 51,000	0 \$	8,000 \$	43,000
Highway Equipment/Solid Waste Truck	525,000	4.68	3-1-05	3-1-15	439,000	0	47,000	392,000
Fire Truck	190,000	4.21	3-7-05	3-1-14	154,000	0	19,000	135,000
Macon/Trousdale Co-op Building	170,000	4.5	6-7-07	4-30-08	170,000	0	170,000	0
Ambulance Vehicles	300,000	4.0	various	8-31-08	0	300,000	0	300,000
Total Payable through General Debt Service Fund					\$ 814,000	\$ 300,000	\$ 244,000	\$ 870,000
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	300,000	3.95	4-9-07	12-9-12	\$ 291,994	0 \$	49,172 \$	242,822
Total Notes Payable					\$ 1,105,994	\$ 300,000	\$ 293,172	\$ 1,112,822
<b>CAPITAL LEASES PAYABLE</b>								
<u>Payable through General Fund</u>								
Sheriff's Commissary Computer Equipment	5,200	0	11-5-02	10-31-07	360	0 \$	360 \$	0
Sheriff's Department Police Cars	61,975	6	10-12-06	10-12-08	40,082	0	19,448	20,634
Total Payable through General Fund					\$ 40,442	0 \$	19,808 \$	20,634
<u>Payable through Urban Services Fund</u>								
Sheriff's Department Police Cars	61,975	6	10-12-06	10-12-08	40,082	0 \$	19,448 \$	20,634
Total Capital Leases Payable					\$ 80,524	0 \$	39,256 \$	41,268
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
School Construction	3,000,000	Variable	10-11-1995	5-25-16	\$ 1,687,512	0 \$	155,198 \$	1,532,314
School Construction	(1)	Variable	8-30-02	5-25-22	7,124,359	0	365,000	6,759,359
Total Other Loans Payable					\$ 8,811,871	0 \$	520,198 \$	8,291,673
<b>BONDS PAYABLE</b>								
<u>Payable through Urban Services Fund</u>								
Public Works Bonds	217,000	6.125	4-15-1988	4-15-08	17,546	0 \$	17,546 \$	0

(1) The total amount available for draws from the Montgomery County Public Building Authority is \$44,641 of an authorized \$8,500,000.

Exhibit J-2

Hartsville/Trousdale County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
For the Year Ended June 30, 2008

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 428,207	\$ 46,823	\$ 475,030
2010	133,295	29,227	162,522
2011	139,469	23,410	162,879
2012	145,727	17,326	163,053
2013	116,124	11,306	127,430
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	\$ 1,112,822	\$ 137,988	\$ 1,250,810

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 41,268	\$ 2,517	\$ 43,785
Total	\$ 41,268	\$ 2,517	\$ 43,785

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 540,431	\$ 327,160	\$ 44,895	\$ 912,486
2010	562,000	305,979	42,185	910,164
2011	584,922	283,952	39,366	908,240
2012	608,213	261,025	36,435	905,673
2013	632,890	237,184	33,387	903,461
2014	658,972	212,372	30,218	901,562
2015	685,477	186,539	26,917	898,933
2016	713,409	159,664	32,169	905,242
2017	508,000	132,471	29,013	669,484
2018	527,000	106,558	24,965	658,523
2019	547,000	86,099	22,513	655,612
2020	568,000	64,862	26,601	659,463
2021	589,000	42,813	24,213	656,026
2022	566,359	20,092	21,752	608,203
Total	\$ 8,291,673	\$ 2,426,770	\$ 434,629	\$ 11,153,072

Exhibit J-3

Hartsville/Trousdale County Government, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Hartsville/Trousdale County School Department  
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 57,025 (1)	\$ 25,000	State Automobile Mutual Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	54,310	100,000	"
Director of Schools	State Board of Education and Hartsville/Trousdale County Government	85,944 (2)	(5)	
Trustee	Board of Education	49,372	413,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	49,372	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	49,372	35,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	49,372	35,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	49,372 (3)	35,000	"
Register	Section 8-24-102, <u>TCA</u>	49,372	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	54,310 (4)	25,000	"
Employee Blanket Bond Coverage:				
General County, Water Department, and Highway Employees			150,000	Local Government Property and Casualty
School Employees			150,000	Tennessee Risk Management Trust

- (1) Does not include \$600 for serving as Chairman of the Highway Commission.
- (2) Does not include chief executive officer training supplement of \$1,000.
- (3) Does not include special commissioner fees of \$5,070.
- (4) Does not include law enforcement training supplement of \$600.
- (5) The director of schools is covered under the blanket bond.

Exhibit J-4

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2008

	Special Revenue Funds							Debt Service Funds			Total
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 1,429,208	\$ 387,757	\$ 229,040	\$ 0	\$ 0	\$ 0	\$ 137,424	\$ 219,876	\$ 2,403,305		
Discount on Property Taxes	(8,973)	(2,275)	(1,438)	0	0	0	(863)	(1,380)	(14,929)		
Trustee's Collections - Prior Year	87,894	23,282	13,763	0	0	0	8,258	13,212	146,409		
Circuit/Clerk & Master Collections - Prior Years	19,846	7,609	3,371	0	0	0	1,876	3,001	35,703		
Interest and Penalty	15,992	4,515	2,509	0	0	0	1,506	2,410	26,932		
Payments in-Lieu-of Taxes - T.V.A.	22,234	0	0	0	0	0	0	0	22,234		
Payments in-Lieu-of Taxes - Other	4,340	4,134	0	0	0	0	0	0	8,474		
<u>County Local Option Taxes</u>											
Local Option Sales Tax	398,246	0	0	0	0	0	0	0	398,246		
Wheel Tax	0	0	0	0	0	0	0	296,480	296,480		
Litigation Tax - General	35,653	0	0	0	0	0	0	35,653	35,653		
Litigation Tax - Special Purpose	60,490	0	0	0	0	0	47	0	60,537		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	14,870	0	14,870		
Business Tax	15,183	0	2,015	0	0	0	1,485	2,375	21,058		
Adequate Facilities/Development Tax	0	0	0	0	0	0	0	40,000	40,000		
Other County Local Option Taxes	0	40,972	0	0	0	0	0	0	40,972		
<u>Statutory Local Taxes</u>											
Bank Excise Tax	64,547	0	0	0	0	0	0	0	64,547		
Wholesale Beer Tax	144,332	0	0	0	0	0	0	0	144,332		
Interstate Telecommunications Tax	730	0	0	0	0	0	0	0	730		
Other Statutory Local Taxes	0	35,329	0	0	0	0	0	0	35,329		
<u>City Local Option Taxes</u>											
Local Option Sales Tax	172,659	0	0	0	0	0	0	0	172,659		
Total Local Taxes	\$ 2,462,381	\$ 501,323	\$ 249,260	\$ 0	\$ 0	\$ 0	\$ 164,603	\$ 575,974	\$ 3,953,541		
<u>Licenses and Permits</u>											
Licenses											
Cable TV Franchise	0	9,618	0	0	0	0	0	0	9,618		
Permits											
Building Permits	29,735	0	0	0	0	0	0	0	29,735		
Total Licenses and Permits	\$ 29,735	\$ 9,618	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,353		

(Continued)

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Debt Service Funds			Total
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	8,227	0	0	0	0	0	0	0	0	0	8,227
Officers Costs	1,945	0	0	0	0	0	0	0	0	0	1,945
Drug Control Fines	0	0	0	1,942	0	0	0	0	0	0	1,942
Data Entry Fee - Circuit Court	474	0	0	0	0	0	0	0	0	0	474
<u>General Sessions Court</u>											
Fines	17,806	0	0	0	0	0	0	0	0	0	17,806
Officers Costs	29,658	0	0	0	0	0	0	0	0	0	29,658
Game and Fish Fines	166	0	0	0	0	0	0	0	0	0	166
Drug Control Fines	0	0	0	4,370	0	0	0	0	0	0	4,370
Jail Fees	1,310	0	0	0	0	0	110	0	0	0	1,420
DUI Treatment Fines	3,376	0	0	299	0	0	0	0	0	0	3,675
Data Entry Fee - General Sessions Court	6,233	0	0	0	0	0	0	0	0	0	6,233
Courtroom Security Fee	564	0	0	0	0	0	0	0	0	0	564
<u>Juvenile Court</u>											
Officers Costs	798	0	0	0	0	0	0	0	0	0	798
<u>Chancery Court</u>											
Officers Costs	1,816	0	0	0	0	0	0	0	0	0	1,816
Data Entry Fee - Chancery Court	1,179	0	0	0	0	0	0	0	0	0	1,179
<u>Courts in Other District Counties</u>											
District Attorney General Fees	0	0	0	0	25,195	0	0	0	0	0	25,195
<u>Other Fines, Forfeitures, and Penalties</u>											
Other Fines, Forfeitures, and Penalties	601	0	0	0	0	0	0	0	0	0	601
Total Fines, Forfeitures, and Penalties	74,153	0	0	6,611	25,195	0	110	0	0	0	106,069

Charges for Current Services

<u>General Service Charges</u>											
Commercial and Industrial Waste Collection Charge	0	0	95,654	0	0	0	0	0	0	0	95,654
Residential Waste Collection Charge	0	115,130	0	0	0	0	0	0	0	0	115,130
Patient Charges	31,431	0	0	0	0	0	0	0	0	0	31,431
Zoning Studies	200	0	0	0	0	0	0	0	0	0	200
Other General Service Charges	14,418	0	0	0	0	0	0	0	0	0	14,418

(Continued)

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Debt Service Funds			Total
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Charges for Current Services (Cont.)</u>											
<u>Fees</u>											
Copy Fees	\$ 8,307	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,307
Telephone Commissions	730	0	0	0	0	0	0	0	0	0	730
Data Processing Fee - Register	4,405	0	0	0	0	0	0	0	0	0	4,405
Data Processing Fee - Sheriff	114	0	0	0	0	0	0	0	0	0	114
Sexual Offender Registration Fees - Sheriff	1,900	0	0	0	0	0	0	0	0	0	1,900
Total Charges for Current Services	\$ 61,505	\$ 115,130	\$ 95,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 272,289
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 249,171	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,172	\$ 0	\$ 38,923	\$ 0	\$ 294,266	
Lease/Rentals	26,157	0	0	0	0	0	0	0	0	26,157	
Commissary Sales	4,342	0	0	0	0	0	0	0	0	4,342	
Sale of Recycled Materials	0	0	21,210	0	0	0	0	0	0	21,210	
Miscellaneous Refunds	2,843	0	0	40	0	261	0	0	0	3,144	
<u>Nonrecurring Items</u>											
Sale of Equipment	100	0	0	0	0	0	0	0	0	100	
Damages Recovered from Individuals	70	0	0	0	0	11,450	0	0	0	11,520	
<u>Other Local Revenues</u>	656	30	0	0	0	0	0	0	0	686	
Total Other Local Revenues	\$ 283,339	\$ 30	\$ 21,210	\$ 40	\$ 0	\$ 17,883	\$ 0	\$ 38,923	\$ 0	\$ 361,425	
<u>Fees Received from County Officials</u>											
<u>Fees-In-Lieu of Salary</u>											
County Clerk	\$ 81,305	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,305	
Circuit Court Clerk	41,822	0	0	0	0	0	0	0	0	41,822	
General Sessions Court Clerk	97,749	0	0	0	0	0	0	0	0	97,749	
Clerk and Master	31,022	0	0	0	0	0	0	0	0	31,022	
Register	39,236	0	0	0	0	0	0	0	0	39,236	
Sheriff	3,517	0	0	0	0	0	0	0	0	3,517	
Trustee	130,331	0	0	0	0	0	0	0	0	130,331	
Total Fees Received from County Officials	\$ 421,982	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 421,982	

(Continued)

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Debt Service Funds			Total	
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service				
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,750
Aging Programs	28,202	0	0	0	0	0	0	0	0	0	0	28,202
State Reappraisal Grant	2,829	0	0	0	0	0	0	0	0	0	0	2,829
Solid Waste Grants	0	0	11,161	0	0	0	0	0	0	0	0	11,161
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	5,400	2,400	0	0	0	0	0	0	0	0	0	7,800
<u>Health and Welfare Grants</u>												
Health Department Programs	15,789	0	0	0	0	0	0	0	0	0	0	15,789
<u>Public Works Grants</u>												
Bridge Program	0	0	0	0	0	19,340	0	0	0	0	0	19,340
State Aid Program	0	0	0	0	0	31,768	0	0	0	0	0	31,768
Litter Program	31,236	0	0	0	0	0	0	0	0	0	0	31,236
<u>Other State Revenues</u>												
Income Tax	27,691	0	0	0	0	0	0	0	0	0	0	27,691
Beer Tax	20,622	0	0	0	0	0	0	0	0	0	0	20,622
Alcoholic Beverage Tax	11,699	0	0	0	0	0	0	0	0	0	0	11,699
Contracted Prisoner Boarding	204,365	0	0	0	0	0	0	0	0	0	0	204,365
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,265,854	0	0	0	0	0	1,265,854
Petroleum Special Tax	0	0	0	0	0	11,054	0	0	0	0	0	11,054
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	36,844	0	0	0	0	0	0	0	0	0	0	36,844
Other State Revenues	24,646	0	0	0	0	0	0	0	0	0	0	24,646
Total State of Tennessee	\$ 432,453	\$ 2,400	\$ 11,161	\$ 0	\$ 0	\$ 1,328,016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,774,030
<u>Federal Government</u>												
<u>Federal Through State</u>												
Community Development	\$ 35,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000
Homeland Security Grants	4,993	0	0	0	0	0	0	0	0	0	0	4,993
Other Federal through State	1,773	0	0	0	0	0	0	0	0	0	0	1,773
<u>Direct Federal Revenue</u>												
Police Service (Lake Area)	9,623	0	0	0	0	0	0	0	0	0	0	9,623
Total Federal Government	\$ 51,389	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,389

(Continued)

Exhibit J-4

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types (Cont.)

	Special Revenue Funds							Debt Service Funds			Total
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Contributions	\$ 126	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 75,000	\$ 245,126		
Contracted Services	2,000	500	0	0	0	0	0	0	2,500		
<u>Citizens Groups</u>											
Donations	9,074	0	0	0	0	0	0	0	9,074		
Total Other Governments and Citizens Groups	\$ 11,200	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 75,000	\$ 256,700		
Total	\$ 3,831,137	\$ 629,001	\$ 377,285	\$ 6,651	\$ 25,195	\$ 1,345,899	\$ 334,713	\$ 689,897	\$ 7,239,778		

Exhibit J-5

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 801,157	\$ 0	\$ 801,157
Trustee's Collections - Prior Year	50,386	0	50,386
Circuit/Clerk & Master Collections - Prior Years	9,962	0	9,962
Interest and Penalty	8,502	0	8,502
Payments in-Lieu-of Taxes - T.V.A.	167,342	0	167,342
<u>County Local Option Taxes</u>			
Local Option Sales Tax	431,272	0	431,272
Business Tax	6,793	0	6,793
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	1,022	0	1,022
Total Local Taxes	\$ 1,476,436	\$ 0	\$ 1,476,436
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 808	\$ 0	\$ 808
Total Licenses and Permits	\$ 808	\$ 0	\$ 808
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
School Based Health Services - FFS	\$ 22,479	\$ 0	\$ 22,479
Total Charges for Current Services	\$ 22,479	\$ 0	\$ 22,479
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Refund of Telecommunication & Internet Fees (E-Rate)	\$ 6,521	\$ 0	\$ 6,521
Miscellaneous Refunds	40,178	0	40,178
<u>Nonrecurring Items</u>			
Contributions and Gifts	31	0	31
Total Other Local Revenues	\$ 46,730	\$ 0	\$ 46,730
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 54,577	\$ 0	\$ 54,577
<u>State Education Funds</u>			
Basic Education Program	6,726,307	0	6,726,307
Early Childhood Education	94,622	0	94,622
School Food Service	7,153	0	7,153
Driver Education	1,690	0	1,690
Other State Education Funds	120,288	0	120,288
Career Ladder Program	64,903	0	64,903
Career Ladder - Extended Contract	48,083	0	48,083
<u>Other State Revenues</u>			
Other State Grants	36,772	0	36,772
Total State of Tennessee	\$ 7,154,395	\$ 0	\$ 7,154,395
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 191,052	\$ 0	\$ 191,052

(Continued)

Exhibit J-5

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

	General Purpose School	School Federal Projects	Total
<u>Federal Government (Cont.)</u>			
<u>Federal Through State (Cont.)</u>			
Breakfast	\$ 42,999	\$ 0	\$ 42,999
Adult Education State Grant Program	118,809	0	118,809
Vocational Education - Basic Grants to States	0	20,322	20,322
Title I Grants to Local Education Agencies	0	198,916	198,916
Innovative Education Program Strategies	0	2,105	2,105
Special Education - Grants to States	19,553	285,251	304,804
Special Education Preschool Grants	0	10,170	10,170
Safe and Drug-Free Schools - State Grants	0	4,921	4,921
Eisenhower Professional Development State Grants	0	69,530	69,530
Other Federal through State	0	2,900	2,900
Total Federal Government	<u>\$ 372,413</u>	<u>\$ 594,115</u>	<u>\$ 966,528</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 35,700	\$ 0	\$ 35,700
Total Other Governments and Citizens Groups	<u>\$ 35,700</u>	<u>\$ 0</u>	<u>\$ 35,700</u>
Total	<u>\$ 9,108,961</u>	<u>\$ 594,115</u>	<u>\$ 9,703,076</u>

Exhibit J-6

Hartsville/Trousdale County Government, 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	\$	5,460	
Other Per Diem and Fees		1,890	
Social Security		456	
Employer Medicare		107	
Audit Services		1,793	
Legal Notices, Recording, and Court Costs		1,121	
Other Contracted Services		1,674	
Total County Commission			\$ 12,501

Beer Board

Board and Committee Members Fees	\$	70	
Legal Notices, Recording, and Court Costs		10	
Total Beer Board			80

County Mayor/Executive

County Official/Administrative Officer	\$	57,025	
Secretary(ies)		65,250	
In-Service Training		563	
Social Security		7,384	
State Retirement		10,523	
Medical Insurance		14,820	
Employer Medicare		1,726	
Data Processing Services		5,582	
Legal Notices, Recording, and Court Costs		292	
Maintenance and Repair Services - Office Equipment		135	
Printing, Stationery, and Forms		1,866	
Travel		3,019	
Office Supplies		2,352	
Premiums on Corporate Surety Bonds		200	
Other Charges		164	
Office Equipment		6,434	
Total County Mayor/Executive			177,335

County Attorney

County Official/Administrative Officer	\$	6,370	
Legal Services		2,645	
Total County Attorney			9,015

Election Commission

County Official/Administrative Officer	\$	39,498	
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(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Deputy(ies)	\$	1,173	
Election Commission		3,375	
Election Workers		3,610	
In-Service Training		900	
Social Security		2,378	
State Retirement		3,176	
Medical Insurance		4,560	
Employer Medicare		556	
Data Processing Services		8,482	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		1,226	
Maintenance and Repair Services - Equipment		1,290	
Printing, Stationery, and Forms		3,665	
Travel		231	
Office Supplies		204	
Other Charges		321	
Office Equipment		1,832	
Total Election Commission			\$ 76,627

Register of Deeds

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		9,152	
Social Security		3,540	
State Retirement		3,969	
Medical Insurance		4,560	
Employer Medicare		828	
Data Processing Services		3,522	
Dues and Memberships		95	
Printing, Stationery, and Forms		1,339	
Office Supplies		1,898	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			78,375

Planning

County Official/Administrative Officer	\$	39,314
Other Salaries and Wages		746
In-Service Training		148
Social Security		2,378
State Retirement		3,161
Medical Insurance		4,560

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Employer Medicare	\$	556	
Dues and Memberships		7,750	
Legal Notices, Recording, and Court Costs		19	
Printing, Stationery, and Forms		169	
Gasoline		1,106	
Office Supplies		92	
Other Supplies and Materials		56	
Other Charges		984	
Total Planning			\$ 61,039

County Buildings

Attendants	\$	11,053	
Custodial Personnel		6,294	
Social Security		893	
State Retirement		889	
Medical Insurance		4,560	
Employer Medicare		209	
Legal Notices, Recording, and Court Costs		79	
Maintenance and Repair Services - Buildings		30,488	
Maintenance and Repair Services - Equipment		224	
Pest Control		1,061	
Other Contracted Services		9,195	
Custodial Supplies		6,352	
Electricity		33,577	
Natural Gas		27,085	
Water and Sewer		3,710	
Other Charges		2,615	
Furniture and Fixtures		340	
Total County Buildings			138,624

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		22,239	
Board and Committee Members Fees		620	
Social Security		4,279	
State Retirement		5,757	
Medical Insurance		9,120	
Employer Medicare		1,001	
Legal Notices, Recording, and Court Costs		53	

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Maintenance and Repair Services - Vehicles	\$	2,262	
Printing, Stationery, and Forms		1,202	
Other Contracted Services		4,300	
Gasoline		1,718	
Office Supplies		255	
Premiums on Corporate Surety Bonds		100	
Office Equipment		310	
Total Property Assessor's Office			\$ 102,588

County Trustee's Office

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		21,000	
Social Security		3,710	
State Retirement		5,658	
Medical Insurance		8,679	
Employer Medicare		868	
Data Processing Services		3,972	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		32	
Printing, Stationery, and Forms		2,907	
Office Supplies		720	
Premiums on Corporate Surety Bonds		938	
Total County Trustee's Office			97,956

County Clerk's Office

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		22,693	
In-Service Training		310	
Social Security		4,468	
State Retirement		5,757	
Medical Insurance		7,938	
Employer Medicare		1,045	
Data Processing Services		1,215	
Dues and Memberships		100	
Printing, Stationery, and Forms		3,734	
Office Supplies		480	
Premiums on Corporate Surety Bonds		225	
Office Equipment		754	
Total County Clerk's Office			98,091

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	49,372	
Deputy(ies)		51,336	
Overtime Pay		459	
Board and Committee Members Fees		1,200	
Jury and Witness Fees		5,149	
Social Security		6,112	
State Retirement		8,134	
Medical Insurance		12,906	
Employer Medicare		1,435	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		167	
Printing, Stationery, and Forms		3,842	
Office Supplies		650	
Periodicals		149	
Premiums on Corporate Surety Bonds		225	
Office Equipment		149	
Total Circuit Court			\$ 141,345

General Sessions Court

Judge(s)	\$	58,174	
Other Salaries and Wages		5,490	
Social Security		2,991	
State Retirement		4,677	
Medical Insurance		4,560	
Employer Medicare		699	
Printing, Stationery, and Forms		19	
Total General Sessions Court			76,610

Chancery Court

County Official/Administrative Officer	\$	49,372
Deputy(ies)		5,136
Social Security		3,325
State Retirement		3,969
Medical Insurance		4,560
Employer Medicare		778
Dues and Memberships		60
Legal Notices, Recording, and Court Costs		468
Printing, Stationery, and Forms		812
Office Supplies		300
Periodicals		245

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Premiums on Corporate Surety Bonds	\$ 225		
Total Chancery Court		\$	69,250

Judicial Commissioners

In-Service Training	\$ 352		
Social Security	882		
Employer Medicare	206		
Dues and Memberships	70		
Other Contracted Services	14,233		
Gasoline	665		
Total Judicial Commissioners			16,408

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 54,310		
Deputy(ies)	364,970		
Salary Supplements	4,900		
Dispatchers/Radio Operators	107,514		
Overtime Pay	20,593		
In-Service Training	9,280		
Social Security	32,355		
State Retirement	46,681		
Medical Insurance	66,086		
Employer Medicare	7,572		
Communication	105		
Data Processing Services	164		
Dues and Memberships	1,030		
Legal Notices, Recording, and Court Costs	99		
Maintenance and Repair Services - Buildings	292		
Maintenance and Repair Services - Equipment	9,818		
Maintenance and Repair Services - Office Equipment	2,956		
Maintenance and Repair Services - Vehicles	19,326		
Medical and Dental Services	1,599		
Printing, Stationery, and Forms	1,535		
Rentals	2,993		
Tow-in Services	200		
Travel	5,170		
Other Contracted Services	3,467		
Electricity	590		
Gasoline	34,392		

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Supplies	\$	7,123	
Office Supplies		2,619	
Periodicals		143	
Uniforms		9,262	
Other Supplies and Materials		1,159	
Premiums on Corporate Surety Bonds		125	
Other Charges		567	
Law Enforcement Equipment		3,143	
Office Equipment		2,722	
Other Equipment		45,440	
Total Sheriff's Department			\$ 870,300

Drug Enforcement

Deputy(ies)	\$	32,029	
Social Security		1,949	
State Retirement		3,023	
Medical Insurance		1,628	
Employer Medicare		456	
Gasoline		2,605	
Total Drug Enforcement			41,690

Jail

Guards	\$	353,622	
Cafeteria Personnel		26,011	
Overtime Pay		9,755	
In-Service Training		925	
Social Security		23,135	
State Retirement		31,200	
Medical Insurance		54,410	
Unemployment Compensation		925	
Employer Medicare		5,411	
Data Processing Services		4,308	
Maintenance and Repair Services - Buildings		3,042	
Maintenance and Repair Services - Equipment		4,601	
Medical and Dental Services		95,347	
Pest Control		382	
Printing, Stationery, and Forms		1,087	
Rentals		50	
Custodial Supplies		8,631	
Electricity		14,575	

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Food Supplies	\$	39,634	
Law Enforcement Supplies		83	
Natural Gas		7,605	
Office Supplies		1,526	
Prisoners Clothing		847	
Uniforms		2,417	
Water and Sewer		10,375	
Other Supplies and Materials		1,500	
Other Charges		1,573	
Office Equipment		949	
Other Equipment		2,514	
Total Jail			\$ 706,440

Workhouse

Guards	\$	26,222	
Social Security		1,558	
State Retirement		2,108	
Medical Insurance		4,560	
Employer Medicare		364	
Maintenance and Repair Services - Equipment		858	
Maintenance and Repair Services - Vehicles		877	
Gasoline		5,553	
Other Supplies and Materials		297	
Motor Vehicles		1,700	
Other Equipment		393	
Total Workhouse			44,490

Juvenile Services

Other Salaries and Wages	\$	18,380	
Social Security		1,140	
Employer Medicare		267	
Travel		506	
Other Charges		3,125	
Total Juvenile Services			23,418

Fire Prevention and Control

In-Service Training	\$	2,370	
Contributions		12,280	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		26	

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Maintenance and Repair Services - Equipment	\$	3,753	
Maintenance and Repair Services - Vehicles		332	
Medical and Dental Services		409	
Electricity		210	
Equipment and Machinery Parts		1,035	
Gasoline		1,680	
Uniforms		278	
Other Supplies and Materials		775	
Other Charges		734	
Other Equipment		22,728	
Total Fire Prevention and Control			\$ 46,760

Civil Defense

Maintenance and Repair Services - Equipment	\$	623	
Maintenance and Repair Services - Vehicles		1,075	
Gasoline		1,013	
Natural Gas		1,384	
Uniforms		5,300	
Water and Sewer		286	
Other Supplies and Materials		218	
Motor Vehicles		1	
Other Equipment		951	
Total Civil Defense			10,851

Inspection and Regulation

Supervisor/Director	\$	4,226	
Social Security		263	
State Retirement		743	
Employer Medicare		62	
Drugs and Medical Supplies		802	
Total Inspection and Regulation			6,096

County Coroner/Medical Examiner

Other Contracted Services	\$	2,900	
Total County Coroner/Medical Examiner			2,900

Public Health and Welfare

Local Health Center

Communication	\$	1,317	
Contributions		13,500	

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Dues and Memberships	\$	100	
Legal Notices, Recording, and Court Costs		21	
Maintenance and Repair Services - Buildings		6,531	
Maintenance and Repair Services - Equipment		2,720	
Pest Control		290	
Printing, Stationery, and Forms		109	
Rentals		170	
Custodial Supplies		260	
Drugs and Medical Supplies		645	
Electricity		3,859	
Natural Gas		2,114	
Periodicals		33	
Water and Sewer		275	
Other Supplies and Materials		12,772	
Other Charges		151	
Total Local Health Center	\$		44,867

Ambulance/Emergency Medical Services

Supervisor/Director	\$	30,716
Medical Personnel		240,532
Overtime Pay		122,672
In-Service Training		3,167
Social Security		24,131
State Retirement		29,170
Medical Insurance		35,250
Employer Medicare		5,644
Advertising		933
Communication		1,970
Contracts with Private Agencies		56,614
Evaluation and Testing		7,967
Laundry Service		228
Legal Notices, Recording, and Court Costs		353
Licenses		3,135
Maintenance and Repair Services - Buildings		1,467
Maintenance and Repair Services - Equipment		363
Maintenance and Repair Services - Vehicles		9,275
Pest Control		50
Printing, Stationery, and Forms		2,606
Rentals		1,925
Travel		492

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Contracted Services	\$	6,544	
Custodial Supplies		1,983	
Drugs and Medical Supplies		28,269	
Electricity		1,899	
Gasoline		11,162	
Natural Gas		2,386	
Office Supplies		806	
Uniforms		13,291	
Water and Sewer		606	
Other Supplies and Materials		525	
Liability Insurance		3,621	
Workers' Compensation Insurance		59,040	
Furniture and Fixtures		5,322	
Motor Vehicles		189,706	
Office Equipment		1,554	
Site Development		88,930	
Other Equipment		33,776	
Total Ambulance/Emergency Medical Services			\$ 1,028,080

Sanitation Education/Information

Education Media Personnel	\$	4,807	
Guards		14,167	
Clerical Personnel		2,105	
In-Service Training		70	
Social Security		1,068	
State Retirement		1,274	
Employer Medicare		250	
Advertising		94	
Maintenance and Repair Services - Vehicles		1,040	
Travel		41	
Custodial Supplies		204	
Gasoline		3,437	
Instructional Supplies and Materials		1,477	
Other Supplies and Materials		219	
Total Sanitation Education/Information			30,253

Other Waste Disposal

Other Equipment	\$	6,000	
Total Other Waste Disposal			6,000

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Contributions	\$ 12,000	
Total Other Public Health and Welfare		\$ 12,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 16,659	
Part-time Personnel	8,893	
Social Security	1,546	
State Retirement	1,339	
Employer Medicare	361	
Advertising	44	
Communication	1,190	
Maintenance and Repair Services - Vehicles	1,415	
Pest Control	200	
Travel	219	
Other Contracted Services	1,232	
Food Supplies	248	
Gasoline	650	
Office Supplies	829	
Periodicals	12	
Other Supplies and Materials	2,283	
Other Equipment	1,204	
Total Senior Citizens Assistance		38,324

Libraries

Assistant(s)	\$ 10,211	
Librarians	22,964	
Overtime Pay	796	
Social Security	2,039	
State Retirement	1,910	
Medical Insurance	4,560	
Employer Medicare	477	
Contributions	22,255	
Water and Sewer	312	
Total Libraries		65,524

Parks and Fair Boards

Supervisor/Director	\$ 7,605
Laborers	10,497
Temporary Personnel	12,690

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Social Security	\$	1,892	
State Retirement		1,336	
Medical Insurance		912	
Employer Medicare		442	
Dues and Memberships		15	
Legal Notices, Recording, and Court Costs		41	
Maintenance and Repair Services - Buildings		996	
Maintenance and Repair Services - Equipment		3,108	
Maintenance and Repair Services - Vehicles		38	
Travel		41	
Permits		680	
Custodial Supplies		83	
Electricity		10,755	
Fertilizer, Lime, and Seed		304	
Food Supplies		1,901	
Gasoline		1,310	
Water and Sewer		3,632	
Chemicals		1,902	
Other Supplies and Materials		2,474	
Other Charges		236	
Site Development		15,502	
Other Equipment		287	
Total Parks and Fair Boards			\$ 78,679

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	8,403	
Secretary(ies)		7,322	
Social Security		1,203	
State Retirement		1,913	
Communication		3,205	
Contributions		3,875	
Office Supplies		691	
Other Supplies and Materials		971	
Other Charges		707	
Other Equipment		469	
Total Agriculture Extension Service			28,759

Soil Conservation

Contributions	\$	12,115	
Total Soil Conservation			12,115

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations

Other Economic and Community Development

Other Contracted Services	\$ 35,000	
Total Other Economic and Community Development		\$ 35,000

Other Charges

Mechanic(s)	\$ 23,798	
Overtime Pay	69	
Social Security	1,425	
State Retirement	4,193	
Medical Insurance	4,560	
Employer Medicare	333	
Communication	29,411	
Evaluation and Testing	6,617	
Maintenance and Repair Services - Vehicles	341	
Postal Charges	9,479	
Rentals	13,674	
Fuel Oil	21,662	
Other Supplies and Materials	287	
Liability Insurance	36,213	
Trustee's Commission	44,687	
Workers' Compensation Insurance	50,309	
Other Charges	<u>1,072</u>	
Total Other Charges		248,130

Employee Benefits

Handling Charges and Administrative Costs	\$ 702	
Unemployment Compensation	<u>10,277</u>	
Total Employee Benefits		10,979

Miscellaneous

Contributions	\$ 7,000	
Dues and Memberships	<u>4,252</u>	
Total Miscellaneous		11,252

Principal on Debt

General Government

Principal on Capital Leases	\$ 19,808	
Total General Government		19,808

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Interest on Debt

General Government

Interest on Capital Leases	\$ 2,445	
Total General Government		\$ 2,445

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 35,700	
Total Capital Projects Donated to School Department		<u>35,700</u>

Total General Fund		\$ 4,616,704
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Urban Services Fund

Public Safety

Sheriff's Department

Deputy(ies)	\$ 157,637	
Salary Supplements	2,900	
Dispatchers/Radio Operators	35,203	
Overtime Pay	4,552	
Social Security	12,081	
State Retirement	26,753	
Medical Insurance	13,748	
Employer Medicare	2,820	
Maintenance and Repair Services - Vehicles	2,360	
Gasoline	<u>11,112</u>	
Total Sheriff's Department		\$ 269,166

Fire Prevention and Control

Gasoline	\$ 1,279	
Other Charges	<u>1,821</u>	
Total Fire Prevention and Control		3,100

Public Health and Welfare

Rabies and Animal Control

Overtime Pay	\$ 2,370	
Other Salaries and Wages	3,756	
Social Security	299	
State Retirement	493	
Medical Insurance	570	
Employer Medicare	70	
Maintenance and Repair Services - Buildings	378	
Maintenance and Repair Services - Vehicles	296	

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Urban Services Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Veterinary Services	\$	814	
Gasoline		3,070	
Water and Sewer		297	
Other Supplies and Materials		314	
Other Charges		1,188	
Total Rabies and Animal Control			\$ 13,915

Waste Pickup

Supervisor/Director	\$	16,820	
Truck Drivers		22,863	
Laborers		37,281	
Overtime Pay		520	
Social Security		4,612	
State Retirement		7,164	
Medical Insurance		14,860	
Employer Medicare		1,079	
Maintenance and Repair Services - Equipment		645	
Maintenance and Repair Services - Vehicles		4,339	
Disposal Fees		16,930	
Gasoline		8,531	
Other Supplies and Materials		359	
Total Waste Pickup			136,003

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Charges	\$	2,199	
Total Other Social, Cultural, and Recreational			2,199

Other Operations

Other Charges

Electricity	\$	69,515	
Trustee's Commission		10,402	
Workers' Compensation Insurance		22,500	
Other Charges		16	
Total Other Charges			102,433

Employee Benefits

State Retirement	\$	3,107	
Total Employee Benefits			3,107

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Urban Services Fund (Cont.)

Highways

Highway and Bridge Maintenance

Asphalt - Hot Mix	\$ 51,800	
Total Highway and Bridge Maintenance		\$ 51,800

Principal on Debt

General Government

Principal on Bonds	\$ 17,546	
Principal on Capital Leases	19,448	
Total General Government		36,994

Interest on Debt

General Government

Interest on Bonds	\$ 889	
Interest on Capital Leases	2,445	
Total General Government		3,334

Total Urban Services Fund		\$ 622,051
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Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 15,210	
Truck Drivers	52,730	
Attendants	41,608	
Overtime Pay	7,835	
Social Security	7,115	
State Retirement	15,656	
Medical Insurance	10,944	
Employer Medicare	1,664	
Maintenance and Repair Services - Buildings	23	
Maintenance and Repair Services - Equipment	4,006	
Maintenance and Repair Services - Vehicles	28,789	
Electricity	2,194	
Gasoline	33,988	
Water and Sewer	422	
Other Supplies and Materials	978	
Site Development	4,640	
Solid Waste Equipment	7,781	
Total Convenience Centers		\$ 235,583

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Disposal

Disposal Fees	\$ 138,173	
Trustee's Commission	6,070	
Total Other Waste Disposal		\$ 144,243

Postclosure Care Costs

Engineering Services	\$ 4,196	
Maintenance and Repair Services - Vehicles	136	
Landfill Closure/Postclosure Care Costs	1,468	
Total Postclosure Care Costs		5,800

Other Operations

Other Charges

Workers' Compensation Insurance	\$ 10,565	
Total Other Charges		10,565

Total Solid Waste/Sanitation Fund \$ 396,191

Drug Control Fund

Public Safety

Drug Enforcement

Instructional Supplies and Materials	\$ 708	
Other Supplies and Materials	576	
Trustee's Commission	64	
Law Enforcement Equipment	7,893	
Motor Vehicles	2,000	
Total Drug Enforcement		\$ 11,241

Total Drug Control Fund 11,241

District Attorney General Fund

Administration of Justice

District Attorney General

Salary Supplements	\$ 910	
Jury and Witness Fees	833	
Travel	463	
Other Contracted Services	210	
Library Books/Media	2,148	
Other Supplies and Materials	667	
Trustee's Commission	252	
In Service/Staff Development	4,509	

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Other Charges	\$ 39	
Other Equipment	2,984	
Total District Attorney General	\$ 13,015	

Total District Attorney General Fund \$ 13,015

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 54,310	
Accountants/Bookkeepers	28,103	
Other Salaries and Wages	2,052	
Board and Committee Members Fees	1,200	
Social Security	4,838	
State Retirement	6,603	
Employer Medicare	1,132	
Communication	8,276	
Data Processing Services	3,825	
Dues and Memberships	1,801	
Legal Notices, Recording, and Court Costs	216	
Maintenance and Repair Services - Buildings	1,475	
Pest Control	85	
Postal Charges	661	
Printing, Stationery, and Forms	128	
Travel	495	
Custodial Supplies	157	
Data Processing Supplies	597	
Drugs and Medical Supplies	219	
Electricity	3,744	
Natural Gas	2,030	
Office Supplies	686	
Propane Gas	486	
Water and Sewer	762	
Premiums on Corporate Surety Bonds	350	
Other Charges	252	
Office Equipment	69	
Total Administration	\$ 124,552	

Highway and Bridge Maintenance

Foremen	\$ 163,140
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(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	99,657	
Truck Drivers		124,126	
Laborers		28,242	
Social Security		24,803	
State Retirement		30,483	
Employer Medicare		5,801	
Rentals		600	
Asphalt - Cold Mix		1,914	
Asphalt - Hot Mix		371,201	
Crushed Stone		44,102	
Electricity		94	
General Construction Materials		2,065	
Other Road Supplies		40	
Pipe		8,601	
Road Signs		3,967	
Salt		2,609	
Wood Products		56	
Other Supplies and Materials		526	
Other Charges		3,305	
Total Highway and Bridge Maintenance			\$ 915,332

Operation and Maintenance of Equipment

Mechanic(s)	\$	28,933	
Social Security		1,788	
State Retirement		2,335	
Employer Medicare		418	
Maintenance and Repair Services - Equipment		14,436	
Maintenance and Repair Services - Vehicles		14,162	
Diesel Fuel		40,976	
Equipment and Machinery Parts		30,033	
Garage Supplies		2,122	
Gasoline		55,067	
Lubricants		3,144	
Small Tools		191	
Tires and Tubes		6,302	
Other Supplies and Materials		769	
Other Charges		13	
Other Equipment		160	
Total Operation and Maintenance of Equipment			200,849

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Evaluation and Testing	\$	1,003	
Other Contracted Services		559	
Trustee's Commission		12,780	
Vehicle and Equipment Insurance		36,213	
Workers' Compensation Insurance		51,667	
Liability Claims		<u>1,045</u>	
Total Other Charges	\$		103,267

Employee Benefits

Handling Charges and Administrative Costs	\$	66	
Medical Insurance		46,205	
Unemployment Compensation		<u>4,752</u>	
Total Employee Benefits			51,023

Capital Outlay

Engineering Services	\$	42,807	
Bridge Construction		19,340	
Communication Equipment		907	
Data Processing Equipment		458	
Motor Vehicles		188,254	
State Aid Projects		26,201	
Other Equipment		47,843	
Other Construction		<u>14,020</u>	
Total Capital Outlay			339,830

Principal on Debt

Highways and Streets

Principal on Notes	\$	<u>49,172</u>	
Total Highways and Streets			49,172

Interest on Debt

Highways and Streets

Interest on Notes	\$	<u>10,828</u>	
Total Highways and Streets			<u>10,828</u>

Total Highway/Public Works Fund \$ 1,794,853

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

<u>General Debt Service Fund</u>		
<u>Public Health and Welfare</u>		
<u>Ambulance/Emergency Medical Services</u>		
Other Charges	\$ 86,828	
Total Ambulance/Emergency Medical Services		\$ 86,828
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 244,000	
Total General Government		244,000
<u>Education</u>		
Principal on Other Loans	\$ 155,198	
Total Education		155,198
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 36,848	
Total General Government		36,848
<u>Education</u>		
Interest on Other Loans	\$ 60,944	
Total Education		60,944
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 3,111	
Total General Government		<u>3,111</u>
 Total General Debt Service Fund		 \$ 586,929
<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Other Loans	\$ 365,000	
Total Education		\$ 365,000
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Other Loans	\$ 241,823	
Total Education		241,823

(Continued)

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Education Debt Service Fund (Cont.)

Other Debt Service

Education

Trustee's Commission

\$ 8,798

Total Education

\$ 8,798

Total Education Debt Service Fund

\$ 615,621

General Capital Projects Fund

Capital Projects

General Administration Projects

Maintenance and Repair Services - Buildings

\$ 7,941

Total General Administration Projects

\$ 7,941

Total General Capital Projects Fund

7,941

Total Governmental Funds - Primary Government

\$ 8,664,546

Exhibit J-7

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,674,899	
Career Ladder Program		36,000	
Career Ladder Extended Contracts		20,091	
Homebound Teachers		6,648	
Educational Assistants		69,807	
Other Salaries and Wages		30,833	
Certified Substitute Teachers		91,843	
Non-certified Substitute Teachers		31,998	
Social Security		162,352	
State Retirement		169,606	
Medical Insurance		233,851	
Employer Medicare		40,545	
Travel		383	
Other Contracted Services		2,445	
Instructional Supplies and Materials		117,730	
Textbooks		128,308	
Other Charges		70	
Regular Instruction Equipment		43,425	
Total Regular Instruction Program			\$ 3,860,834

Special Education Program

Teachers	\$	586,843	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		1,868	
Homebound Teachers		2,931	
Educational Assistants		57,519	
Certified Substitute Teachers		840	
Non-certified Substitute Teachers		600	
Social Security		38,550	
State Retirement		42,083	
Medical Insurance		49,172	
Employer Medicare		9,016	
Contracts with Other School Systems		20,398	
Other Contracted Services		314	
Instructional Supplies and Materials		1,673	
Total Special Education Program			820,807

Vocational Education Program

Teachers	\$	291,763	
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(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Extended Contracts	\$	1,335	
Certified Substitute Teachers		9,500	
Social Security		17,762	
State Retirement		19,206	
Medical Insurance		27,118	
Employer Medicare		4,154	
Instructional Supplies and Materials		32,298	
Total Vocational Education Program			\$ 403,136

Adult Education Program

Teachers	\$	31,723	
Social Security		1,955	
State Retirement		1,506	
Medical Insurance		99	
Employer Medicare		457	
Instructional Supplies and Materials		8,404	
Textbooks		1,989	
Other Charges		7,530	
Other Equipment		1,212	
Total Adult Education Program			54,875

Support Services

Attendance

Supervisor/Director	\$	57,348	
Career Ladder Program		1,000	
Social Security		3,590	
State Retirement		3,641	
Employer Medicare		840	
Travel		621	
Total Attendance			67,040

Health Services

Supervisor/Director	\$	38,638	
Medical Personnel		43,075	
Clerical Personnel		10,125	
Social Security		5,768	
State Retirement		6,394	
Medical Insurance		3,420	
Employer Medicare		1,349	

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	2,787	
Other Contracted Services		4,994	
Drugs and Medical Supplies		3,747	
Instructional Supplies and Materials		36,865	
In Service/Staff Development		1,441	
Other Charges		13	
Furniture and Fixtures		256	
Health Equipment		4,378	
Total Health Services			\$ 163,250

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		126,183	
Career Ladder Extended Contracts		4,000	
Other Salaries and Wages		14,396	
Social Security		9,035	
State Retirement		9,024	
Medical Insurance		7,027	
Employer Medicare		2,113	
Contracts with Government Agencies		40,575	
Travel		1,087	
Other Contracted Services		275	
Other Supplies and Materials		8,478	
Total Other Student Support			225,193

Regular Instruction Program

Supervisor/Director	\$	49,235	
Career Ladder Program		6,000	
Psychological Personnel		12,676	
Career Ladder Extended Contracts		11,285	
Librarians		140,333	
Instructional Computer Personnel		110,564	
Social Security		18,965	
State Retirement		20,493	
Medical Insurance		29,210	
Employer Medicare		4,435	
Travel		2,851	
Library Books/Media		21,041	
In Service/Staff Development		3,385	

(Continued)

Exhibit J-7

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
Other Charges	\$ 74	
Total Regular Instruction Program		\$ 430,547
 <u>Special Education Program</u>		
Supervisor/Director	\$ 57,211	
Psychological Personnel	13,893	
Clerical Personnel	8,950	
Social Security	4,752	
State Retirement	5,031	
Medical Insurance	7,182	
Employer Medicare	1,105	
Travel	116	
Total Special Education Program		98,240
 <u>Vocational Education Program</u>		
Supervisor/Director	\$ 22,944	
Employer Medicare	333	
Total Vocational Education Program		23,277
 <u>Adult Programs</u>		
Supervisor/Director	\$ 15,000	
Clerical Personnel	13,694	
Social Security	1,686	
State Retirement	2,037	
Employer Medicare	394	
Travel	313	
Total Adult Programs		33,124
 <u>Other Programs</u>		
On-Behalf Payments to OPEB	\$ 54,577	
Total Other Programs		54,577
 <u>Board of Education</u>		
Secretary to Board	\$ 1,740	
Board and Committee Members Fees	5,500	
Social Security	448	
State Retirement	109	
Unemployment Compensation	7,763	
Employer Medicare	105	

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Dues and Memberships	\$	7,604	
Legal Services		1,061	
Other Contracted Services		298	
Trustee's Commission		37,290	
Workers' Compensation Insurance		19,092	
Refund to Applicant for Criminal Investigation		647	
Other Charges		11,107	
Total Board of Education	\$		92,764

Director of Schools

County Official/Administrative Officer	\$	86,944	
Career Ladder Program		1,000	
Secretary(ies)		8,228	
Social Security		5,871	
State Retirement		5,488	
Medical Insurance		3,595	
Employer Medicare		1,373	
Communication		35,606	
Travel		1,656	
Other Contracted Services		7,309	
Office Supplies		1,290	
Other Charges		5,558	
Total Director of Schools			163,918

Office of the Principal

Principals	\$	188,749	
Career Ladder Program		3,000	
Accountants/Bookkeepers		46,798	
Assistant Principals		148,500	
Secretary(ies)		49,014	
Social Security		25,870	
State Retirement		28,006	
Medical Insurance		19,901	
Employer Medicare		6,050	
Office Supplies		217	
Other Charges		10	
Regular Instruction Equipment		128	
Total Office of the Principal			516,243

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	59,806	
Other Salaries and Wages		690	
Social Security		3,660	
State Retirement		4,808	
Employer Medicare		856	
Travel		144	
Other Contracted Services		13,967	
Office Supplies		3,852	
Other Charges		668	
Administration Equipment		291	
Total Fiscal Services			\$ 88,742

Operation of Plant

Custodial Personnel	\$	132,501	
Social Security		8,267	
State Retirement		7,326	
Employer Medicare		1,933	
Rentals		5,924	
Other Contracted Services		3,860	
Custodial Supplies		17,801	
Electricity		240,657	
Natural Gas		82,024	
Water and Sewer		20,637	
Building and Contents Insurance		51,620	
Other Charges		6,613	
Total Operation of Plant			579,163

Maintenance of Plant

Supervisor/Director	\$	34,298	
Social Security		2,096	
State Retirement		2,758	
Employer Medicare		490	
Maintenance and Repair Services - Buildings		57,749	
Other Contracted Services		30,935	
Other Supplies and Materials		9,438	
Other Charges		277	
Maintenance Equipment		903	
Total Maintenance of Plant			138,944

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	3,677	
Mechanic(s)		26,265	
Bus Drivers		171,818	
Other Salaries and Wages		5,268	
Social Security		12,454	
State Retirement		15,487	
Medical Insurance		4,837	
Employer Medicare		2,913	
Maintenance and Repair Services - Vehicles		11,069	
Diesel Fuel		56,013	
Gasoline		9,046	
Lubricants		2,375	
Tires and Tubes		9,787	
Vehicle Parts		8,494	
In Service/Staff Development		656	
Other Charges		2,609	
Transportation Equipment		81,690	
Total Transportation			\$ 424,458

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	2,275	
In-Service Training		621	
Social Security		140	
State Retirement		142	
Employer Medicare		33	
Payments to Schools - Lunch		255,460	
Travel		52	
Other Contracted Services		3,100	
Other Supplies and Materials		60	
In Service/Staff Development		785	
Other Charges		518	
Food Service Equipment		131	
Total Food Service			263,317

Early Childhood Education

Supervisor/Director	\$	1,667
Teachers		39,464
Educational Assistants		8,075

(Continued)

Exhibit J-7

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Social Security	\$	2,797	
State Retirement		2,903	
Medical Insurance		4,830	
Employer Medicare		654	
Instructional Supplies and Materials		11,383	
Other Supplies and Materials		16,746	
In Service/Staff Development		86	
Other Equipment		14,622	
Total Early Childhood Education			\$ 103,227

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	4,500	
Building Improvements		182,181	
Furniture and Fixtures		1,068	
Site Development		7,575	
Other Capital Outlay		26	
Total Regular Capital Outlay			195,350

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	245,000	
Total Education			245,000

Total General Purpose School Fund \$ 9,046,026

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	114,102	
Social Security		6,910	
State Retirement		6,816	
Medical Insurance		10,650	
Employer Medicare		1,616	
Operating Lease Payments		1,309	
Tuition		180	
Instructional Supplies and Materials		13,127	
Total Regular Instruction Program			\$ 154,710

(Continued)

Exhibit J-7

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Educational Assistants	\$	111,850	
Other Salaries and Wages		375	
Social Security		6,677	
State Retirement		6,670	
Employer Medicare		1,562	
Contracts with Private Agencies		41,638	
Maintenance and Repair Services - Equipment		1,359	
Other Contracted Services		250	
Instructional Supplies and Materials		1,624	
Textbooks		1,890	
Other Supplies and Materials		2,683	
Special Education Equipment		1,017	
Total Special Education Program			\$ 177,595

Vocational Education Program

Instructional Supplies and Materials	\$	13,570	
Vocational Instruction Equipment		4,092	
Total Vocational Education Program			17,662

Support Services

Other Student Support

Travel	\$	862	
In Service/Staff Development		1,457	
Other Charges		1,225	
Total Other Student Support			3,544

Regular Instruction Program

Supervisor/Director	\$	59,795	
Social Security		3,331	
State Retirement		3,731	
Medical Insurance		7,252	
Employer Medicare		779	
Travel		2,208	
Other Supplies and Materials		907	
In Service/Staff Development		33,307	
Total Regular Instruction Program			111,310

Special Education Program

Psychological Personnel	\$	29,515	
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(Continued)

Exhibit J-7

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	1,957	
State Retirement		1,967	
Employer Medicare		464	
Travel		484	
Other Contracted Services		966	
Other Supplies and Materials		148	
In Service/Staff Development		2,895	
Total Special Education Program			\$ 38,396

Vocational Education Program

Travel	\$	739	
Total Vocational Education Program			739

Transportation

Other Salaries and Wages	\$	4,650	
Social Security		288	
Employer Medicare		67	
Contracts with Parents		4,601	
Travel		34	
Gasoline		8,094	
Tires and Tubes		587	
Vehicle Parts		184	
Other Charges		160	
Total Transportation			<u>18,665</u>

Total School Federal Projects Fund \$ 522,621

Total Governmental Funds - Hartsville/Trousdale County School Department \$ 9,568,647

Exhibit J-8

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2008

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Other General Service Charges	\$ 28,630
Water Sales	1,069,277
Forfeited Discounts	18,987
Water Tap Sales	80,250
Service Charges	285,695
Other Charges for Services	6,760
Total Charges for Current Services	<u>\$ 1,489,599</u>
<u>Other Local Revenues</u>	
Miscellaneous Refunds	\$ 71,034
Other Local Revenues	90
Total Other Local Revenues	<u>\$ 71,124</u>
Total Operating Revenues	<u>\$ 1,560,723</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 79,690
Grant Income	156,230
Other State Revenues	11,546
Total Nonoperating Revenues	<u>\$ 247,466</u>
Total Revenues	<u>\$ 1,808,189</u>
<u>Operating Expenses</u>	
<u>Other Public Health and Welfare</u>	
Overtime Pay	\$ 27,505
Other Salaries and Wages	453,420
In-Service Training	2,500
Social Security	35,010
State Retirement	84,481
Medical Insurance	62,332
Architects	7,813
Audit Services	494
Communication	23,381
Data Processing Services	15,651

(Continued)

Exhibit J-8

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund (Cont.)

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Operating Expenses (Cont.)</u>	
<u>Other Public Health and Welfare</u>	
Dues and Memberships	\$ 5,963
Engineering Services	1,005
Legal Notices, Recording, and Court Costs	335
Maintenance and Repair Services - Buildings	2,022
Maintenance and Repair Services - Equipment	67,377
Maintenance and Repair Services - Office Equipment	284
Maintenance and Repair Services - Vehicles	8,594
Postal Charges	11,615
Rentals	2,896
Travel	628
Other Contracted Services	53,359
Electricity	154,941
Gasoline	27,815
Natural Gas	3,347
Office Supplies	5,268
Tires and Tubes	1,242
Vehicle Parts	1,049
Water and Sewer	3,955
Chemicals	35,510
Other Supplies and Materials	36,573
Liability Insurance	53,898
Depreciation	783,772
Other Charges	57,816
Other Equipment	22,476
Other Construction	195,046
Other Capital Outlay	65,451
Total Operating Expenses	<u>\$ 2,314,824</u>
<u>Nonoperating Expenses</u>	
Interest on Bonds	<u>\$ 36,410</u>
Total Expenses	<u>\$ 2,351,234</u>

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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 37243-0269  
PHONE (615) 401-7841**

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

October 22, 2008

Hartsville/Trousdale County Government Executive and  
Board of County Commissioners  
Hartsville/Trousdale County Government, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund (except for the Water and Sewer Fund, a major proprietary fund), and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise a portion of Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated October 22, 2008. We were also engaged to audit the financial statements of the Water and Sewer Fund, a major proprietary fund, which represents the government's entire business-type activities. However, we were unable to determine the propriety of balances reported on the financial statements for capital assets and the related footnote disclosures for the Water and Sewer Fund; therefore the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the information presented for the Water and Sewer Fund and the business type activities included in the basic financial statements. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hartsville/Trousdale County Government Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to

financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hartsville/Trousdale County Government'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 Hartsville/Trousdale County Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hartsville/Trousdale County Government'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: 08.02, 08.03, 08.04 (A,B,D,E), 08.05, 08.07, 08.10, 08.11, 08.12, and 08.14.

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 Hartsville/Trousdale County Government'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 08.02, 08.04 (A), and 08.05 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hartsville/Trousdale County Government'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

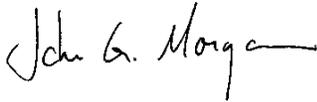
determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 08.01, 08.04(C), 08.06, 08.08, and 08.09.

We consider item 08.13 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to the management of Hartsville/Trousdale County Government in a separate communication.

Hartsville/Trousdale County Government's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hartsville/Trousdale County Government's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county executive, superintendent of roads, director of schools, County Commission, Board of Education, Highway Commission, Water and Sewerage Board, and others within Hartsville/Trousdale County Government and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/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 37243-0269  
PHONE (615) 401-7841

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

October 22, 2008

Hartsville/Trousdale County Government Executive and  
Board of County Commissioners  
Hartsville/Trousdale County Government, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Hartsville/Trousdale County Government 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. Hartsville/Trousdale County Government'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 Hartsville/Trousdale County Government's management. Our responsibility is to express an opinion on Hartsville/Trousdale County Government's compliance based on our audit.

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

test basis, evidence about Hartsville/Trousdale County Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Hartsville/Trousdale County Government's compliance with those requirements.

In our opinion, Hartsville/Trousdale County Government 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 Hartsville/Trousdale County Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hartsville/Trousdale County Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Hartsville/Trousdale County Government'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 (except for the Water and Sewer Fund, a major proprietary fund), and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended

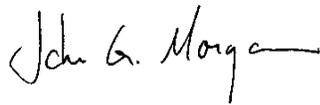
June 30, 2008, which collectively comprise a portion of Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated October 22, 2008. We were also engaged to audit the financial statements of the Water and Sewer Fund, a major proprietary fund, which represents the government's entire business-type activities. However, we were unable to determine the propriety of balances reported on the financial statements for capital assets and the related footnote disclosures for the Water and Sewer Fund; therefore the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the information presented for the Water and Sewer Fund and the business-type activities included in the basic financial statements.

Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hartsville/Trousdale County Government Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hartsville/Trousdale County Government'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.

Hartsville/Trousdale County Government's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hartsville/Trousdale County Government's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county executive, superintendent of roads, director of schools, County Commission, Highway Commission, Water and Sewerage Board, Board of Education, others within Hartsville/Trousdale County Government and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/yu

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Hartsville/Trousdale County Government, 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	\$ 33,795 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	42,999
National School Lunch Program	10.555	N/A	191,052 (4)
Total U.S. Department of Agriculture			\$ 267,846
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	(2)	\$ 129,429
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-05-23	35,000
Total U.S. Department of Housing and Urban Development			\$ 164,429
U.S. Department of the Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	\$ 4,340
Total U.S. Department of the Interior			\$ 4,340
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(3)	\$ 118,809
Title 1 Grants to Local Educational Agencies	84.010	N/A	195,788
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	244,041
Special Education - Preschool Grants	84.173	N/A	10,170
Vocational Education - Basic Grants to States	84.048	N/A	20,320
Safe and Drug Free Schools and Communities State Grants	84.186A	(2)	5,660
State Grants for Innovative Programs	84.298A	N/A	30,463
Education Technology State Grants	84.318	(2)	1,708
Improving Teacher Quality State Grants	84.367	N/A	31,693
Total U.S. Department of Education			\$ 658,652
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 1,773
Total U.S. Elections Assistance Commission			\$ 1,773
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-08-212827	\$ 26,801
Homeland Security Grant Program	97.067	GG-07-20325	4,993
Total U.S. Department of Homeland Security			\$ 31,794
Total Expenditures of Federal Awards			\$ 1,128,834

(Continued)

Hartsville/Trousdale County Government, Tennessee, and the  
Hartsville/Trousdale County Government School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Early Childhood Education - State Department of Education	N/A	(2)	\$ 94,622
Safe Schools Act 2003 - State Department of Education	N/A	(2)	15,640
Coordinated School Health Initiative - State Department of Education	N/A	(2)	72,521
Tobacco Cessation Grant - State Department of Health	N/A	(2)	15,789
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	(2)	41,728
Model Dropout Prevention Program Grant - State Department of Education	N/A	(2)	6,000
Optional Tire Program - State Dept of Environment and Conservation	N/A	(2)	11,161
Law Enforcement Training Programs	N/A	(2)	2,400
Juvenile Services Program - State Commission on Children and Youth	N/A	Z-08-022814-00	6,750
Aging Programs - State Commission on Aging	N/A	(2)	28,202
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	2,829
Litter Program - State Department of Transportation	N/A	Z-08-021050-00	31,236
Law Enforcement Training - State Department of Public Safety	N/A	(2)	5,400
Health Programs - State Department of Public Health	N/A	GG-08-23259-00	15,789
Courtroom Security Funding - Supreme Court of Tennessee	N/A	(2)	35,362
Forestry Grant - State Department of Agriculture	N/A	Z-08-21132-00	1,482
<b>Total State Grants</b>			<u>\$ 386,911</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Z-08-020830-00: \$103,421; Z-08-201258-00: \$15,388.

(4) Total for CFDA No. 10.555 is \$224,847.

Hartsville/Trousdale County Government, 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 of Hartsville/Trousdale County Government, Tennessee, for the year ended June 30, 2007, which have not been corrected.

**OFFICE OF COUNTY EXECUTIVE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.03(A)	16	Purchase orders were not issued in some required instances
07.05(A,C)	17	Water/Sewer Department – Capital assets records were deficient, duties were not segregated adequately

**OFFICE OF SUPERINTENDENT OF ROADS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.06	19	A formal purchase order system had not been established

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.09	21	The office had deficiencies in purchasing procedures

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.11	22	A central system of accounting, budgeting, and purchasing had not been adopted
07.12	23	Duties were not segregated adequately in the Offices of County Executive, Superintendent of Roads, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
07.13	23	School Department employee bonuses paid by the General Fund are of questionable legality

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**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2008**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. We have disclaimed an opinion on the government's Water and Sewer Fund, which is a major enterprise fund and represents the government's entire business-type activities. Our report on the aggregate discretely presented component units is qualified because the financial statements did not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund (excluding the Water and Sewer Fund), and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Hartsville/Trousdale County Government disclosed significant deficiencies in internal control. Three of these conditions were considered to be material weaknesses.
3. The audit disclosed three instances of noncompliance that were material to the financial statements of Hartsville/Trousdale County Government.
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 Community Development Block Grants/State's Program (CFDA No. 14.228), the Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), and Title I Grants to Local Education Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hartsville/Trousdale County Government 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. Written responses of the county executive, superintendent of the Water and Sewer Department, Highway Department administrative assistant, and trustee 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.

### **HARTSVILLE/TROUSDALE COUNTY GOVERNMENT AND THE HARTSVILLE/TROUSDALE COUNTY GOVERNMENT SCHOOL DEPARTMENT**

**FINDING 08.01      A PAYMENT FROM THE GENERAL FUND TO THE SCHOOL DEPARTMENT FOR A SCHOOL BUS IS OF QUESTIONABLE LEGALITY**  
(Material Noncompliance Under Government Auditing Standards)

During the year, the county expended \$37,500 from the General Fund to pay for one-half of the cost of a new school bus. Opinion No. 92-03 issued by the Tennessee Attorney General's Office states "...a county legislative body cannot lawfully divert revenues collected for general county purposes, or other non-education purposes, and apply those moneys to education purposes." Therefore, we question the legality of using General Fund monies to help pay for a school bus for the School Department. Management stated that they were unaware of the attorney general's opinion until after the funds were expended.

#### **RECOMMENDATION**

Buses for the School Department should be appropriated and paid from school funds. General Fund monies should not be used to pay education expenses.

#### **MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE**

I concur with the finding. We had expended the funds prior to learning of the attorney general's opinion.

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#### **OFFICE OF COUNTY EXECUTIVE**

**FINDING 08.02      SEVERAL FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted accounting principles require Hartsville/Trousdale County to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, certain general ledger account balances in the General, Solid Waste, General Debt Service, and Education Debt Service funds were not materially correct, and audit

adjustments were required for the financial statements to be materially correct at year-end. Therefore, the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, 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

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

#### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with the finding. We will ensure the general ledgers are materially correct in the future.

---

#### FINDING 08.03      **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit of the County Executive's Office revealed the following purchasing deficiencies. These deficiencies can be attributed to the failure of management to correct audit findings noted in prior reports.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. Competitive bids were not solicited for the purchase of food (\$27,910) at the jail. The County Purchasing Law of 1983, Section 5-14-201, Tennessee Code Annotated, provides for all purchases exceeding \$10,000 to be made based on competitive bids solicited through newspaper advertisement. The failure to solicit competitive bids for food could result in the county paying more than the most competitive price.

#### RECOMMENDATION

The office should improve purchasing procedures by issuing purchase orders in all applicable instances. Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with the finding. We will stress to our supervisors and elected officials the importance of purchase orders for every purchase. Bids will be solicited through our local newspaper for any purchases over \$10,000.00.

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FINDING 08.04      **DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE COUNTY WATER AND SEWER DEPARTMENT**  
(A. – Internal Control – Material Weakness Under Government Auditing Standards; B., D., and E. – Internal Control – Significant Deficiency Under Government Auditing Standards; C. – Noncompliance Under Government Auditing Standards)

The Water and Sewer Department, a major enterprise fund, operates as a separate department of the primary government. Our audit revealed the following deficiencies that can be attributed in part to the failure of management to correct audit findings noted in prior reports:

A.      Capital Assets Records Were Deficient

The department reported capital assets and the accompanying accumulated depreciation accounts on their financial statements at June 30, 2008. These capital assets make up a majority of the department's total assets. However, the listing of assets provided by the department did not adequately identify individual assets. Some items were described in general terms such as trucks, computers, or plant instead of having individual identifying asset numbers with detailed descriptions that would allow for physical inspections and the verification of specific individual assets.

B.      Duties Were Not Segregated Adequately

Duties were not segregated adequately among the officials and employees in the Water and Sewer 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 of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

C.      Financial Transactions Were Not Recorded in Accordance With the County Uniform Chart of Accounts

The accounting records account numbers did not conform with the County Uniform Chart of Accounts. The failure to maintain accounts in conformity with the chart defeats the intent of the County Uniform Chart of Accounts as

established by the Office of the Comptroller of the Treasury under provisions of Section 5-8-501, Tennessee Code Annotated.

D. Payroll Records Were Not Adequate

Sound business practice dictates that adequate payroll records be maintained and that the records be properly approved, accurately calculated, and coded to accounts that reflect the true nature of the transactions. Our examination revealed the following deficiencies in payroll records:

1. Some time and attendance records were not signed by the employee and their supervisor as evidence of review and approval. If employees and supervisors do not review and approve time sheets, improper payments could result.
2. The department's time records policy states that salaried employees are not required to keep weekly time sheets. The failure to submit time and attendance records could result in improper payroll payments.
3. Gross pay was not always calculated correctly resulting in improper payments.
4. Some payroll expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. Audit adjustments have been provided to management, and management accepted these adjustments so expenditures are properly classified in the financial statements of this report.

E. The Department Had Deficiencies in Purchasing Procedures

Our examination of purchasing procedures revealed the following deficiencies:

1. Several invoices were paid without documentation that goods had been received or services had been rendered. The practice of paying invoices without documentation that goods have been received or services rendered increases the risk of paying for goods or services that were never received.
2. Some expenditures were coded to accounts that did not reflect the true nature of the transactions. Sound budgetary principles require expenditures be coded to accounts that reflect the true nature of the transactions. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of

budgetary control. Audit adjustments have been provided to management, and management accepted these adjustments so expenditures are properly classified in the financial statements of this report.

### RECOMMENDATION

Hartsville/Trousdale County Government officials should do the following:

- A. Officials should compile and maintain records that properly account for their capital assets. These records should specifically identify individual capital assets.
- B. The department should segregate duties to the extent possible using available resources.
- C. Accounting records should be maintained in conformity with the County Uniform Chart of Accounts as required by state statute.
- D. The office should ensure that time and attendance records are signed by both the employee and their supervisor as evidence of review and approval. All employees should maintain time and attendance records. The calculation of gross pay should be verified for accuracy before payment is made. Payroll expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.
- E. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.

### MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with the finding.

### MANAGEMENT'S RESPONSE – SUPERINTENDENT OF THE WATER AND SEWER DEPARTMENT

- A. I concur. The water department's capital assets and the accompanying depreciation accounts are based on capital additions made on a fiscal year basis. Prior to implementation of metro government in 2001, these amounts were determined by the City of Hartsville's private auditor. We are continually in the process of trying to identify these prior fiscal year additions to particular capital assets, such as water lines, sewer lines, and other capital assets. Since the implementation of metro government, the department has taken extra care to properly identify the capital assets added. As the older capital assets age and depreciate, the capital asset account balances will continue to evolve into more current numbers.
- B. I concur. The department has limited personnel, which limits segregation of duties. All office personnel have been cross-trained and can perform a variety of duties other than their normal daily ones.

- C. I concur. The original function number was incorrectly entered in the computer. Effective July 1, 2008, the function number has been corrected.
- D. I concur. The water board adopted a policy waiving salaried employees from completing time and attendance forms. Earnings are now being calculated correctly and are double-checked for accuracy before the payroll is entered. All salaried employees' payroll expenditures have now been coded to correctly reflect their job titles.
- E. I concur. Invoices are not being paid without proper documentation. Expenditures are now coded to the accounts that reflect the true nature of the transactions.

#### REBUTTAL

- D. To strengthen internal control, all employees should be required to document their time and attendance.
  - E. Out of 30 items tested, four items did not have documentation that goods had been received or services had been rendered.
- 

#### OFFICE OF SUPERINTENDENT OF ROADS

FINDING 08.05      **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL  
AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT  
PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing  
Standards)

Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, accounts receivables related to the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the department in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### RECOMMENDATION

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

MANAGEMENT'S RESPONSE – HIGHWAY DEPARTMENT ADMINISTRATIVE ASSISTANT

I was told by another county auditor before closing that this was the way to set up this journal entry. I feel that this finding should not be published, since I was told to do it this way.

REBUTTAL

Apparently there was a misunderstanding of the instructions because journal entries were required to properly present the financial statements in this report.

---

FINDING 08.06      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Material Noncompliance Under Government Auditing Standards)

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

<u>Major Category</u>	<u>Amount</u> <u>Overspent</u>
Highway and Bridge Maintenance	\$ 41,701
Operation and Maintenance of Equipment	1,915

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 ignored the spending limit authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

---

**FINDING 08.07      A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This deficiency can be attributed to the failure of management to correct this audit finding noted in prior reports. The absence of a formal purchase order system increases the risks of unauthorized purchases.

**RECOMMENDATION**

The office should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 08.08      EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**

(Material Noncompliance Under Government Auditing Standards)

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Support Services:	
Health Services	\$ 18,640
Operation of Non-Instructional Services:	
Food Service	17,277
School Federal Projects:	
Support Services:	
Regular Instruction Program	27,632

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 ignored spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

---

FINDING 08.09      **A REVENUE ANTICIPATION NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**  
(Noncompliance Under Government Auditing Standards)

During the year, the School Federal Projects Fund borrowed \$100,000 from the General Purpose School Fund to provide temporary operating funds. This note was not approved by the state director of Local Finance. Section 9-21-801, Tennessee Code Annotated, allows the County Commission to issue revenue anticipation notes with the approval of the state director of Local Finance. Management stated that they were not aware of the statute noted above.

RECOMMENDATION

Revenue anticipation notes should be approved by the state director of Local Finance as required by state statute.

---

FINDING 08.10      **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our audit of the School Department revealed the following purchasing deficiencies. These deficiencies can be attributed to the failure of management to correct audit findings noted in prior reports.

- A. In some instances, the office issued purchase orders after purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval for the purchase. Also, our examination of purchase orders disclosed that descriptions and dollar amounts of purchases were not listed on some purchase orders. The dollar amounts and descriptions of items on purchase orders are necessary to quantify purchasing commitments and to identify the items purchased.
  
- B. In several instances, invoices were paid without documentation that goods had been received or services had been rendered. The practice of paying invoices without documentation that goods have been received or services

rendered increases the risk of paying for goods or services that were never received.

#### RECOMMENDATION

The office should improve purchasing procedures by issuing purchase orders before the purchases are made and including the dollar amounts and descriptions of items purchased. Furthermore, documentation that goods have been received or services rendered should be on file before invoices are paid.

---

#### FINDING 08.11      **THE OFFICE FAILED TO DEPOSIT ITS PAYROLL TAXES PROMPTLY**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The School Department deposits its federal payroll tax obligations into a bank clearing account maintained by the county trustee. At June 30, 2008, the bank account had an overdraft of \$28,463. This overdraft occurred because the School Department failed to deposit its tax obligations before the electronic funds transfer was processed by the IRS. It should be noted that the bank account had several overdrafts during the audit period because of untimely deposits by the School Department. Sound business practice dictates that federal payroll tax obligations be deposited promptly.

#### RECOMMENDATION

The School Department should deposit its federal payroll tax obligations to the bank clearing account promptly.

---

#### OFFICE OF TRUSTEE

#### FINDING 08.12      **THE OFFICE MAINTAINED A DUPLICATE SET OF ACCOUNTING RECORDS**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office maintained a complete set of manual and automated accounting records. Both manual and electronic records are often maintained when electronic records are first installed to ease implementation problems that might arise. However, once electronic records are fully functional, sound business practice dictates that the manual records be discontinued. The practice of keeping a duplicate set of accounting records is the result of management's decision.

## RECOMMENDATION

The office should discontinue maintaining a duplicate set of accounting records. Accounting records should be maintained electronically, giving consideration to the costs associated with the acquisition and ongoing maintenance of the computer system, and additional labor costs for maintaining the manual accounting records.

## MANAGEMENT'S RESPONSE – TRUSTEE

The trustee has maintained a manual cash journal for ten years. The cash journal is an efficient backup to the automated accounting records. In my opinion, the cash journal decreases the likelihood of errors. There is no additional labor cost for maintaining this cash journal, just a little extra work and precaution.

## REBUTTAL

The office's software is sufficient to record all accounting transactions. Giving consideration to the costs associated with the acquisition and ongoing maintenance of the computer system, the maintenance of manual records is a duplication of effort and is inefficient.

---

## OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.13      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

Hartsville/Trousdale County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practice indicates that establishing a central system significantly improves internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

## RECOMMENDATION

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

## MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with the finding.

---

FINDING 08.14

**DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE, SUPERINTENDENT OF ROADS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Superintendent of Roads, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. 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 of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

County officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

I concur with the finding. We are a small county with limited funds and office space.

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

There were no findings and questioned costs for federal awards.

**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2008**

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

**Office of County Executive – Summary Schedule of Prior Year's Findings**

**FINDINGS 07.05(A) and 07.14**

The Water Department's capital assets and the accompanying depreciation accounts are based on capital additions made on a fiscal year basis. Prior to implementation of metro government in 2001, these amounts were determined by the City of Hartsville's private auditor. We are continuously in the process of trying to identify these prior fiscal year additions to particular capital assets, such as water lines, sewer lines, and other capital assets. Since the implementation of metro government, the Water Department has taken extra care to properly identify the capital assets added. As the older capital assets age and depreciate, the capital assets account balances will continue to evolve into more current numbers.