ANNUAL FINANCIAL REPORT

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2009

TENNESSEE COMPTROLLER OF THE TREASURY

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ANNUAL FINANCIAL REPORT

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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JAMES R. ARNETTE
Director

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State Auditors

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Audit Highlights

Annual Financial Report
Hartsville/Trousdale County Government, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2009.

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 governmental activities, the aggregate discretely presented component units, each major fund (excluding the major enterprise fund), and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY EXECUTIVE

- Payments to the Trousdale County Medical Center for contracted services by the General Debt Service Fund are of questionable legality.
- The county did not comply with state statutes regarding two renewals of a capital outlay note.
- Deficiencies noted in the administration of the Water and Sewer Department included inadequate capital asset records and issues with policies and procedures regarding the acceptance of credit and debit card payments.
- The Water and Sewer Department violated the conflict of interest statute and made purchases from a business owned by the wife of the superintendent.

OFFICE OF SUPERINTENDENT OF ROADS

- A formal purchase order system had not been established.

OFFICE OF DIRECTOR OF SCHOOLS

- Payroll taxes were not deposited timely resulting in the assessment of interest and penalties totaling $18,043.
- In some instances, purchase orders were issued after purchases were made, and some purchase orders did not include 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.
- Expenditures exceeded appropriations in two major categories (the legal level of control) in the General Purpose School Fund.

OFFICE OF TRUSTEE

- The trustee did not require a depository to adequately collateralize funds.

OTHER FINDINGS

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

INTRODUCTORY SECTION

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Hartsville/Trousdale County Government Officials
June 30, 2009

Officials

Jerry Clift, County Executive
Charles Beasley, Superintendent of Roads
Clint Satterfield, Director of Schools
Kay Celsor, Trustee
Dewayne Byrd, 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, County Executive, Chairman
Freddie Banks
Mark Beeler
Wayne Brown
Steve Burrow
William Fergusson
Richard Johnson
Mark Jones
Mike Keisling
Johnny Kerr
Phyllis Shoulders
James McDonald
Donald Moss
David Nollner
Chris Oldham
John Oliver
Carol Pruitt
Tim Roberson
Roy Skinner
Phillip Taylor
Robert Thurman

Board of Education

Regina Waller, Chairman
James Crabtree
Denise Jackson
Randy Linville

Highway Commission

Jerry Clift, County Executive, Chairman
Charles Beasley, Superintendent of Roads
James McCadden

Water and Sewerage Board

Hattie McDonald, Chairman
Phyllis Shoulders
Dennis Oldham
Darrell Gross

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

January 28, 2010

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, 2009, 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, 2009. 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. We did not audit the Hartsville/Trousdale County Government Emergency Communications District, which represent 3.1 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hartsville/Trousdale County Government Emergency Communications District, is based on the report of the other auditors.

Except as discussed in the following two 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 and the report of other auditors provide 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 our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund (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, 2009, 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 January 28, 2010, 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 adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

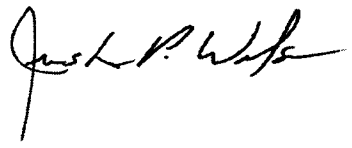
The management of Hartsville/Trousdale County Government did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted 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 and the Education Debt Service Fund, 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 and the Education Debt Service Fund, 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 enterprise 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.

Yours very truly,



Justin P. Wilson
Comptroller of the Treasury

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Basic Financial Statements

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Exhibit A

Hartsville/Trousdale County Government, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hartsville/ Trousdale County School Department	Hartsville/ Trousdale County Emergency Communications District
ASSETS					
Cash	$ 0	$ 2,022,648	$ 2,022,648	$ 0	$ 312,430
Equity in Pooled Cash and Investments	3,338,622	0	3,338,622	2,508,655	0
Accounts Receivable	518,439	144,778	663,217	23	17,868
Allowance for Uncollectibles	(160,039)	0	(160,039)	0	0
Due from Other Governments	413,701	70,504	484,205	202,454	0
Property Taxes Receivable	3,023,769	0	3,023,769	1,062,998	0
Allowance for Uncollectible Property Taxes	(107,796)	0	(107,796)	(37,890)	0
Internal Balances	12,428	(12,428)	0	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	959,554	322,043	1,281,597	629,383	0
Construction in Progress	0	2,171,829	2,171,829	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	902,282	8,313,479	9,215,761	12,187,682	0
Infrastructure	4,813,811	526,539	5,340,350	0	0
Other Capital Assets	936,946	64,169	1,001,115	538,314	208,715
Total Assets	$ 14,651,717	$ 13,623,561	$ 28,275,278	$ 17,091,619	$ 539,013
LIABILITIES					
Accounts Payable	$ 125,290	$ 0	$ 125,290	$ 110,306	$ 0
Accrued Payroll	33,915	0	33,915	1,736	0
Payroll Deductions Payable	0	2,155	2,155	154,789	0
Accrued Interest Payable	15,508	0	15,508	0	0
Due to State of Tennessee	787	4,075	4,862	941,021	0
Deferred Revenue - Current Property Taxes	2,675,663	0	2,675,663	0	0
Revenue Bonds Payable	0	178,775	178,775	0	0
Other Current Liabilities	0	0	0	0	25
Noncurrent Liabilities:					
Due Within One Year	1,016,901	25,997	1,042,898	0	0
Due in More Than One Year	8,239,640	340,611	8,580,251	0	0
Total Liabilities	$ 12,107,704	$ 551,613	$ 12,659,317	$ 1,207,852	$ 25
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 6,627,978	$ 10,890,446	$ 17,518,424	$ 0	$ 0
Invested in Capital Assets	0	0	0	13,355,379	208,715
Restricted for:					
Capital Projects	92,463	0	92,463	0	0
Debt Service	1,186,297	0	1,186,297	0	0
Urban Services	618,970	0	618,970	0	0
Highway/Public Works	394,905	0	394,905	0	0
School Federal Projects	0	0	0	55,746	0
Basic Education Program	0	0	0	1,174,657	0
Other Purposes	20,569	0	20,569	87,310	0
Unrestricted	(6,397,169)	2,181,502	(4,215,667)	1,210,675	330,273
Total Net Assets	$ 2,544,013	$ 13,071,948	$ 15,615,961	$ 15,883,767	$ 538,988

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, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Hartsville/ Trousdale County School Department	Component Units: Hartsville/ Trousdale County Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	$ 590,541	$ 91,647	$ 15,059	$ 0	$ (483,835)	$ 0	$ (483,835)	$ 0	$ 0
Finance	306,212	135,198	2,939	0	(168,075)	0	(168,075)	0	0
Administration of Justice	333,180	375,340	11,250	0	53,410	0	53,410	0	0
Public Safety	2,270,696	241,408	3,217	50,527	(1,975,544)	0	(1,975,544)	0	0
Public Health and Welfare	1,716,076	699,839	47,354	0	(968,883)	0	(968,883)	0	0
Social, Cultural, and Recreational Services	181,471	13,799	29,300	0	(138,372)	0	(138,372)	0	0
Agriculture and Natural Resources	51,556	0	0	0	(51,556)	0	(51,556)	0	0
Other Operations	357,808	0	0	0	(357,808)	0	(357,808)	0	0
Highways/Public Works	1,607,670	0	1,239,803	191,065	(176,802)	0	(176,802)	0	0
Education	0	0	0	245,000	245,000	0	245,000	0	0
Interest on Long-term Debt	208,375	0	0	0	(208,375)	0	(208,375)	0	0
Other Debt Service	12,165	0	0	0	(12,165)	0	(12,165)	0	0
Total Governmental Activities	$ 7,635,750	$ 1,557,231	$ 1,348,922	$ 486,592	$ (4,243,005)	$ 0	$ (4,243,005)	$ 0	$ 0
Business-type Activities:									
Public Utility - Water and Sewer	$ 1,987,780	$ 1,481,271	$ 58,958	$ 882,126	$ 0	$ 434,575	$ 434,575	$ 0	$ 0
Total Business-type Activities	$ 1,987,780	$ 1,481,271	$ 58,958	$ 882,126	$ 0	$ 434,575	$ 434,575	$ 0	$ 0
Total Primary Government	$ 9,623,530	$ 3,038,502	$ 1,407,880	$ 1,368,718	$ (4,243,005)	$ 434,575	$ (3,808,430)	$ 0	$ 0
Component Units:									
Hartsville/Trousdale County School Department	$ 9,957,177	$ 14,905	$ 1,579,139	$ 0	$ 0	$ 0	$ 0	$ (8,363,133)	$ 0
Emergency Communications District	64,643	41,247	82,216	0	0	0	0	0	58,820
Total Component Units	$ 10,021,820	$ 56,152	$ 1,661,355	$ 0	$ 0	$ 0	$ 0	$ (8,363,133)	$ 58,820

(Continued)

Exhibit B

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Hartsville/ Trousdale County School Department	Component Units: Hartsville/ Trousdale County Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					$ 2,337,817	$ 0	$ 2,337,817	$ 968,699	$ 0
Property Taxes Levied for Debt Service					415,170	0	415,170	0	0
Local Option Sales Tax					507,043	0	507,043	424,047	0
Wheel Tax					339,433	0	339,433	0	0
Wholesale Beer Tax					149,584	0	149,584	0	0
Litigation Tax					135,147	0	135,147	0	0
Other Local Taxes					52,432	0	52,432	12,027	0
Grants and Contributions Not Restricted for Specific Programs					240,299	0	240,299	7,316,265	0
Unrestricted Investment Income					200,030	45,140	245,170	0	7,791
Miscellaneous					50,455	17,855	68,310	42,635	0
Transfers					(10,254)	10,254	0	0	0
Total General Revenues					$ 4,417,156	$ 73,249	$ 4,490,405	$ 8,763,673	$ 7,791
Change in Net Assets					$ 174,151	$ 507,824	$ 681,975	$ 400,540	$ 66,611
Prior-period Adjustment					(125,859)	0	(125,859)	0	0
Net Assets, July 1, 2008					2,495,721	12,564,124	15,059,845	15,483,227	472,377
Net Assets, June 30, 2009					$ 2,544,013	$ 13,071,948	$ 15,615,961	$ 15,883,767	$ 538,988

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, 2009

	Major Funds				Nonmajor Funds	
	General	Urban Services	Highway / Public Works	Education Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Investments	$ 959,673	$ 613,478	$ 230,980	$ 983,816	$ 550,675	$ 3,338,622
Accounts Receivable	508,195	0	855	0	9,389	518,439
Allowance for Uncollectibles	(160,039)	0	0	0	0	(160,039)
Due from Other Governments	108,873	0	304,828	0	0	413,701
Due from Other Funds	0	12,428	0	0	0	12,428
Property Taxes Receivable	1,787,230	488,946	0	280,339	467,254	3,023,769
Allowance for Uncollectible Property Taxes	(63,703)	(17,447)	0	(9,991)	(16,655)	(107,796)
Total Assets	$ 3,140,229	$ 1,097,405	$ 536,663	$ 1,254,164	$ 1,010,663	$ 7,039,124
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 17,094	$ 1,418	$ 94,911	$ 0	$ 11,867	$ 125,290
Accrued Payroll	0	0	33,915	0	0	33,915
Due to State of Tennessee	0	0	787	0	0	787
Deferred Revenue - Current Property Taxes	1,582,158	431,690	0	248,181	413,634	2,675,663
Deferred Revenue - Delinquent Property Taxes	133,917	37,309	0	20,998	35,016	227,240
Other Deferred Revenues	327,214	0	103,806	0	0	431,020
Total Liabilities	$ 2,060,383	$ 470,417	$ 233,419	$ 269,179	$ 460,517	$ 3,493,915
Fund Balances						
Reserved for Purchase of Electronic Fingerprint Imaging System	$ 0	$ 0	$ 0	$ 0	$ 7,482	$ 7,482
Reserved for Alcohol and Drug Treatment	37,864	0	0	0	0	37,864
Reserved for Litter Enforcement Awards	519	0	0	0	0	519
Reserved for Sexual Offender Registration	6,168	0	0	0	0	6,168
Reserved for Courtroom Security	5,258	0	0	0	0	5,258
Reserved for Computer System - Register	14,026	0	0	0	0	14,026
Reserved for Automation Purposes - Circuit Court	13,839	0	0	0	0	13,839
Reserved for Automation Purposes - General Sessions Court	27,712	0	0	0	0	27,712
Reserved for Automation Purposes - Chancery Court	3,740	0	0	0	0	3,740
Reserved for Capital Outlay	0	0	53,999	0	15,755	69,754
Unreserved, Reported In:						
General Fund	970,720	0	0	0	0	970,720
Special Revenue Funds	0	626,988	249,245	0	251,751	1,127,984
Debt Service Funds	0	0	0	984,985	182,695	1,167,680
Capital Projects Funds	0	0	0	0	92,463	92,463
Total Fund Balances	$ 1,079,846	$ 626,988	$ 303,244	$ 984,985	$ 550,146	$ 3,545,209
Total Liabilities and Fund Balances	$ 3,140,229	$ 1,097,405	$ 536,663	$ 1,254,164	$ 1,010,663	$ 7,039,124

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, 2009

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)			$ 3,545,209
(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		902,282	
Add: infrastructure net of accumulated depreciation		4,813,811	
Add: other capital assets net of accumulated depreciation		936,946	7,612,593
(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	$	(984,615)	
Less: other loans payable		(7,751,173)	
Less: landfill closure/postclosure care costs		(385,434)	
Less: other postemployment benefits liability		(45,327)	
Less: compensated absences payable		(89,992)	
Less: accrued interest on notes		(15,508)	(9,272,049)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			658,260
Net assets of governmental activities (Exhibit A)			$ 2,544,013

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, 2009

	Major Funds				Nonmajor Funds	
	General	Urban Services	Highway / Public Works	Education Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 2,503,062	$ 516,290	$ 0	$ 624,069	$ 447,374	$ 4,090,795
Licenses and Permits	16,720	11,049	0	0	0	27,769
Fines, Forfeitures, and Penalties	98,875	0	0	0	31,238	130,113
Charges for Current Services	580,349	141,133	0	0	105,003	826,485
Other Local Revenues	239,376	5,525	10,173	25,706	12,159	292,939
Fees Received from County Officials	407,333	0	0	0	0	407,333
State of Tennessee	386,390	2,666	1,394,346	0	7,076	1,790,478
Federal Government	86,942	1,599	85,558	0	3,568	177,667
Other Governments and Citizens Groups	9,184	500	0	75,000	170,000	254,684
Total Revenues	$ 4,328,231	$ 678,762	$ 1,490,077	$ 724,775	$ 776,418	$ 7,998,263
Expenditures						
Current:						
General Government	$ 564,673	$ 0	$ 0	$ 0	$ 0	$ 564,673
Finance	305,348	0	0	0	0	305,348
Administration of Justice	313,785	0	0	0	19,374	333,159
Public Safety	1,917,890	300,314	0	0	5,628	2,223,832
Public Health and Welfare	1,054,001	152,524	0	0	453,087	1,659,612
Social, Cultural, and Recreational Services	170,471	2,006	0	0	0	172,477
Agriculture and Natural Resources	51,556	0	0	0	0	51,556
Other Operations	243,710	99,738	0	0	14,360	357,808
Highways	0	50,527	1,246,179	0	0	1,296,706
Debt Service:						
Principal on Debt	20,634	20,634	51,207	378,000	239,500	709,975
Interest on Debt	1,259	1,259	11,615	116,163	77,136	207,432
Other Debt Service	0	0	0	8,753	3,412	12,165
Total Expenditures	$ 4,643,327	$ 627,002	$ 1,309,001	$ 502,916	$ 812,497	$ 7,894,743
Excess (Deficiency) of Revenues Over Expenditures	$ (315,096)	$ 51,760	$ 181,076	$ 221,859	$ (36,079)	$ 103,520
Other Financing Sources (Uses)						
Insurance Recovery	$ 12,247	$ 0	$ 16,367	$ 0	$ 0	$ 28,614
Transfers Out	(10,254)	0	0	0	0	(10,254)
Total Other Financing Sources (Uses)	$ 1,993	$ 0	$ 16,367	$ 0	$ 0	$ 18,360
Net Change in Fund Balances	$ (313,103)	$ 51,760	$ 197,443	$ 221,859	$ (36,079)	$ 121,880
Fund Balance, July 1, 2008	1,392,949	575,228	105,801	763,126	586,225	3,423,329
Fund Balance, June 30, 2009	$ 1,079,846	$ 626,988	$ 303,244	$ 984,985	$ 550,146	$ 3,545,209

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, 2009

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)			$ 121,880
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Less: current year depreciation expense			(441,414)
(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, 2008	$ (836,368)		
Add: deferred delinquent property taxes and other deferred June 30, 2009	658,260		(178,108)
(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.			
Add: principal payments on notes	$ 128,207		
Add: principal payments on other loans	540,500		
Add: principal payments on capital leases	41,268		709,975
(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	$ (943)		
Change in landfill closure/postclosure care costs (net of prior-period adjustment)	(5,666)		
Change in other postemployment benefits liability	(22,677)		
Change in compensated absences payable	(8,896)		(38,182)
Change in net assets of governmental activities (Exhibit B)			$ 174,151

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, 2009

	Major Fund Enterprise Fund Water and Sewer Fund
ASSETS	
Current Assets:	
Cash	$ 2,022,648
Accounts Receivable (Net of Allowance for Uncollectibles)	144,778
Due from Other Governments	70,504
Total Current Assets	$ 2,237,930
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	$ 322,043
Construction in Progress	2,171,829
Buildings and Improvements	8,313,479
Infrastructure	526,539
Other Capital Assets	64,169
Total Noncurrent Assets	$ 11,398,059
Total Assets	$ 13,635,989
LIABILITIES	
Current Liabilities:	
Payroll Deductions Payable	$ 2,155
Compensated Absences Payable	25,997
Due to Other Funds	12,428
Due to State of Tennessee	4,075
Revenue Bonds Payable	178,775
Total Current Liabilities	$ 223,430
Noncurrent Liabilities:	
Revenue Bonds Payable	$ 328,838
Compensated Absences Payable	11,773
Total Noncurrent Liabilities	$ 340,611
Total Liabilities	$ 564,041
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 10,890,446
Unrestricted	2,181,502
Total Net Assets	$ 13,071,948

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, 2009

	Major Fund Enterprise Fund Water and Sewer Fund
Operating Revenues	
Charges for Current Services	$ 1,481,271
Other Local Revenues	17,855
Total Operating Revenues	$ 1,499,126
Operating Expenses	
Other Public Health and Welfare	$ 1,560,978
Depreciation	399,804
Total Operating Expenses	$ 1,960,782
Operating Income (Loss)	$ (461,656)
Nonoperating Revenues (Expenses)	
Investment Income	$ 45,140
Grant Income	882,126
Other State Revenues	58,958
Interest Expense	(26,998)
Total Nonoperating Revenues (Expenses)	$ 959,226
Income Before Transfers	$ 497,570
Transfers	10,254
Change in Net Assets	$ 507,824
Net Assets, July 1, 2008	12,564,124
Nets Assets, June 30, 2009	$ 13,071,948

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, 2009

	Major Fund Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 1,442,236
Payments to Employees	(729,497)
Payments to Suppliers	(827,923)
Other Receipts (Payments)	17,855
Net Cash Provided By (Used In) Operating Activities	$ (97,329)
Cash Flows from Noncapital Financing Activities	
Transfers from Other Funds	$ 10,254
Grants Received	882,126
Other State Revenue	58,958
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 951,338
Cash Flows from Capital and Related Financing Activities	
Construction of Capital Assets	$ (2,357,044)
Principal Paid on Capital Debt	(237,361)
Interest Paid on Capital Debt	(26,998)
Net Cash Provided By (Used In) Capital Financing Activities	$ (2,621,403)
Cash Flows from Investing Activities	
Interest Earned	$ 45,140
Net Cash Provided By (Used In) Investing Activities	$ 45,140
Net Increase (Decrease) in Cash	$ (1,722,254)
Cash, July 1, 2008	3,744,902
Cash, June 30, 2009	$ 2,022,648
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (461,656)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	399,804
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(6,878)
(Increase) Decrease in Due from Other Governments	(32,157)
Increase (Decrease) in Payroll Deductions Payable	(1,288)
Increase (Decrease) in Due to Other Funds	2,864
Increase (Decrease) in Due to State of Tennessee	(3,763)
Increase (Decrease) in Compensated Absences Payable	5,745
Net Cash Provided By (Used In) Operating Activities	$ (97,329)

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, 2009

	Agency Funds
ASSETS	
Cash	$ 354,403
Equity in Pooled Cash and Investments	925,601
Due from Other Governments	13,000
Total Assets	$ 1,293,004
LIABILITIES	
Due to Litigants, Heirs, and Others	$ 354,403
Due to Joint Venture	938,601
Total Liabilities	$ 1,293,004

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hartsville/Trousdale County Government's (metropolitan government) 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 the metropolitan government:

A. Reporting Entity

The metropolitan 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 relationships with the metropolitan government.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the metropolitan government. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the metropolitan government.

The Hartsville/Trousdale County School Department (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 School Department does not issue separate financial statements from those of the metropolitan government. Therefore, basic financial statements

The 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. 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 metropolitan 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, 2009.

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 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 the metropolitan 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. The metropolitan 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 metropolitan 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. The metropolitan 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.

The metropolitan government reports the following major governmental funds:

General Fund – This is the metropolitan government'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.

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

The metropolitan 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, the metropolitan government reports the following fund types:

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 accounts for restricted federal revenues, which 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. The metropolitan 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the metropolitan government's own legally issued bonds or notes.

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 the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. The metropolitan 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 two 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.

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 and the business-type columns 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 metropolitan government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
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 the metropolitan 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 the metropolitan 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 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 and proprietary fund type Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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, other postemployment benefits, and landfill closure/postclosure care costs, 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, 2009, the metropolitan government had $7,751,173 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of the metropolitan government, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, the metropolitan 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 Adjustment**

Postclosure care costs were restated $125,859 in the government-wide financial statements due to a change in estimates.

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 J-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 J-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 General 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 County 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. Fund Deficit

The discretely presented School Federal Projects Fund (special revenue fund) had a deficit in unreserved fund balance of $9,492 at June 30, 2009. This deficit resulted from the deferral of certain revenues under the School Department's revenue recognition policy. The deficit was liquidated when these revenues were recognized after June 30, 2009.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the discretely presented School Department General Purpose School Fund's Support Services - Health Services ($5,454) and Operation of Non-Instructional Services - Food Service ($76,777) major appropriation categories (the legal level of control). Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

D. The County Had Deposits Exposed to Custodial Credit Risk

The trustee did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2009, deposits at this depository exceeded FDIC coverage and collateral securities pledged by $517,955. Section 5-8-201, Tennessee Code Annotated requires any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The metropolitan 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 county 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 metropolitan government.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the metropolitan government's deposits may not be returned to it. The metropolitan government does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for the metropolitan government and the discretely presented School Department since both pool their deposits and investments through the county trustee. As of June 30, 2009, pooled bank balances of $520,900 were exposed to custodial credit risk as uninsured and uncollateralized. Uninsured and uncollateralized deposits are a violation of state statutes.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the metropolitan government's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The metropolitan government may make investments with longer maturities if various restrictions set out in state law are followed. Counties

are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2009, the metropolitan government had the following investment carried at cost. All investments are in the trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for the metropolitan 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	$	276,591

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. The metropolitan 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. The metropolitan government has no investment policy that would further limit its investment choices. As of June 30, 2009, the metropolitan 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, 2009, was as follows:

Governmental Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	$ 959,554	$ 0	$ 959,554
Total Capital Assets Not Depreciated	$ 959,554	$ 0	$ 959,554
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	2,843,667	0	2,843,667
Total Capital Assets Depreciated	$ 18,027,321	$ 0	$ 18,027,321
Less Accumulated Depreciation for:			
Buildings and Improvements	$ 635,322	$ 26,757	$ 662,079
Roads and Bridges	8,554,607	250,875	8,805,482
Other Capital Assets	1,742,939	163,782	1,906,721
Total Accumulated Depreciation	$ 10,932,868	$ 441,414	$ 11,374,282
Total Capital Assets Depreciated, Net	$ 7,094,453	$ (441,414)	$ 6,653,039
Governmental Activities Capital Assets, Net	$ 8,054,007	$ (441,414)	$ 7,612,593

Business-type Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	$ 22,043	$ 300,000	$ 322,043
Construction in Progress	114,785	2,057,044	2,171,829
Total Capital Assets Not Depreciated	$ 136,828	$ 2,357,044	$ 2,493,872

Business-type Activities (Cont.):

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Depreciated:			
Buildings and Improvements	$ 14,737,641	$ 0	$ 14,737,641
Roads and Bridges	542,860	0	542,860
Other Capital Assets	517,505	0	517,505
Total Capital Assets Depreciated	$ 15,798,006	$ 0	$ 15,798,006
Less Accumulated Depreciation for:			
Buildings and Improvements	$ 6,055,721	$ 368,441	$ 6,424,162
Roads and Bridges	2,749	13,572	16,321
Other Capital Assets	435,545	17,791	453,336
Total Accumulated Depreciation	$ 6,494,015	$ 399,804	$ 6,893,819
Total Capital Assets Depreciated, Net	$ 9,303,991	$ (399,804)	$ 8,904,187
Business-Type Activities Capital Assets, Net	$ 9,440,819	$ 1,957,240	$ 11,398,059

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

Governmental Activities:

General Government	$ 1,634
Public Safety	46,042
Public Health and Welfare	54,969
Social, Cultural, and Recreational Services	11,940
Highways/Public Works	326,829
Total Depreciation Expense - Governmental Activities	$ 441,414

Business-type Activities:

Water and Sewer	$ 399,804

Discretely Presented School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	$ 629,383	$ 0	$ 0	$ 629,383
Total Capital Assets Not Depreciated	$ 629,383	$ 0	$ 0	$ 629,383
Capital Assets Depreciated:				
Buildings and Improvements	$ 18,030,866	$ 287,827	$ 0	$ 18,318,693
Other Capital Assets	1,168,439	95,159	(44,461)	1,219,137
Total Capital Assets Depreciated	$ 19,199,305	$ 382,986	$ (44,461)	$ 19,537,830
Less Accumulated Depreciation for:				
Buildings and Improvements	$ 5,733,404	$ 397,607	$ 0	$ 6,131,011
Other Capital Assets	612,607	73,613	(5,397)	680,823
Total Accumulated Depreciation	$ 6,346,011	$ 471,220	$ (5,397)	$ 6,811,834
Total Capital Assets Depreciated, Net	$ 12,853,294	$ (88,234)	$ (39,064)	$ 12,725,996
Governmental Activities Capital Assets, Net	$ 13,482,677	$ (88,234)	$ (39,064)	$ 13,355,379

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

Governmental Activities:

Instruction	$ 397,607
Support Services	73,613
Total Depreciation Expense - Governmental Activities	$ 471,220

C. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Urban Services	Water and Sewer (enterprise fund)	$ 12,428

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amount:

Primary Government:

Transfer Out	Transfer In Water and Sewer (enterprise fund)
General Fund	$ 10,254

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

D. Long-term Debt

Primary Government

General Obligation Notes and Other Loans

The metropolitan government issues other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 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, 2009, all capital outlay notes outstanding will be retired from the General Debt Service and Highway/Public Works funds, and other loans outstanding will be retired from the General Debt Service and Education Debt Service funds.

Capital outlay notes and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Outlay Notes	3.95 to 4.68 %	$ 1,387,000	$ 984,615
Other Loans	Variable	11,455,359	7,751,173

In prior years, the metropolitan government entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned the metropolitan 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, 2009, the variable interest rate was .58 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, the metropolitan 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 the metropolitan 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, 2009, the variable interest rate was .39 percent, and other fees totaled approximately .5 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, 2009, the metropolitan government had borrowed $8,455,359 of this loan.

The annual requirements to amortize the notes and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes Principal	Interest	Total
2010	$ 433,295	$ 41,227	$ 474,522
2011	139,469	23,410	162,879
2012	145,727	17,326	163,053
2013	116,124	11,313	127,437
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	$ 984,615	$ 103,172	$ $1,087,787

Year Ending June 30	Other Loans Principal	Interest	Other Fees	Total
2010	$ 562,000	$ 32,623	$ 44,692	$ 639,315
2011	584,922	30,099	41,676	656,697
2012	608,213	27,471	38,541	674,225
2013	632,890	24,736	35,282	692,908
2014	658,972	21,887	31,892	712,751
2015-2019	2,980,817	66,890	144,050	3,191,757
2020-2022	1,723,359	12,876	79,123	1,815,358
Total	$ 7,751,173	$ 216,582	$ 415,256	$ 8,383,011

There is $182,695 available in the General Debt Service Fund and $984,985 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans totaled $1,162, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Notes	Other Loans	Capital Leases
Balance, July 1, 2008	$ 1,112,822	$ 8,291,673	$ 41,268
Deductions	(128,207)	(540,500)	(41,268)
Balance, June 30, 2009	$ 984,615	$ 7,751,173	$ 0
Balance Due Within One Year	$ 433,295	$ 562,000	$ 0

	Compensated Absences	Landfill Postclosure Care Cost	Other Postemployment Benefits
Balance, July 1, 2008	$ 81,096	$ 253,909	$ 22,650
Additions	117,979	9,034	24,027
Prior-period adjustment	0	125,859	0
Deductions	(109,083)	(3,368)	(1,350)
Balance, June 30, 2009	$ 89,992	$ 385,434	$ 45,327
Balance Due Within One Year	$ 14,106	$ 7,500	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	$ 9,256,541
Less: Balance Due Within One Year	(1,016,901)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 8,239,640

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

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2009, including interest payments, are presented in the following table:

Year Ending June 30	Bonds Principal	Interest	Total
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	5,369	13,243	18,612
2015-2019	30,546	62,514	93,060
2020-2024	37,764	55,296	93,060
2025-2029	46,689	46,371	93,060
2030-2034	57,721	35,339	93,060
2035-2039	71,360	21,700	93,060
2040-2043	64,582	5,412	69,994
Total	$ 507,613	$ 299,387	$ 807,000

Changes in Long-term Liabilities

Long-term liability activity for the Water and Sewer Fund (enterprise fund) for the year ended June 30, 2009, was as follows:

Business-type Activities:

	Bonds	Compensated Absences
Balance, July 1, 2008	$ 744,974	$ 32,025
Additions	0	36,511
Deductions	(237,361)	(30,765)
Balance, June 30, 2009	$ 507,613	$ 37,771
Balance Due Within One Year	$ 178,775	$ 25,997

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	$ 545,384
Less: Revenue Bonds Payable	(178,775)
Less: Balance Due Within One Year	(25,997)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 340,612

E. On-Behalf Payments – Discretely Presented 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, 2009, were $52,759 and $4,317, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

The metropolitan government issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. This note was necessary because funds were not available to meet debt service payments coming due before current tax collections. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Paid	Balance 6-30-09
Tax Anticipation Note	$ 0	$ 200,000	$ (200,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The metropolitan government is exposed to various risks related to general liability, property, and casualty losses. 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 exceeding $100,000 for each insured event.

The metropolitan government decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. The metropolitan government joined the Local Government Workers' Compensation Fund (LGWCF), 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 LGWCF for its workers' compensation coverage. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

The metropolitan 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 (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented School Department

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 an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The 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, 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

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of the following five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of the metropolitan government for the year ended June 30, 2009, since the government had none of the obligating events. However, it is reasonably expected that the metropolitan government could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of the metropolitan government for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that the metropolitan government could have endowment investments in subsequent years.

C. Contingent Liabilities

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

D. Changes in Administration

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

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

E. Landfill Postclosure Care Costs

The metropolitan government has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Trousdale County closed its sanitary landfill in 1996. The $385,434 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. 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. The metropolitan government made no contributions to the DTF for the year ended June 30, 2009.

The metropolitan 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
104 Depot Street
Hartsville, TN 37074

G. Retirement Commitments

Employees

Plan Description

Employees of the metropolitan 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 the metropolitan 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 www:tn.gov/treasury/tcrs.

Funding Policy

Primary Government

The metropolitan government requires employees to contribute five percent of their earnable compensation. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 7.83 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the metropolitan government is established and may be amended by the TCRS Board of Trustees.

Former City of Hartsville Employees

The metropolitan government requires employees to contribute five percent of their earnable compensation. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 22.24 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the metropolitan government is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

Primary Government

For the year ended June 30, 2009, the metropolitan government's annual pension cost of $316,188 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. The metropolitan 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, 2007, was 14 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	$316,188	100%	$0
6-30-08	283,437	100	0
6-30-07	233,386	100	0

Former City of Hartsville Employees

For the year ended June 30, 2009, the metropolitan government's annual pension cost of $177,484 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. The metropolitan 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	$177,484	100%	$0
6-30-08	142,966	100	0
6-30-07	141,205	100	0

Funded Status and Funding Progress

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

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

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 $.64 million. The covered payroll (annual payroll of active employees covered by the plan) was $.8 million, and the ratio of the UAAL to the covered payroll was 79.38 percent.

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

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

School Teachers

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were $ 312,504, $300,647, and $282,688, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

The metropolitan 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 for the Medicare Supplement Plan. 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://tn.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 a 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

	Medicare Supplement Plan
ARC	$ 24,000
Interest on the NPO	1,019
Adjustment to the ARC	(992)
Annual OPEB cost	$ 24,027
Amount of contribution	(1,350)
Increase/decrease in NPO	$ 22,677
Net OPEB obligation, 7-1-08	22,650
Net OPEB obligation, 6-30-09	$ 45,327

Fiscal 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
6-30-09	"		24,027	5.625		45,327

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

		Medicare Supplement Plan
Actuarial valuation date		7-1-07
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 required supplementary information following the notes to the financial statements, presents multiyear 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 July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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, no employees retired who were eligible for the 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.

J. Purchasing Laws

Office of County Executive

Purchasing procedures for the Office of County Executive 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 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.

VI. OTHER NOTES - DISCRETELY PRESENTED HARTSVILLE/TROUSDALE COUNTY GOVERNMENT EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Hartsville/Trousdale County Government Emergency Communications District was created as a public corporation on November 8, 1998, under authority of the provisions of Chapter 867 of the Tennessee Public Acts of 1984, as approved by the voters of Trousdale County, Tennessee. The powers of the district are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the Trousdale County Commission. The board consists of nine members. The district is considered a political subdivision and is exempt from federal and state income taxes. The district is considered a component unit of Trousdale County. The County Commission appoints the board of directors, and the County Commission may adjust service fees and must approve bonded debt. As a result, the County Commission indirectly imposes its will on the district.

2. Basis of Accounting

The accompanying financial statements of the district have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The district applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board Opinions; issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The district has elected not to apply FASB statements and interpretations issued after November 30, 1989.

3. Cash and Cash Equivalents

The district considers all highly liquid debt instruments purchased with maturities of 60 days or less to be cash equivalents.

4. Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

5. Capital Assets

Capital assets of the district are recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant, and equipment in service is from five to ten years. The district does capitalize interest incurred on construction projects.

6. Estimates

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

The district's annual budget is required by state law. The district's board of directors formally approves the budget. The budget is adopted on a basis consistent with generally accepted accounting principles.

B. Cash and Certificates of Deposit

The district is authorized to invest funds in financial institutions and direct obligations of the federal government. During the year, the district invested funds that were not immediately needed in certificates of deposit and savings accounts. The district has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the district and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The district's deposits with financial institutions are fully insured or collateralized by securities held in the district's name.

C. Capital Assets

A summary of changes in capital assets in service is as follows:

	Balance 7-1-08	Additions	Disposals	Balance 6-30-09
Equipment	$ 101,624	$ 207,919	$ (29,223)	$ 280,320
	$ 101,624	$ 207,919	$ (29,223)	$ 280,320
Less Accumulated Depreciation	(70,700)			(71,605)
Utility Plant - Net	$ 30,924			$ 208,715

D. Risk Management

The district is exposed to various risks of loss related to torts (theft of, damage to, and destruction of assets), errors and omissions, and natural disasters. The district purchases commercial financial bonded insurance for its officials. For all other risks, the district purchases commercial insurance. There have been no claims during the last four years.

E. Service Arrangement Contract and Economic Dependence

The district negotiated a service application with Bell South for the installation and service of an Enhanced 911 Emergency Service System. Bell South furnished equipment and service sufficient to operate the system for an initial installation fee and a monthly fee based upon the number of telephone stations and access lines served by the system.

F. Related Party Transactions

The district contracted with the Trousdale County Building Inspector to do the current addressing. The contract is with the inspector personally; however, he received the contract based on his employment with Trousdale County. The contract was for $4,800 a year. The payments are made to the inspector directly and are not transactions with the county.

G. Donated Services

The Hartsville/Trousdale County Sheriff's Department provides dispatch services for the district. Amounts have not been assigned for these services because it is impractical to allocate the hours of each employee.

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,503,062	$ 2,393,942	$ 2,393,942	$ 109,120
Licenses and Permits	16,720	317,000	317,000	(300,280)
Fines, Forfeitures, and Penalties	98,875	68,800	68,800	30,075
Charges for Current Services	580,349	547,050	547,050	33,299
Other Local Revenues	239,376	579,500	569,500	(330,124)
Fees Received from County Officials	407,333	391,500	391,500	15,833
State of Tennessee	386,390	404,109	404,109	(17,719)
Federal Government	86,942	23,600	69,899	17,043
Other Governments and Citizens Groups	9,184	7,500	7,500	1,684
Total Revenues	$ 4,328,231	$ 4,733,001	$ 4,769,300	$ (441,069)
Expenditures				
General Government				
County Commission	$ 15,694	$ 24,755	$ 24,755	$ 9,061
Beer Board	60	200	200	140
County Mayor/Executive	173,900	189,277	186,268	12,368
County Attorney	10,286	28,400	28,400	18,114
Election Commission	88,021	87,584	88,428	407
Register of Deeds	80,723	82,302	82,302	1,579
Planning	63,011	70,618	70,618	7,607
County Buildings	132,978	154,133	154,133	21,155
Finance				
Property Assessor's Office	99,878	108,091	108,091	8,213
County Trustee's Office	105,236	106,189	106,998	1,762
County Clerk's Office	100,234	105,490	104,272	4,038
Administration of Justice				
Circuit Court	145,733	152,653	152,653	6,920
General Sessions Court	78,188	78,807	78,907	719
Chancery Court	72,170	75,581	76,065	3,895
Judicial Commissioners	17,694	17,985	17,985	291
Public Safety				
Sheriff's Department	932,219	1,046,529	1,051,585	119,366
Drug Enforcement	47,350	58,660	58,660	11,310
Administration of the Sexual Offender Registry	500	1,600	1,600	1,100
Jail	751,055	796,754	796,754	45,699
Workhouse	67,727	79,092	79,092	11,365
Juvenile Services	24,026	26,155	26,155	2,129
Fire Prevention and Control	40,340	44,500	46,608	6,268
Civil Defense	48,947	26,050	53,961	5,014
Other Emergency Management	0	46,500	0	0
Inspection and Regulation	426	6,856	1,200	774
County Coroner/Medical Examiner	5,300	12,000	12,000	6,700

(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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)				
Public Health and Welfare				
Local Health Center	$ 33,058	$ 35,165	$ 35,165	$ 2,107
Ambulance/Emergency Medical Services	974,031	1,274,980	1,321,480	347,449
Alcohol and Drug Programs	675	3,186	3,186	2,511
Sanitation Education/Information	34,237	34,237	34,237	0
Other Public Health and Welfare	12,000	12,000	12,000	0
Social, Cultural, and Recreational Services				
Senior Citizens Assistance	38,840	39,888	39,888	1,048
Libraries	71,436	81,598	81,598	10,162
Parks and Fair Boards	60,195	80,599	80,599	20,404
Agriculture and Natural Resources				
Agriculture Extension Service	39,441	40,102	40,102	661
Soil Conservation	12,115	12,115	12,115	0
Other Operations				
Other Charges	225,690	626,449	626,041	400,351
Employee Benefits	8,051	10,500	10,500	2,449
Miscellaneous	9,969	11,545	11,545	1,576
Principal on Debt				
General Government	20,634	0	20,634	0
Interest on Debt				
General Government	1,259	0	1,259	0
Total Expenditures	$ 4,643,327	$ 5,689,125	$ 5,738,039	$ 1,094,712
Excess (Deficiency) of Revenues Over Expenditures	$ (315,096)	$ (956,124)	$ (968,739)	$ 653,643
Other Financing Sources (Uses)				
Insurance Recovery	$ 12,247	$ 0	$ 13,648	$ (1,401)
Transfers Out	(10,254)	0	(10,291)	37
Total Other Financing Sources (Uses)	$ 1,993	$ 0	$ 3,357	$ (1,364)
Net Change in Fund Balance	$ (313,103)	$ (956,124)	$ (965,382)	$ 652,279
Fund Balance, July 1, 2008	1,392,949	1,767,662	1,767,662	(374,713)
Fund Balance, June 30, 2009	$ 1,079,846	$ 811,538	$ 802,280	$ 277,566

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 516,290	$ 496,378	$ 496,378	$ 19,912
Licenses and Permits	11,049	9,618	9,618	1,431
Charges for Current Services	141,133	105,000	105,000	36,133
Other Local Revenues	5,525	0	0	5,525
State of Tennessee	2,666	2,400	2,400	266
Federal Government	1,599	0	0	1,599
Other Governments and Citizens Groups	500	500	500	0
Total Revenues	$ 678,762	$ 613,896	$ 613,896	$ 64,866
Expenditures				
Public Safety				
Sheriff's Department	$ 297,311	$ 359,800	$ 336,800	$ 39,489
Fire Prevention and Control	3,003	4,300	4,300	1,297
Public Health and Welfare				
Rabies and Animal Control	10,013	19,660	19,660	9,647
Waste Pickup	142,511	176,690	176,690	34,179
Social, Cultural, and Recreational Services				
Other Social, Cultural, and Recreational	2,006	5,000	5,000	2,994
Other Operations				
Other Charges	98,500	89,290	101,290	2,790
Employee Benefits	1,238	3,123	3,123	1,885
Highways				
Highway and Bridge Maintenance	50,527	51,800	51,800	1,273
Principal on Debt				
General Government	20,634	0	21,000	366
Interest on Debt				
General Government	1,259	0	2,000	741
Total Expenditures	$ 627,002	$ 709,663	$ 721,663	$ 94,661
Excess (Deficiency) of Revenues Over Expenditures	$ 51,760	$ (95,767)	$ (107,767)	$ 159,527
Net Change in Fund Balance	$ 51,760	$ (95,767)	$ (107,767)	$ 159,527
Fund Balance, July 1, 2008	575,228	513,799	513,799	61,429
Fund Balance, June 30, 2009	$ 626,988	$ 418,032	$ 406,032	$ 220,956

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Other Local Revenues	$ 10,173	$ 3,800	$ 9,725	$ 448
State of Tennessee	1,394,346	1,644,852	1,650,056	(255,710)
Federal Government	85,558	0	49,129	36,429
Total Revenues	$ 1,490,077	$ 1,648,652	$ 1,708,910	$ (218,833)
Expenditures				
Highways				
Administration	$ 133,151	$ 132,517	$ 136,389	$ 3,238
Highway and Bridge Maintenance	664,103	882,849	912,697	248,594
Operation and Maintenance of Equipment	156,829	223,168	242,368	85,539
Other Charges	119,456	180,125	324,628	205,172
Employee Benefits	53,043	65,184	62,884	9,841
Capital Outlay	119,597	231,298	231,298	111,701
Principal on Debt				
Highways and Streets	51,207	0	51,207	0
Interest on Debt				
Highways and Streets	11,615	0	11,615	0
Total Expenditures	$ 1,309,001	$ 1,715,141	$ 1,973,086	$ 664,085
Excess (Deficiency) of Revenues Over Expenditures	$ 181,076	$ (66,489)	$ (264,176)	$ 445,252
Other Financing Sources (Uses)				
Notes Issued	$ 0	$ 0	$ 200,000	$ (200,000)
Insurance Recovery	16,367	0	0	16,367
Total Other Financing Sources (Uses)	$ 16,367	$ 0	$ 200,000	$ (183,633)
Net Change in Fund Balance	$ 197,443	$ (66,489)	$ (64,176)	$ 261,619
Fund Balance, July 1, 2008	105,801	119,290	119,290	(13,489)
Fund Balance, June 30, 2009	$ 303,244	$ 52,801	$ 55,114	$ 248,130

Exhibit F-4

Hartsville/Trousdale County Government, Tennessee
Schedule of Funding Progress – Pension Plans
Primary Government and Discretely Presented Hartsville/Trousdale County School Department
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Primary Government	6-30-09	7-1-07	$ 6,880	$ 7,889	$ 1,009	87.21 %	$ 3,171	31.82 %
"	6-30-08	7-1-07	6,880	7,889	1,009	87.21	3,171	31.82
Former City of Hartsville	6-30-09	6-30-07	3,794	4,433	639	85.59	805	79.38
"	6-30-08	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 date 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 2007-08 year; therefore, only two years of data are presented.

Exhibit F-5

Hartsville/Trousdale County Government, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
For the Year Ended June 30, 2009

(Dollar amounts in thousands)

Plan	Fiscal Year Ended*	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)
Medicare Supplement Plan	6-30-08	7-1-07	$ 0	$ 229,000	$ 229,000	0%	$ 0	0%
"	6-30-09	7-1-07	0	229,000	229,000	0	0	0

*Data only available for two years.

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 County 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.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for 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 Fund

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.

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

Capital Projects Fund

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

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

Exhibit G-1

Hartsville/Trousdale County Government, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Total	General Debt Service	General Capital Projects	Nonmajor Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	$ 217,305	$ 32,538	$ 26,405	$ 276,248	$ 181,964	$ 92,463	$ 550,675
Accounts Receivable	9,389	0	0	9,389	0	0	9,389
Property Taxes Receivable	292,039	0	0	292,039	175,215	0	467,254
Allowance for Uncollectible Property Taxes	(10,410)	0	0	(10,410)	(6,245)	0	(16,655)
Total Assets	$ 508,323	$ 32,538	$ 26,405	$ 567,266	$ 350,934	$ 92,463	$ 1,010,663
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 11,867	$ 0	$ 0	$ 11,867	$ 0	$ 0	$ 11,867
Deferred Revenue - Current Property Taxes	258,522	0	0	258,522	155,112	0	413,634
Deferred Revenue - Delinquent Property Taxes	21,889	0	0	21,889	13,127	0	35,016
Total Liabilities	$ 292,278	$ 0	$ 0	$ 292,278	$ 168,239	$ 0	$ 460,517
Fund Balances							
Reserved for Purchase of Electronic Fingerprint Imaging System	$ 0	$ 7,482	$ 0	$ 7,482	$ 0	$ 0	$ 7,482
Reserved for Capital Outlay	15,755	0	0	15,755	0	0	15,755
Unreserved	200,290	25,056	26,405	251,751	182,695	92,463	526,909
Total Fund Balances	$ 216,045	$ 32,538	$ 26,405	$ 274,988	$ 182,695	$ 92,463	$ 550,146
Total Liabilities and Fund Balances	$ 508,323	$ 32,538	$ 26,405	$ 567,266	$ 350,934	$ 92,463	$ 1,010,663

Exhibit G-2

Trousdale County, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	Solid Waste / Sanitation	Drug Control	District Attorney General	Total	General Debt Service	General Capital Projects	Nonmajor Governmental Funds
Revenues							
Local Taxes	$ 265,472	$ 0	$ 0	$ 265,472	$ 181,902	$ 0	$ 447,374
Fines, Forfeitures, and Penalties	0	6,346	23,868	30,214	1,024	0	31,238
Charges for Current Services	105,003	0	0	105,003	0	0	105,003
Other Local Revenues	11,559	0	600	12,159	0	0	12,159
State of Tennessee	7,076	0	0	7,076	0	0	7,076
Federal Government	3,568	0	0	3,568	0	0	3,568
Other Governments and Citizens Groups	0	0	0	0	170,000	0	170,000
Total Revenues	$ 392,678	$ 6,346	$ 24,468	$ 423,492	$ 352,926	$ 0	$ 776,418
Expenditures							
Current:							
Administration of Justice	$ 0	$ 0	$ 19,374	$ 19,374	$ 0	$ 0	$ 19,374
Public Safety	0	5,628	0	5,628	0	0	5,628
Public Health and Welfare	366,258	0	0	366,258	86,829	0	453,087
Other Operations	14,360	0	0	14,360	0	0	14,360
Debt Service:							
Principal on Debt	0	0	0	0	239,500	0	239,500
Interest on Debt	0	0	0	0	77,136	0	77,136
Other Debt Service	0	0	0	0	3,412	0	3,412
Total Expenditures	$ 380,618	$ 5,628	$ 19,374	$ 405,620	$ 406,877	$ 0	$ 812,497
Excess (Deficiency) of Revenues Over Expenditures	$ 12,060	$ 718	$ 5,094	$ 17,872	$ (53,951)	$ 0	$ (36,079)
Net Change in Fund Balances	$ 12,060	$ 718	$ 5,094	$ 17,872	$ (53,951)	$ 0	$ (36,079)
Fund Balance, July 1, 2008	203,985	31,820	21,311	257,116	236,646	92,463	586,225
Fund Balance, June 30, 2009	$ 216,045	$ 32,538	$ 26,405	$ 274,988	$ 182,695	$ 92,463	$ 550,146

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 265,472	$ 255,850	$ 255,850	$ 9,622
Charges for Current Services	105,003	85,000	85,000	20,003
Other Local Revenues	11,559	15,000	15,000	(3,441)
State of Tennessee	7,076	5,000	5,000	2,076
Federal Government	3,568	0	0	3,568
Total Revenues	$ 392,678	$ 360,850	$ 360,850	$ 31,828
Expenditures				
Public Health and Welfare				
Convenience Centers	$ 213,181	$ 256,389	$ 261,389	$ 48,208
Other Waste Disposal	149,709	160,100	160,100	10,391
Postclosure Care Costs	3,368	14,500	14,500	11,132
Other Operations				
Other Charges	14,360	14,360	14,360	0
Total Expenditures	$ 380,618	$ 445,349	$ 450,349	$ 69,731
Excess (Deficiency) of Revenues Over Expenditures	$ 12,060	$ (84,499)	$ (89,499)	$ 101,559
Other Financing Sources (Uses)				
Insurance Recovery	$ 0	$ 0	$ 5,000	$ (5,000)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 5,000	$ (5,000)
Net Change in Fund Balance	$ 12,060	$ (84,499)	$ (84,499)	$ 96,559
Fund Balance, July 1, 2008	203,985	203,138	203,138	847
Fund Balance, June 30, 2009	$ 216,045	$ 118,639	$ 118,639	$ 97,406

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 6,346	$ 10,150	$ 10,150	$ (3,804)
Total Revenues	$ 6,346	$ 10,150	$ 10,150	$ (3,804)
Expenditures				
Public Safety				
Drug Enforcement	$ 5,628	$ 32,196	$ 32,196	$ 26,568
Total Expenditures	$ 5,628	$ 32,196	$ 32,196	$ 26,568
Excess (Deficiency) of Revenues Over Expenditures	$ 718	$ (22,046)	$ (22,046)	$ 22,764
Net Change in Fund Balance	$ 718	$ (22,046)	$ (22,046)	$ 22,764
Fund Balance, July 1, 2008	31,820	29,360	29,360	2,460
Fund Balance, June 30, 2009	$ 32,538	$ 7,314	$ 7,314	$ 25,224

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 181,902	$ 164,960	$ 164,960	$ 16,942
Fines, Forfeitures, and Penalties	1,024	0	0	1,024
Other Governments and Citizens Groups	170,000	170,000	170,000	0
Total Revenues	$ 352,926	$ 334,960	$ 334,960	$ 17,966
Expenditures				
Public Health and Welfare				
Ambulance/Emergency Medical Services	$ 86,829	$ 0	$ 86,829	$ 0
Principal on Debt				
General Government	77,000	77,000	77,000	0
Education	162,500	162,500	162,500	0
Interest on Debt				
General Government	36,482	36,491	36,491	9
Education	40,654	71,407	71,407	30,753
Other Debt Service				
General Government	3,412	90,829	4,000	588
Education	0	1,000	1,000	1,000
Total Expenditures	$ 406,877	$ 439,227	$ 439,227	$ 32,350
Excess (Deficiency) of Revenues Over Expenditures	$ (53,951)	$ (104,267)	$ (104,267)	$ 50,316
Net Change in Fund Balance	$ (53,951)	$ (104,267)	$ (104,267)	$ 50,316
Fund Balance, July 1, 2008	236,646	150,921	150,921	85,725
Fund Balance, June 30, 2009	$ 182,695	$ 46,654	$ 46,654	$ 136,041

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Major Governmental Fund

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.

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Exhibit H

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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 624,069	$ 600,070	$ 600,070	$ 23,999
Other Local Revenues	25,706	36,097	36,097	(10,391)
Other Governments and Citizens Groups	75,000	75,000	75,000	0
Total Revenues	$ 724,775	$ 711,167	$ 711,167	$ 13,608
Expenditures				
Principal on Debt				
Education	$ 378,000	$ 378,000	$ 378,000	$ 0
Interest on Debt				
Education	116,163	340,200	340,200	224,037
Other Debt Service				
Education	8,753	10,000	10,000	1,247
Total Expenditures	$ 502,916	$ 728,200	$ 728,200	$ 225,284
Excess (Deficiency) of Revenues Over Expenditures	$ 221,859	$ (17,033)	$ (17,033)	$ 238,892
Net Change in Fund Balance	$ 221,859	$ (17,033)	$ (17,033)	$ 238,892
Fund Balance, July 1, 2008	763,126	718,000	718,000	45,126
Fund Balance, June 30, 2009	$ 984,985	$ 700,967	$ 700,967	$ 284,018

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Fiduciary Funds

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.

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 I-1

Hartsville/Trousdale County Government, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Agency Funds		
	Constitutional Officers - Agency	Judicial District Drug	Total
ASSETS			
Cash	$ 354,403	$ 0	$ 354,403
Equity in Pooled Cash and Investments	0	925,601	925,601
Due from Other Governments	0	13,000	13,000
Total Assets	$ 354,403	$ 938,601	$ 1,293,004
LIABILITIES			
Due to Litigants, Heirs, and Others	$ 354,403	$ 0	$ 354,403
Due to Joint Venture	0	938,601	938,601
Total Liabilities	$ 354,403	$ 938,601	$ 1,293,004

Exhibit I-2

Hartsville/Trousdale County Government, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 302,999	$ 2,981,690	$ 2,930,286	$ 354,403
Accounts Receivable	1,442	0	1,442	0
Total Assets	$ 304,441	$ 2,981,690	$ 2,931,728	$ 354,403
Liabilities				
Cash Overdraft	$ 887	$ 0	$ 887	$ 0
Due to Litigants, Heirs, and Others	303,554	2,981,690	2,930,841	354,403
Total Liabilities	$ 304,441	$ 2,981,690	$ 2,931,728	$ 354,403
Judicial District Drug Fund				
Assets				
Equity in Pooled Cash and Investments	$ 1,197,209	$ 293,062	$ 564,670	$ 925,601
Due from Other Governments	13,000	0	0	13,000
Total Assets	$ 1,210,209	$ 293,062	$ 564,670	$ 938,601
Liabilities				
Due to Joint Venture	$ 1,210,209	$ 293,062	$ 564,670	$ 938,601
Total Liabilities	$ 1,210,209	$ 293,062	$ 564,670	$ 938,601
Totals - All Agency Funds				
Assets				
Cash	$ 302,999	$ 2,981,690	$ 2,930,286	$ 354,403
Equity in Pooled Cash and Investments	1,197,209	293,062	564,670	925,601
Accounts Receivable	1,442	0	1,442	0
Due from Other Governments	13,000	0	0	13,000
Total Assets	$ 1,514,650	$ 3,274,752	$ 3,496,398	$ 1,293,004
Liabilities				
Cash Overdraft	$ 887	$ 0	$ 887	$ 0
Due to Litigants, Heirs, and Others	303,554	2,981,690	2,930,841	354,403
Due to Joint Venture	1,210,209	293,062	564,670	938,601
Total Liabilities	$ 1,514,650	$ 3,274,752	$ 3,496,398	$ 1,293,004

Hartsville/Trousdale County School Department

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

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

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

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Exhibit J-1

Hartsville/Trousdale County Government, Tennessee
Statement of Activities
Discretely Presented Hartsville/Trousdale County School Department
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 5,865,370	$ 10,277	$ 1,041,913	$ (4,813,180)
Support Services	3,341,381	4,628	107,416	(3,229,337)
Operation of Non-Instructional Services	505,426	0	429,810	(75,616)
Other Debt Service	245,000	0	0	(245,000)
Total Governmental Activities	$ 9,957,177	$ 14,905	$ 1,579,139	$ (8,363,133)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 968,699
Local Option Sales Tax				424,047
Other Local Taxes				12,027
Grants and Contributions Not Restricted to Specific Programs				7,316,265
Miscellaneous				42,635
Total General Revenues				$ 8,763,673
Change in Net Assets				$ 400,540
Net Assets, July 1, 2008				15,483,227
Net Assets, June 30, 2009				$ 15,883,767

Exhibit J-2

Hartsville/Trousdale County Government, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hartsville/Trousdale County School Department
June 30, 2009

	Major Fund General Purpose School	Nonmajor Fund School Federal Projects	Total Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 2,412,171	$ 96,484	$ 2,508,655
Accounts Receivable	0	23	23
Due from Other Governments	202,454	0	202,454
Property Taxes Receivable	1,062,998	0	1,062,998
Allowance for Uncollectible Property Taxes	(37,890)	0	(37,890)
Total Assets	$ 3,639,733	$ 96,507	$ 3,736,240
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 78,891	$ 31,415	$ 110,306
Accrued Payroll	1,736	0	1,736
Payroll Deductions Payable	145,443	9,346	154,789
Deferred Revenue - Current Property Taxes	941,021	0	941,021
Deferred Revenue - Delinquent Property Taxes	79,654	0	79,654
Other Deferred Revenues	33,500	0	33,500
Total Liabilities	$ 1,280,245	$ 40,761	$ 1,321,006
Fund Balances			
Reserved for Career Ladder - Extended Contract	$ 44,992	$ 0	$ 44,992
Reserved for Career Ladder Program	7,590	0	7,590
Reserved for Basic Education Program	1,174,657	0	1,174,657
Other State Education Reserves	34,728	0	34,728
Reserved for Title I Grants to Local Education Agencies	0	37,432	37,432
Reserved for Special Education - Grants to States	0	27,806	27,806
Unreserved, Reported In:			
General Fund	1,097,521	0	1,097,521
Special Revenue Funds (Deficit)	0	(9,492)	(9,492)
Total Fund Balances	$ 2,359,488	$ 55,746	$ 2,415,234
Total Liabilities and Fund Balances	$ 3,639,733	$ 96,507	$ 3,736,240

Exhibit J-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 School Department
June 30, 2009

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:			
Total fund balances - balance sheet - governmental funds (Exhibit J-2)			$ 2,415,234
(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	12,187,682		
Add: other capital assets net of accumulated depreciation	538,314		13,355,379
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			113,154
Net assets of governmental activities (Exhibit A)			$ 15,883,767

Exhibit J-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, 2009

	Major Fund	Nonmajor Fund	
	General Purpose School	School Federal Projects	Total Governmental Funds
Revenues			
Local Taxes	$ 1,567,754	$ 0	$ 1,567,754
Licenses and Permits	788	0	788
Charges for Current Services	14,780	0	14,780
Other Local Revenues	64,314	60	64,374
State of Tennessee	7,597,289	0	7,597,289
Federal Government	500,442	575,563	1,076,005
Total Revenues	$ 9,745,367	$ 575,623	$ 10,320,990
Expenditures			
Current:			
Instruction	$ 5,137,749	$ 448,398	$ 5,586,147
Support Services	3,177,996	150,867	3,328,863
Operation of Non-Instructional Services	475,014	0	475,014
Capital Outlay	169,443	0	169,443
Debt Service:			
Other Debt Service	245,000	0	245,000
Total Expenditures	$ 9,205,202	$ 599,265	$ 9,804,467
Excess (Deficiency) of Revenues Over Expenditures	$ 540,165	$ (23,642)	$ 516,523
Net Change in Fund Balances	$ 540,165	$ (23,642)	$ 516,523
Fund Balance, July 1, 2008	1,819,323	79,388	1,898,711
Fund Balance, June 30, 2009	$ 2,359,488	$ 55,746	$ 2,415,234

Exhibit J-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 School Department
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:		
Net change in fund balances - total governmental funds (Exhibit J-4)		$ 516,523
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 382,986	
Less: current year depreciation expense	(471,220)	(88,234)
(2) The net effect of various miscellaneous transactions involoving capital assets (sales, trade-ins, and donations) is to decrease net asset. This adjustment reflects capital asset disposals during the current period.		(39,064)
(3) 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, 2009	$ 113,154	
Less: deferred delinquent property taxes and other deferred June 30, 2008	(101,839)	11,315
Change in net assets of governmental activities (Exhibit B)		$ 400,540

Exhibit J-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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,567,754	$ 1,490,374	$ 1,490,374	$ 77,380
Licenses and Permits	788	800	800	(12)
Charges for Current Services	14,780	400	400	14,380
Other Local Revenues	64,314	20,072	10,072	54,242
State of Tennessee	7,597,289	7,374,596	7,652,683	(55,394)
Federal Government	500,442	340,000	330,709	169,733
Total Revenues	$ 9,745,367	$ 9,226,242	$ 9,485,038	$ 260,329
Expenditures				
Instruction				
Regular Instruction Program	$ 3,793,348	$ 4,145,025	$ 4,017,825	$ 224,477
Alternative Instruction Program	86,242	0	92,200	5,958
Special Education Program	846,186	855,940	880,940	34,754
Vocational Education Program	345,455	361,788	371,788	26,333
Adult Education Program	66,518	79,125	76,915	10,397
Support Services				
Attendance	18,091	21,810	21,810	3,719
Health Services	159,844	153,260	154,390	(5,454)
Other Student Support	228,809	174,318	253,118	24,309
Regular Instruction Program	359,971	382,923	382,923	22,952
Special Education Program	130,555	131,887	137,387	6,832
Vocational Education Program	24,252	28,336	28,336	4,084
Adult Programs	42,414	45,375	48,875	6,461
Other Programs	183,072	0	237,076	54,004
Board of Education	102,589	116,120	116,120	13,531
Director of Schools	188,170	194,244	205,244	17,074
Office of the Principal	543,356	546,650	551,650	8,294
Fiscal Services	84,335	100,295	100,295	15,960
Operation of Plant	587,049	666,432	666,432	79,383
Maintenance of Plant	123,975	239,038	184,038	60,063
Transportation	401,514	544,457	518,457	116,943
Operation of Non-Instructional Services				
Food Service	370,856	284,079	294,079	(76,777)
Early Childhood Education	104,158	104,158	104,158	0
Capital Outlay				
Regular Capital Outlay	169,443	89,661	194,661	25,218
Principal on Debt				
Education	0	245,000	0	0
Other Debt Service				
Education	245,000	0	245,000	0
Total Expenditures	$ 9,205,202	$ 9,509,921	$ 9,883,717	$ 678,515
Excess (Deficiency) of Revenues Over Expenditures	$ 540,165	$ (283,679)	$ (398,679)	$ 938,844
Other Financing Sources (Uses)				
Insurance Recovery	$ 0	$ 0	$ 10,000	$ (10,000)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 10,000	$ (10,000)
Net Change in Fund Balance	$ 540,165	$ (283,679)	$ (388,679)	$ 928,844
Fund Balance, July 1, 2008	1,819,323	1,416,250	1,416,250	403,073
Fund Balance, June 30, 2009	$ 2,359,488	$ 1,132,571	$ 1,027,571	$ 1,331,917

Exhibit J-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, 2009

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Other Local Revenues	$ 60	$ 0	$ 0	$ 60
Federal Government	575,563	567,357	567,530	8,033
Total Revenues	$ 575,623	$ 567,357	$ 567,530	$ 8,093
Expenditures				
Instruction				
Regular Instruction Program	$ 185,013	$ 215,462	$ 215,462	$ 30,449
Special Education Program	248,784	425,632	416,705	167,921
Vocational Education Program	14,601	16,320	14,625	24
Support Services				
Other Student Support	4,596	2,900	4,596	0
Regular Instruction Program	87,222	119,356	119,356	32,134
Special Education Program	27,126	72,913	59,413	32,287
Vocational Education Program	800	800	800	0
Transportation	31,123	16,210	38,810	7,687
Total Expenditures	$ 599,265	$ 869,593	$ 869,767	$ 270,502
Excess (Deficiency) of Revenues Over Expenditures	$ (23,642)	$ (302,236)	$ (302,237)	$ 278,595
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 65,051	$ 0	$ 0
Transfers Out	0	(65,051)	0	0
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balance	$ (23,642)	$ (302,236)	$ (302,237)	$ 278,595
Fund Balance, July 1, 2008	79,388	302,237	302,237	(222,849)
Fund Balance, June 30, 2009	$ 55,746	$ 1	$ 0	$ 55,746

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MISCELLANEOUS SCHEDULES

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Exhibit K-1

Hartsville/Trousdale County Government, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Other Loans
For the Year Ended June 30, 2009

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Matured During Period	Outstanding 6-30-09
NOTES PAYABLE							
Payable through General Debt Service Fund							
Leachate Collection Trench	$ 72,000	4.65 %	4-1-04	3-1-13	$ 43,000	$ 8,000	$ 35,000
Highway Equipment/Solid Waste Truck	525,000	4.68	3-1-05	3-1-15	392,000	49,000	343,000
Fire Truck	190,000	4.21	3-7-05	3-1-14	135,000	20,000	115,000
Ambulance Vehicles	300,000	4	Various	10-15-09	300,000	0	300,000
Total Payable through General Debt Service Fund					$ 870,000	$ 77,000	$ 793,000
Payable through Highway/Public Works Fund							
Highway Equipment	300,000	3.95	4-9-07	12-9-12	$ 242,822	$ 51,207	$ 191,615
Total Notes Payable					$ 1,112,822	$ 128,207	$ 984,615
CAPITAL LEASES PAYABLE							
Payable through General Fund							
Sheriff's Department Police Cars	61,975	6.1	10-12-06	10-12-08	$ 20,634	$ 20,634	$ 0
Payable through Urban Services Fund							
Sheriff's Department Police Cars	61,975	6.1	10-12-06	10-12-08	20,634	20,634	0
Total Capital Leases Payable					$ 41,268	$ 41,268	$ 0
OTHER LOANS PAYABLE							
Payable through General Debt Service Fund							
School Construction	3,000,000	Variable	10-11-1995	5-25-16	$ 1,532,314	$ 162,500	$ 1,369,814
Payable through Education Debt Service Fund							
School Construction	(1)	Variable	8-30-02	5-25-22	6,759,359	378,000	6,381,359
Total Other Loans Payable					$ 8,291,673	$ 540,500	$ 7,751,173

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

Exhibit K-2

Hartsville/Trousdale County Government, Tennessee
Schedule of Long-term Debt Requirements by Year
For the Year Ended June 30, 2009

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	$ 433,295	$ 41,227	$ 474,522
2011	139,469	23,410	162,879
2012	145,727	17,326	163,053
2013	116,124	11,313	127,437
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	$ 984,615	$ 103,172	$ 1,087,787

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2010	$ 562,000	$ 32,623	$ 44,692	$ 639,315
2011	584,922	30,099	41,676	656,697
2012	608,213	27,471	38,541	674,225
2013	632,890	24,736	35,282	692,908
2014	658,972	21,887	31,892	712,751
2015	685,477	18,919	28,364	732,760
2016	713,340	15,830	34,113	763,283
2017	508,000	12,726	29,808	550,534
2018	527,000	10,738	27,224	564,962
2019	547,000	8,677	24,541	580,218
2020	568,000	6,537	29,014	603,551
2021	589,000	4,314	26,401	619,715
2022	566,359	2,025	23,708	592,092
Total	$ 7,751,173	$ 216,582	$ 415,256	$ 8,383,011

Exhibit K-3

Hartsville/Trousdale County Government, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2009

From Fund	To Fund	Purpose	Amount
General	Water and Sewer	Operations	$ 10,254
Total Transfers			$ 10,254

Exhibit K-4

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, 2009

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Executive	Section 8-24-102, TCA	$ 60,950	(1)	$ 25,000	State Automobile Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	57,477		100,000	"
Director of Schools:					
Margaret Oldham (7-1-08 through 7-24-08)	State Board of Education and Hartsville/Trousdale County Government Board of Education	40,023	(2)	(6)	
Clint Satterfield (7-27-08 through 6-30-09)	State Board of Education and Hartsville/Trousdale County Government Board of Education	69,402	(3)	(6)	
Trustee	Section 8-24-102, TCA	52,251		413,000	"
Assessor of Property:					
Bobby Satterfield (7-1-08 through 8-31-08)	Section 8-24-102, TCA	10,048		10,000	"
Dewayne Byrd (9-1-08 through 6-30-09)	Section 8-24-102, TCA	42,203		10,000	"
County Clerk	Section 8-24-102, TCA	52,251		35,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	52,251		35,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	52,251	(4)	35,000	"
Register	Section 8-24-102, TCA	52,251		25,000	"
Sheriff	Section 8-24-102, TCA	57,477	(5)	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) Includes $600 for serving as chairman of the Highway Commission.
(2) Includes $2,080 sick pay per TEA contract and $14,454 vacation pay.
(3) Includes $1,000 chief executive officer training supplement, $1,736 secretary of the board of education, and $289 one-time state bonus.
(4) Does not include special commissioner fees of $220.
(5) Does not include a law enforcement training supplement of $600.
(6) The director of schools is covered under the blanket bond.

Exhibit K-5

Hartsville/Trousdale County Government, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2009

		Special Revenue Funds					Debt Service Funds		
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service	Total
Local Taxes									
County Property Taxes									
Current Property Tax	$ 1,467,858	$ 385,253	$ 239,839	$ 0	$ 0	$ 0	$ 143,903	$ 230,245	$ 2,467,098
Discount on Property Taxes	(11,009)	(3,135)	(1,799)	0	0	0	(1,080)	(1,727)	(18,750)
Trustee's Collections - Prior Year	102,662	35,775	16,455	0	0	0	9,873	15,787	180,552
Circuit/Clerk & Master Collections - Prior Years	32,122	15,572	5,148	0	0	0	3,089	4,942	60,873
Interest and Penalty	18,905	6,517	3,035	0	0	0	1,821	2,914	33,192
Pick-up Taxes	485	0	79	0	0	0	47	76	687
Payments in-Lieu-of Taxes - T.V.A.	22,967	0	0	0	0	0	0	0	22,967
Payments in-Lieu-of Taxes - Other	9,771	4,200	0	0	0	0	0	0	13,971
County Local Option Taxes									
Local Option Sales Tax	379,015	0	0	0	0	0	0	0	379,015
Wheel Tax	0	0	0	0	0	0	0	339,433	339,433
Litigation Tax - General	32,292	0	0	0	0	0	0	0	32,292
Litigation Tax - Special Purpose	80,105	0	0	0	0	0	0	0	80,105
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	22,750	0	22,750
Business Tax	15,228	0	2,715	0	0	0	1,499	2,399	21,841
Adequate Facilities/Development Tax	0	0	0	0	0	0	0	30,000	30,000
Other County Local Option Taxes	0	37,421	0	0	0	0	0	0	37,421
Statutory Local Taxes									
Bank Excise Tax	57,458	0	0	0	0	0	0	0	57,458
Wholesale Beer Tax	149,584	0	0	0	0	0	0	0	149,584
Interstate Telecommunications Tax	591	0	0	0	0	0	0	0	591
Other Statutory Local Taxes	0	34,687	0	0	0	0	0	0	34,687
City Local Option Taxes									
Local Option Sales Tax	145,028	0	0	0	0	0	0	0	145,028
Total Local Taxes	$ 2,503,062	$ 516,290	$ 265,472	$ 0	$ 0	$ 0	$ 181,902	$ 624,069	$ 4,090,795
Licenses and Permits									
Licenses									
Cable TV Franchise	$ 0	$ 11,049	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 11,049

(Continued)

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

	General	Special Revenue Funds: Urban Services	Special Revenue Funds: Solid Waste / Sanitation	Special Revenue Funds: Drug Control	Special Revenue Funds: District Attorney General	Special Revenue Funds: Highway / Public Works	Debt Service Funds: General Debt Service	Debt Service Funds: Education Debt Service	Total
Licenses and Permits (Cont.)									
Permits									
Building Permits	$ 15,835	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 15,835
Other Permits	885	0	0	0	0	0	0	0	885
Total Licenses and Permits	$ 16,720	$ 11,049	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 27,769
Fines, Forfeitures, and Penalties									
Circuit Court									
Fines	$ 3,852	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,852
Officers Costs	1,451	0	0	0	0	0	0	0	1,451
Drug Control Fines	0	0	0	3,946	0	0	0	0	3,946
Data Entry Fee - Circuit Court	313	0	0	0	0	0	0	0	313
General Sessions Court									
Fines	19,044	0	0	0	0	0	0	0	19,044
Officers Costs	31,876	0	0	0	0	0	0	0	31,876
Game and Fish Fines	691	0	0	0	0	0	0	0	691
Drug Control Fines	0	0	0	2,400	0	0	0	0	2,400
Jail Fees	848	0	0	0	0	0	1,024	0	1,872
DUI Treatment Fines	3,986	0	0	0	0	0	0	0	3,986
Data Entry Fee - General Sessions Court	6,743	0	0	0	0	0	0	0	6,743
Courtroom Security Fee	15,535	0	0	0	0	0	0	0	15,535
Juvenile Court									
Officers Costs	871	0	0	0	0	0	0	0	871
DUI Treatment Fines	7,301	0	0	0	0	0	0	0	7,301
Chancery Court									
Officers Costs	1,420	0	0	0	0	0	0	0	1,420
Data Entry Fee - Chancery Court	1,794	0	0	0	0	0	0	0	1,794
Courts in Other District Counties									
District Attorney General Fees	0	0	0	0	23,868	0	0	0	23,868
Other Fines, Forfeitures, and Penalties									
Other Fines, Forfeitures, and Penalties	3,150	0	0	0	0	0	0	0	3,150
Total Fines, Forfeitures, and Penalties	$ 98,875	$ 0	$ 0	$ 6,346	$ 23,868	$ 0	$ 1,024	$ 0	$ 130,113

(Continued)

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

		Special Revenue Funds					Debt Service Funds		
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service	Total
Charges for Current Services									
General Service Charges									
Commercial and Industrial Waste Collection Charge	$ 0	$ 0	$ 105,003	$ 0	$ 0	$ 0	$ 0	$ 0	$ 105,003
Residential Waste Collection Charge	0	141,133	0	0	0	0	0	0	141,133
Patient Charges	552,076	0	0	0	0	0	0	0	552,076
Zoning Studies	300	0	0	0	0	0	0	0	300
Other General Service Charges	13,799	0	0	0	0	0	0	0	13,799
Fees									
Copy Fees	6,172	0	0	0	0	0	0	0	6,172
Telephone Commissions	2,184	0	0	0	0	0	0	0	2,184
Data Processing Fee - Register	3,054	0	0	0	0	0	0	0	3,054
Data Processing Fee - Sheriff	150	0	0	0	0	0	0	0	150
Sexual Offender Registration Fees - Sheriff	2,200	0	0	0	0	0	0	0	2,200
Data Processing Fee - County Clerk	414	0	0	0	0	0	0	0	414
Total Charges for Current Services	$ 580,349	$ 141,133	$ 105,003	$ 0	$ 0	$ 0	$ 0	$ 0	$ 826,485
Other Local Revenues									
Recurring Items									
Investment Income	$ 170,092	$ 0	$ 0	$ 0	$ 0	$ 4,232	$ 0	$ 25,706	$ 200,030
Lease/Rentals	25,357	0	0	0	0	0	0	0	25,357
Commissary Sales	5,180	0	0	0	0	0	0	0	5,180
Sale of Gasoline	25,296	0	0	0	0	0	0	0	25,296
Sale of Recycled Materials	0	0	11,559	0	0	0	0	0	11,559
Miscellaneous Refunds	12,368	5,525	0	0	600	5,941	0	0	24,434
Nonrecurring Items									
Damages Recovered from Individuals	725	0	0	0	0	0	0	0	725
Other Local Revenues									
Other Local Revenues	358	0	0	0	0	0	0	0	358
Total Other Local Revenues	$ 239,376	$ 5,525	$ 11,559	$ 0	$ 600	$ 10,173	$ 0	$ 25,706	$ 292,939

(Continued)

Exhibit K-5

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

		Special Revenue Funds					Debt Service Funds		
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service	Total
Fees Received from County Officials									
Fees in-Lieu-of Salary									
County Clerk	$ 84,544	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 84,544
Circuit Court Clerk	24,756	0	0	0	0	0	0	0	24,756
General Sessions Court Clerk	102,270	0	0	0	0	0	0	0	102,270
Clerk and Master	27,487	0	0	0	0	0	0	0	27,487
Register	29,522	0	0	0	0	0	0	0	29,522
Sheriff	3,970	0	0	0	0	0	0	0	3,970
Trustee	134,784	0	0	0	0	0	0	0	134,784
Total Fees Received from County Officials	$ 407,333	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 407,333
State of Tennessee									
General Government Grants									
Juvenile Services Program	$ 11,250	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 11,250
Aging Programs	29,300	0	0	0	0	0	0	0	29,300
State Reappraisal Grant	2,939	0	0	0	0	0	0	0	2,939
Solid Waste Grants	0	0	6,481	0	0	0	0	0	6,481
Public Safety Grants									
Law Enforcement Training Programs	7,200	2,400	0	0	0	0	0	0	9,600
Public Works Grants									
Bridge Program	0	0	0	0	0	90,333	0	0	90,333
State Aid Program	0	0	0	0	0	100,732	0	0	100,732
Litter Program	30,670	0	0	0	0	0	0	0	30,670
Other State Revenues									
Flood Control	525	0	0	0	0	0	0	0	525
Income Tax	34,012	0	0	0	0	0	0	0	34,012
Beer Tax	19,950	0	0	0	0	0	0	0	19,950
Alcoholic Beverage Tax	12,124	0	0	0	0	0	0	0	12,124
Emergency Hospital - Prisoners	4,646	0	0	0	0	0	0	0	4,646
Contracted Prisoner Boarding	218,715	0	0	0	0	0	0	0	218,715
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,187,101	0	0	1,187,101
Petroleum Special Tax	0	0	0	0	0	10,976	0	0	10,976

(Continued)

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

		Special Revenue Funds					Debt Service Funds		
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	General Debt Service	Education Debt Service	Total
State of Tennessee (Cont.)									
Other State Revenues (Cont.)									
Registrar's Salary Supplement	$ 10,817	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,817
Other State Grants	4,242	266	595	0	0	5,204	0	0	10,307
Total State of Tennessee	$ 386,390	$ 2,666	$ 7,076	$ 0	$ 0	$ 1,394,346	$ 0	$ 0	$ 1,790,478
Federal Government									
Federal Through State									
Disaster Relief	$ 19,670	$ 1,599	$ 3,568	$ 0	$ 0	$ 85,558	$ 0	$ 0	$ 110,395
Homeland Security Grants	50,527	0	0	0	0	0	0	0	50,527
Law Enforcement Grants	4,989	0	0	0	0	0	0	0	4,989
Other Federal through State	2,108	0	0	0	0	0	0	0	2,108
Direct Federal Revenue									
Police Service (Lake Area)	9,648	0	0	0	0	0	0	0	9,648
Total Federal Government	$ 86,942	$ 1,599	$ 3,568	$ 0	$ 0	$ 85,558	$ 0	$ 0	$ 177,667
Other Governments and Citizens Groups									
Other Governments									
Contributions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 170,000	$ 75,000	$ 245,000
Contracted Services	2,000	500	0	0	0	0	0	0	2,500
Citizens Groups									
Donations	7,184	0	0	0	0	0	0	0	7,184
Total Other Governments and Citizens Groups	$ 9,184	$ 500	$ 0	$ 0	$ 0	$ 0	$ 170,000	$ 75,000	$ 254,684
Total	$ 4,328,231	$ 678,762	$ 392,678	$ 6,346	$ 24,468	$ 1,490,077	$ 352,926	$ 724,775	$ 7,998,263

Exhibit K-6

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, 2009

	General Purpose School	School Federal Projects	Total
Local Taxes			
County Property Taxes			
Current Property Tax	$ 872,955	$ 0	$ 872,955
Discount on Property Taxes	(6,548)	0	(6,548)
Trustee's Collections - Prior Year	57,904	0	57,904
Circuit/Clerk & Master Collections - Prior Years	18,825	0	18,825
Interest and Penalty	10,722	0	10,722
Pick-up Taxes	285	0	285
Payments in-Lieu-of Taxes - T.V.A.	174,296	0	174,296
County Local Option Taxes			
Local Option Sales Tax	427,288	0	427,288
Business Tax	10,797	0	10,797
Statutory Local Taxes			
Interstate Telecommunications Tax	1,230	0	1,230
Total Local Taxes	$ 1,567,754	$ 0	$ 1,567,754
Licenses and Permits			
Licenses			
Marriage Licenses	$ 788	$ 0	$ 788
Total Licenses and Permits	$ 788	$ 0	$ 788
Charges for Current Services			
Education Charges			
Tuition - Other	$ 10,277	$ 0	$ 10,277
Receipts from Individual Schools	4,503	0	4,503
Total Charges for Current Services	$ 14,780	$ 0	$ 14,780
Other Local Revenues			
Recurring Items			
Lease/Rentals	$ 125	$ 0	$ 125
Refund of Telecommunication & Internet Fees (E-Rate)	14,524	0	14,524
Miscellaneous Refunds	42,575	60	42,635
Nonrecurring Items			
Sale of Equipment	5,000	0	5,000
Contributions and Gifts	2,090	0	2,090
Total Other Local Revenues	$ 64,314	$ 60	$ 64,374
State of Tennessee			
General Government Grants			
On-Behalf Contributions for OPEB	$ 57,076	$ 0	$ 57,076
Health and Welfare Grants			
Other Health and Welfare Grants	22,813	0	22,813
State Education Funds			
Basic Education Program	6,922,790	0	6,922,790
Early Childhood Education	98,436	0	98,436
School Food Service	7,055	0	7,055
Driver Education	6,646	0	6,646
Other State Education Funds	144,810	0	144,810
Career Ladder Program	69,869	0	69,869
Career Ladder - Extended Contract	41,800	0	41,800

(Continued)

Exhibit K-6

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
State of Tennessee (Cont.)			
Other State Revenues			
Other State Grants	$ 225,994	$ 0	$ 225,994
Total State of Tennessee	$ 7,597,289	$ 0	$ 7,597,289
Federal Government			
Federal Through State			
USDA School Lunch Program	$ 264,747	$ 0	$ 264,747
Breakfast	71,672	0	71,672
USDA - Other	55,924	0	55,924
Adult Education State Grant Program	54,005	0	54,005
Vocational Education - Basic Grants to States	0	21,185	21,185
Title I Grants to Local Education Agencies	0	216,301	216,301
Special Education - Grants to States	41,091	269,025	310,116
Special Education Preschool Grants	0	8,837	8,837
Safe and Drug-Free Schools - State Grants	0	4,365	4,365
Eisenhower Professional Development State Grants	0	55,850	55,850
Other Federal through State	13,003	0	13,003
Total Federal Government	$ 500,442	$ 575,563	$ 1,076,005
Total	$ 9,745,367	$ 575,623	$ 10,320,990

Exhibit K-7

Hartsville/Trousdale County Government, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund			
General Government			
County Commission			
Board and Committee Members Fees	$ 6,120		
Other Per Diem and Fees	2,605		
Social Security	479		
Employer Medicare	112		
Audit Services	2,178		
Legal Notices, Recording, and Court Costs	310		
Other Contracted Services	3,890		
Total County Commission		$	15,694
Beer Board			
Board and Committee Members Fees	$ 60		
Total Beer Board			60
County Mayor/Executive			
County Official/Administrative Officer	$ 60,350		
Secretary(ies)	64,926		
In-Service Training	738		
Social Security	7,492		
State Retirement	10,604		
Medical Insurance	14,250		
Employer Medicare	1,752		
Data Processing Services	4,874		
Legal Notices, Recording, and Court Costs	59		
Maintenance and Repair Services - Office Equipment	75		
Printing, Stationery, and Forms	1,075		
Travel	3,691		
Office Supplies	1,998		
Premiums on Corporate Surety Bonds	100		
Other Charges	488		
Office Equipment	1,428		
Total County Mayor/Executive			173,900
County Attorney			
County Official/Administrative Officer	$ 10,286		
Total County Attorney			10,286
Election Commission			
County Official/Administrative Officer	$ 41,801		
Deputy(ies)	2,397		
Election Commission	5,430		

(Continued)

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

General Fund (Cont.)			
General Government (Cont.)			
Election Commission (Cont.)			
Election Workers	$ 7,774		
In-Service Training	900		
Social Security	2,495		
State Retirement	3,273		
Medical Insurance	4,560		
Employer Medicare	584		
Data Processing Services	12,595		
Dues and Memberships	150		
Legal Notices, Recording, and Court Costs	2,597		
Maintenance and Repair Services - Equipment	1,244		
Printing, Stationery, and Forms	331		
Travel	1,115		
Office Supplies	169		
Other Charges	606		
Total Election Commission		$	88,021
Register of Deeds			
County Official/Administrative Officer	$ 52,251		
Deputy(ies)	9,255		
Social Security	3,683		
State Retirement	4,091		
Medical Insurance	4,560		
Employer Medicare	861		
Data Processing Services	3,087		
Dues and Memberships	15		
Maintenance and Repair Services - Office Equipment	32		
Printing, Stationery, and Forms	1,287		
Office Supplies	1,276		
Premiums on Corporate Surety Bonds	100		
Office Equipment	225		
Total Register of Deeds			80,723
Planning			
County Official/Administrative Officer	$ 40,494		
Other Salaries and Wages	649		
In-Service Training	60		
Social Security	2,415		
State Retirement	3,171		
Medical Insurance	4,560		
Employer Medicare	565		

(Continued)

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

General Fund (Cont.)			
General Government (Cont.)			
Planning (Cont.)			
Dues and Memberships	$ 7,750		
Legal Notices, Recording, and Court Costs	39		
Printing, Stationery, and Forms	179		
Gasoline	835		
Office Supplies	207		
Other Charges	2,087		
Total Planning		$	63,011
County Buildings			
Attendants	$ 10,710		
Custodial Personnel	12,317		
Social Security	914		
State Retirement	839		
Medical Insurance	4,560		
Employer Medicare	214		
Maintenance and Repair Services - Buildings	16,241		
Maintenance and Repair Services - Equipment	4,903		
Pest Control	714		
Other Contracted Services	7,169		
Custodial Supplies	6,824		
Electricity	39,857		
Natural Gas	22,836		
Water and Sewer	2,219		
Other Charges	2,661		
Total County Buildings			132,978
Finance			
Property Assessor's Office			
County Official/Administrative Officer	$ 52,251		
Deputy(ies)	22,921		
Board and Committee Members Fees	620		
In-Service Training	15		
Social Security	4,443		
State Retirement	5,886		
Medical Insurance	8,740		
Employer Medicare	1,039		
Legal Notices, Recording, and Court Costs	91		
Maintenance and Repair Services - Vehicles	553		
Printing, Stationery, and Forms	1,172		
Travel	147		

(Continued)

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

General Fund (Cont.)			
Finance (Cont.)			
Property Assessor's Office (Cont.)			
Gasoline	$ 1,051		
Office Supplies	245		
Premiums on Corporate Surety Bonds	100		
Other Charges	100		
Office Equipment	504		
Total Property Assessor's Office		$	99,878
County Trustee's Office			
County Official/Administrative Officer	$ 52,251		
Deputy(ies)	22,921		
In-Service Training	41		
Social Security	3,986		
State Retirement	5,886		
Medical Insurance	8,754		
Employer Medicare	932		
Data Processing Services	5,309		
Dues and Memberships	100		
Legal Notices, Recording, and Court Costs	12		
Printing, Stationery, and Forms	3,274		
Office Supplies	632		
Premiums on Corporate Surety Bonds	938		
Other Charges	100		
Office Equipment	100		
Total County Trustee's Office			105,236
County Clerk's Office			
County Official/Administrative Officer	$ 52,251		
Deputy(ies)	22,919		
Social Security	4,661		
State Retirement	5,886		
Medical Insurance	8,387		
Employer Medicare	1,090		
Dues and Memberships	100		
Legal Notices, Recording, and Court Costs	5		
Printing, Stationery, and Forms	4,193		
Office Supplies	437		
Premiums on Corporate Surety Bonds	225		
Office Equipment	80		
Total County Clerk's Office			100,234

(Continued)

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	$ 52,251		
Deputy(ies)	52,894		
Overtime Pay	517		
Board and Committee Members Fees	250		
Jury and Witness Fees	3,405		
Social Security	6,331		
State Retirement	8,273		
Medical Insurance	12,947		
Employer Medicare	1,482		
Dues and Memberships	60		
Legal Notices, Recording, and Court Costs	177		
Maintenance and Repair Services - Office Equipment	80		
Printing, Stationery, and Forms	6,058		
Office Supplies	783		
Premiums on Corporate Surety Bonds	225		
Total Circuit Court		$	145,733
General Sessions Court			
Judge(s)	$ 59,919		
Other Salaries and Wages	5,180		
Social Security	3,029		
State Retirement	4,692		
Medical Insurance	4,560		
Employer Medicare	708		
Dues and Memberships	100		
Total General Sessions Court			78,188
Chancery Court			
County Official/Administrative Officer	$ 52,251		
Deputy(ies)	5,092		
Jury and Witness Fees	484		
Social Security	3,474		
State Retirement	4,091		
Medical Insurance	4,560		
Employer Medicare	812		
Dues and Memberships	60		
Legal Notices, Recording, and Court Costs	16		
Printing, Stationery, and Forms	970		
Office Supplies	135		
Premiums on Corporate Surety Bonds	225		
Total Chancery Court			72,170

(Continued)

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

General Fund (Cont.)			
Administration of Justice (Cont.)			
Judicial Commissioners			
In-Service Training	$ 727		
Social Security	909		
Employer Medicare	213		
Dues and Memberships	70		
Other Contracted Services	14,660		
Gasoline	1,115		
Total Judicial Commissioners		$	17,694
Public Safety			
Sheriff's Department			
County Official/Administrative Officer	$ 57,477		
Deputy(ies)	404,121		
Salary Supplements	6,700		
Dispatchers/Radio Operators	105,714		
Overtime Pay	23,929		
In-Service Training	2,673		
Social Security	35,219		
State Retirement	45,731		
Medical Insurance	69,146		
Employer Medicare	8,237		
Communication	33		
Data Processing Services	1,162		
Legal Notices, Recording, and Court Costs	90		
Maintenance and Repair Services - Equipment	15,263		
Maintenance and Repair Services - Office Equipment	9,596		
Maintenance and Repair Services - Vehicles	31,605		
Medical and Dental Services	1,514		
Printing, Stationery, and Forms	1,340		
Rentals	3,287		
Tow-in Services	45		
Travel	4,948		
Electricity	644		
Gasoline	33,704		
Law Enforcement Supplies	13,053		
Office Supplies	1,797		
Uniforms	10,076		
Other Supplies and Materials	704		
Premiums on Corporate Surety Bonds	125		
Other Charges	971		
Law Enforcement Equipment	9,288		

(Continued)

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

General Fund (Cont.)			
Public Safety (Cont.)			
Sheriff's Department (Cont.)			
Office Equipment	$ 3,774		
Other Equipment	30,253		
Total Sheriff's Department		$	932,219
Drug Enforcement			
Deputy(ies)	$ 35,270		
Social Security	2,048		
State Retirement	2,762		
Medical Insurance	4,560		
Employer Medicare	461		
Gasoline	2,249		
Total Drug Enforcement			47,350
Administration of the Sexual Offender Registry			
Other Supplies and Materials	$ 500		
Total Administration of the Sexual Offender Registry			500
Jail			
Guards	$ 408,764		
Cafeteria Personnel	21,254		
Overtime Pay	2,840		
In-Service Training	1,560		
Social Security	25,483		
State Retirement	33,761		
Medical Insurance	60,396		
Employer Medicare	5,960		
Communication	257		
Data Processing Services	3,150		
Legal Notices, Recording, and Court Costs	79		
Maintenance and Repair Services - Buildings	3,739		
Maintenance and Repair Services - Equipment	11,880		
Medical and Dental Services	70,920		
Pest Control	240		
Printing, Stationery, and Forms	1,494		
Custodial Supplies	10,282		
Electricity	18,156		
Food Supplies	43,600		
Law Enforcement Supplies	914		
Natural Gas	6,749		
Office Supplies	1,674		

(Continued)

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

General Fund (Cont.)			
Public Safety (Cont.)			
Jail (Cont.)			
Prisoners Clothing	$ 1,383		
Uniforms	2,368		
Water and Sewer	9,498		
Other Supplies and Materials	1,507		
Other Charges	917		
Other Equipment	2,230		
Total Jail		$	751,055
Workhouse			
Guards	$ 46,741		
Social Security	2,803		
State Retirement	3,660		
Medical Insurance	7,705		
Employer Medicare	656		
Maintenance and Repair Services - Equipment	367		
Maintenance and Repair Services - Vehicles	1,119		
Gasoline	4,229		
Other Supplies and Materials	43		
Other Equipment	404		
Total Workhouse			67,727
Juvenile Services			
Other Salaries and Wages	$ 17,703		
Social Security	1,098		
Employer Medicare	257		
Travel	894		
Other Charges	4,074		
Total Juvenile Services			24,026
Fire Prevention and Control			
In-Service Training	$ 3,348		
Contributions	14,995		
Dues and Memberships	150		
Maintenance and Repair Services - Buildings	131		
Maintenance and Repair Services - Equipment	1,518		
Maintenance and Repair Services - Vehicles	12,516		
Medical and Dental Services	302		
Other Contracted Services	415		
Electricity	210		
Gasoline	1,161		

(Continued)

Exhibit K-7

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.)			
Other Supplies and Materials	$ 270		
Other Charges	1,084		
Other Equipment	4,240		
Total Fire Prevention and Control		$	40,340
Civil Defense			
In-Service Training	$ 168		
Communication	1,185		
Dues and Memberships	35		
Maintenance and Repair Services - Equipment	350		
Maintenance and Repair Services - Vehicles	2,494		
Other Contracted Services	2,067		
Electricity	1,821		
Gasoline	1,455		
Natural Gas	1,072		
Water and Sewer	275		
Other Supplies and Materials	1,239		
Other Equipment	36,786		
Total Civil Defense			48,947
Inspection and Regulation			
Drugs and Medical Supplies	$ 411		
Other Charges	15		
Total Inspection and Regulation			426
County Coroner/Medical Examiner			
Other Contracted Services	$ 5,300		
Total County Coroner/Medical Examiner			5,300
Public Health and Welfare			
Local Health Center			
Communication	$ 1,367		
Contributions	13,500		
Dues and Memberships	178		
Maintenance and Repair Services - Buildings	6,478		
Maintenance and Repair Services - Equipment	2,486		
Pest Control	120		
Postal Charges	176		
Printing, Stationery, and Forms	163		
Custodial Supplies	508		

(Continued)

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.)			
Drugs and Medical Supplies	$ 130		
Electricity	4,201		
Natural Gas	2,325		
Office Supplies	567		
Periodicals	346		
Water and Sewer	275		
Other Supplies and Materials	19		
Other Charges	219		
Total Local Health Center		$	33,058
Ambulance/Emergency Medical Services			
Supervisor/Director	$ 38,821		
Medical Personnel	397,600		
Overtime Pay	200,087		
In-Service Training	1,463		
Social Security	39,276		
State Retirement	43,958		
Medical Insurance	50,444		
Employer Medicare	9,186		
Advertising	305		
Communication	3,503		
Contracts with Private Agencies	36,749		
Dues and Memberships	240		
Evaluation and Testing	1,440		
Laundry Service	585		
Legal Notices, Recording, and Court Costs	57		
Licenses	1,650		
Maintenance and Repair Services - Buildings	1,196		
Maintenance and Repair Services - Equipment	1,096		
Maintenance and Repair Services - Vehicles	24,884		
Pest Control	120		
Postal Charges	84		
Printing, Stationery, and Forms	1,885		
Rentals	3,311		
Custodial Supplies	996		
Drugs and Medical Supplies	13,138		
Electricity	3,730		
Gasoline	14,236		
Natural Gas	2,974		
Office Supplies	241		

(Continued)

Exhibit K-7

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.)			
Uniforms	$ 3,215		
Water and Sewer	794		
Other Supplies and Materials	771		
Workers' Compensation Insurance	72,297		
Site Development	1,269		
Other Equipment	2,430		
Total Ambulance/Emergency Medical Services		$	974,031
Alcohol and Drug Programs			
Instructional Supplies and Materials	$ 675		
Total Alcohol and Drug Programs			675
Sanitation Education/Information			
Education Media Personnel	$ 5,546		
Guards	13,580		
Clerical Personnel	2,197		
Social Security	1,064		
State Retirement	1,252		
Employer Medicare	249		
Advertising	113		
Maintenance and Repair Services - Vehicles	1,000		
Custodial Supplies	785		
Gasoline	2,530		
Instructional Supplies and Materials	5,486		
Other Supplies and Materials	435		
Total Sanitation Education/Information			34,237
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	$ 17,147		
Part-time Personnel	8,748		
Social Security	1,552		
State Retirement	1,343		
Employer Medicare	363		
Communication	1,195		
Maintenance and Repair Services - Equipment	30		

(Continued)

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

General Fund (Cont.)			
Social, Cultural, and Recreational Services (Cont.)			
Senior Citizens Assistance (Cont.)			
Maintenance and Repair Services - Vehicles	$ 250		
Pest Control	200		
Other Contracted Services	900		
Food Supplies	299		
Gasoline	379		
Office Supplies	600		
Periodicals	16		
Other Supplies and Materials	2,438		
Other Equipment	3,380		
Total Senior Citizens Assistance		$	38,840
Libraries			
Assistant(s)	$ 16,912		
Librarians	18,934		
Overtime Pay	96		
Social Security	2,145		
State Retirement	2,539		
Medical Insurance	6,565		
Employer Medicare	502		
Contributions	23,468		
Water and Sewer	275		
Total Libraries			71,436
Parks and Fair Boards			
Supervisor/Director	$ 7,835		
Laborers	6,764		
Temporary Personnel	15,724		
Social Security	1,857		
State Retirement	1,742		
Medical Insurance	912		
Employer Medicare	434		
Legal Notices, Recording, and Court Costs	13		
Maintenance and Repair Services - Buildings	1,840		
Maintenance and Repair Services - Equipment	2,278		
Maintenance and Repair Services - Vehicles	416		
Permits	680		
Custodial Supplies	242		
Electricity	9,134		
Fertilizer, Lime, and Seed	390		
Food Supplies	1,596		

(Continued)

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.)			
Gasoline	$ 1,286		
Water and Sewer	4,165		
Chemicals	1,994		
Other Supplies and Materials	763		
Other Charges	130		
Total Parks and Fair Boards		$	60,195
Agriculture and Natural Resources			
Agriculture Extension Service			
Salary Supplements	$ 15,567		
Secretary(ies)	7,688		
In-Service Training	35		
Social Security	1,779		
State Retirement	3,028		
Communication	3,015		
Contributions	3,875		
Dues and Memberships	290		
Travel	354		
Office Supplies	1,470		
Other Charges	717		
Office Equipment	1,623		
Total Agriculture Extension Service			39,441
Soil Conservation			
Contributions	$ 12,115		
Total Soil Conservation			12,115
Other Operations			
Other Charges			
Mechanic(s)	$ 23,507		
Social Security	1,451		
State Retirement	2,242		
Medical Insurance	2,127		
Employer Medicare	339		
Communication	29,132		
Evaluation and Testing	2,951		
Maintenance and Repair Services - Vehicles	112		
Postal Charges	8,607		
Rentals	16,206		
Liability Insurance	39,247		

(Continued)

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

General Fund (Cont.)			
Other Operations (Cont.)			
Other Charges (Cont.)			
Trustee's Commission	$ 49,761		
Workers' Compensation Insurance	49,781		
Other Charges	227		
Total Other Charges		$ 225,690	
Employee Benefits			
Handling Charges and Administrative Costs	$ 688		
Unemployment Compensation	7,363		
Total Employee Benefits		8,051	
Miscellaneous			
Contributions	$ 7,000		
Dues and Memberships	2,969		
Total Miscellaneous		9,969	
Principal on Debt			
General Government			
Principal on Capital Leases	$ 20,634		
Total General Government		20,634	
Interest on Debt			
General Government			
Interest on Capital Leases	$ 1,259		
Total General Government		1,259	
Total General Fund			$ 4,643,327
Urban Services Fund			
Public Safety			
Sheriff's Department			
Deputy(ies)	$ 166,861		
Salary Supplements	2,900		
Dispatchers/Radio Operators	37,597		
Overtime Pay	9,225		
Social Security	13,226		
State Retirement	37,728		
Medical Insurance	13,314		
Employer Medicare	3,093		
Maintenance and Repair Services - Vehicles	3,749		
Gasoline	9,618		
Total Sheriff's Department		$ 297,311	

(Continued)

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

Urban Services Fund (Cont.)			
Public Safety (Cont.)			
Fire Prevention and Control			
Gasoline	$ 1,000		
Other Charges	2,003		
Total Fire Prevention and Control		$	3,003
Public Health and Welfare			
Rabies and Animal Control			
Overtime Pay	$ 180		
Other Salaries and Wages	4,273		
Social Security	194		
State Retirement	349		
Medical Insurance	604		
Employer Medicare	45		
Maintenance and Repair Services - Buildings	331		
Maintenance and Repair Services - Vehicles	398		
Animal Food and Supplies	31		
Custodial Supplies	1,015		
Gasoline	1,124		
Water and Sewer	454		
Other Charges	1,015		
Total Rabies and Animal Control			10,013
Waste Pickup			
Supervisor/Director	$ 17,921		
Truck Drivers	23,700		
Laborers	39,033		
Overtime Pay	147		
Social Security	4,779		
State Retirement	8,703		
Medical Insurance	14,954		
Employer Medicare	1,118		
Maintenance and Repair Services - Equipment	614		
Maintenance and Repair Services - Vehicles	7,334		
Printing, Stationery, and Forms	168		
Disposal Fees	18,393		
Gasoline	5,293		
Other Supplies and Materials	354		
Total Waste Pickup			142,511

(Continued)

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

Urban Services Fund (Cont.)			
Social, Cultural, and Recreational Services			
Other Social, Cultural, and Recreational			
Other Charges	$ 2,006		
Total Other Social, Cultural, and Recreational		$ 2,006	
Other Operations			
Other Charges			
Electricity	$ 67,401		
Trustee's Commission	11,096		
Workers' Compensation Insurance	19,990		
Other Charges	13		
Total Other Charges		98,500	
Employee Benefits			
State Retirement	$ 1,238		
Total Employee Benefits		1,238	
Highways			
Highway and Bridge Maintenance			
Asphalt - Hot Mix	$ 50,527		
Total Highway and Bridge Maintenance		50,527	
Principal on Debt			
General Government			
Principal on Capital Leases	$ 20,634		
Total General Government		20,634	
Interest on Debt			
General Government			
Interest on Capital Leases	$ 1,259		
Total General Government		1,259	
Total Urban Services Fund			$ 627,002
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Convenience Centers			
Supervisor/Director	$ 15,670		
Truck Drivers	53,916		
Attendants	43,120		
Overtime Pay	4,929		
Social Security	7,062		

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)			
Public Health and Welfare (Cont.)			
Convenience Centers (Cont.)			
State Retirement	$ 18,810		
Medical Insurance	10,944		
Employer Medicare	1,652		
Legal Notices, Recording, and Court Costs	28		
Maintenance and Repair Services - Equipment	2,840		
Maintenance and Repair Services - Vehicles	16,068		
Printing, Stationery, and Forms	57		
Electricity	2,458		
Gasoline	24,544		
Water and Sewer	620		
Other Supplies and Materials	494		
Site Development	597		
Solid Waste Equipment	9,372		
Total Convenience Centers		$ 213,181	
Other Waste Disposal			
Disposal Fees	$ 143,257		
Trustee's Commission	6,452		
Total Other Waste Disposal		149,709	
Postclosure Care Costs			
Engineering Services	$ 2,871		
Landfill Closure/Postclosure Care Costs	497		
Total Postclosure Care Costs		3,368	
Other Operations			
Other Charges			
Workers' Compensation Insurance	$ 14,360		
Total Other Charges		14,360	
Total Solid Waste/Sanitation Fund			$ 380,618
Drug Control Fund			
Public Safety			
Drug Enforcement			
Law Enforcement Supplies	$ 282		
Other Supplies and Materials	681		
Trustee's Commission	68		
Law Enforcement Equipment	4,597		
Total Drug Enforcement		$ 5,628	
Total Drug Control Fund			5,628

(Continued)

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

District Attorney General Fund			
Administration of Justice			
District Attorney General			
Temporary Personnel	$ 1,000		
Jury and Witness Fees	2,185		
Travel	1,413		
Library Books/Media	2,814		
Other Supplies and Materials	1,561		
Trustee's Commission	239		
In Service/Staff Development	7,797		
Other Charges	248		
Other Equipment	2,117		
Total District Attorney General		$ 19,374	
Total District Attorney General Fund			$ 19,374
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 57,477		
Accountants/Bookkeepers	29,664		
Other Salaries and Wages	2,113		
Board and Committee Members Fees	1,200		
Social Security	5,070		
State Retirement	6,800		
Employer Medicare	1,186		
Communication	8,305		
Data Processing Services	5,944		
Dues and Memberships	1,801		
Legal Notices, Recording, and Court Costs	205		
Maintenance and Repair Services - Buildings	1,217		
Maintenance and Repair Services - Office Equipment	115		
Pest Control	85		
Postal Charges	680		
Printing, Stationery, and Forms	754		
Travel	444		
Custodial Supplies	110		
Data Processing Supplies	416		
Drugs and Medical Supplies	336		
Electricity	3,488		
Natural Gas	1,943		
Office Supplies	672		
Propane Gas	693		

(Continued)

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Administration (Cont.)			
Water and Sewer	$ 854		
Premiums on Corporate Surety Bonds	350		
Other Charges	391		
Furniture and Fixtures	838		
Total Administration		$	133,151
Highway and Bridge Maintenance			
Foremen	$ 158,942		
Equipment Operators	96,944		
Truck Drivers	127,092		
Laborers	25,195		
Social Security	24,963		
State Retirement	30,145		
Employer Medicare	5,838		
Rentals	12,384		
Asphalt - Cold Mix	2,138		
Asphalt - Hot Mix	141,561		
Crushed Stone	18,085		
Electricity	88		
General Construction Materials	7,702		
Other Road Supplies	227		
Pipe	5,569		
Road Signs	3,686		
Salt	1,508		
Small Tools	744		
Wood Products	18		
Other Supplies and Materials	1,024		
Other Charges	250		
Total Highway and Bridge Maintenance			664,103
Operation and Maintenance of Equipment			
Mechanic(s)	$ 27,939		
Social Security	1,724		
State Retirement	2,194		
Employer Medicare	403		
Maintenance and Repair Services - Equipment	6,634		
Maintenance and Repair Services - Vehicles	8,382		
Diesel Fuel	25,638		
Equipment and Machinery Parts	34,816		
Garage Supplies	1,096		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Operation and Maintenance of Equipment (Cont.)			
Gasoline	$ 37,641		
Lubricants	4,095		
Small Tools	313		
Tires and Tubes	5,395		
Other Supplies and Materials	559		
Total Operation and Maintenance of Equipment		$ 156,829	
Other Charges			
Evaluation and Testing	$ 149		
Other Contracted Services	1,519		
Trustee's Commission	12,002		
Vehicle and Equipment Insurance	38,243		
Workers' Compensation Insurance	67,536		
Other Charges	7		
Total Other Charges		119,456	
Employee Benefits			
Handling Charges and Administrative Costs	$ 72		
Medical Insurance	47,961		
Unemployment Compensation	5,010		
Total Employee Benefits		53,043	
Capital Outlay			
Engineering Services	$ 26,829		
Bridge Construction	90,333		
Building Improvements	155		
Communication Equipment	799		
Data Processing Equipment	1,481		
Total Capital Outlay		119,597	
Principal on Debt			
Highways and Streets			
Principal on Notes	$ 51,207		
Total Highways and Streets		51,207	
Interest on Debt			
Highways and Streets			
Interest on Notes	$ 11,615		
Total Highways and Streets		11,615	
Total Highway/Public Works Fund			$ 1,309,001

(Continued)

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

General Debt Service Fund			
Public Health and Welfare			
Ambulance/Emergency Medical Services			
Other Charges	$ 86,829		
Total Ambulance/Emergency Medical Services		$ 86,829	
Principal on Debt			
General Government			
Principal on Notes	$ 77,000		
Total General Government		77,000	
Education			
Principal on Other Loans	$ 162,500		
Total Education		162,500	
Interest on Debt			
General Government			
Interest on Notes	$ 36,482		
Total General Government		36,482	
Education			
Interest on Other Loans	$ 40,654		
Total Education		40,654	
Other Debt Service			
General Government			
Trustee's Commission	$ 3,412		
Total General Government		3,412	
Total General Debt Service Fund			$ 406,877
Education Debt Service Fund			
Principal on Debt			
Education			
Principal on Other Loans	$ 378,000		
Total Education		$ 378,000	
Interest on Debt			
Education			
Interest on Other Loans	$ 116,163		
Total Education		116,163	

(Continued)

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	$ 8,753		
Total Education		$ 8,753	
Total Education Debt Service Fund			$ 502,916
Total Governmental Funds - Primary Government			$ 7,894,743

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, 2009

General Purpose School Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 2,690,814		
Career Ladder Program	35,500		
Career Ladder Extended Contracts	7,389		
Homebound Teachers	1,676		
Educational Assistants	52,942		
Other Salaries and Wages	46		
Certified Substitute Teachers	7,105		
Non-certified Substitute Teachers	49,736		
Social Security	158,967		
State Retirement	171,710		
Medical Insurance	269,751		
Employer Medicare	38,877		
Travel	799		
Tuition	300		
Other Contracted Services	1,950		
Instructional Supplies and Materials	95,727		
Textbooks	92,810		
Other Charges	87,096		
Regular Instruction Equipment	30,153		
Total Regular Instruction Program		$	3,793,348
Alternative Instruction Program			
Teachers	$ 55,200		
Social Security	3,972		
State Retirement	4,136		
Employer Medicare	800		
Other Contracted Services	18,000		
Furniture and Fixtures	4,134		
Total Alternative Instruction Program			86,242
Special Education Program			
Teachers	$ 577,725		
Career Ladder Program	9,000		
Career Ladder Extended Contracts	949		
Homebound Teachers	4,532		
Educational Assistants	87,908		
Non-certified Substitute Teachers	498		
Social Security	39,916		
State Retirement	43,325		

(Continued)

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.)			
Special Education Program (Cont.)			
Medical Insurance	$ 50,982		
Employer Medicare	9,335		
Contracts with Other School Systems	20,004		
Instructional Supplies and Materials	484		
Textbooks	1,528		
Total Special Education Program		$	846,186
Vocational Education Program			
Teachers	$ 270,613		
Career Ladder Program	500		
Certified Substitute Teachers	2,905		
Social Security	16,136		
State Retirement	17,405		
Medical Insurance	19,391		
Employer Medicare	3,774		
Instructional Supplies and Materials	14,731		
Total Vocational Education Program			345,455
Adult Education Program			
Teachers	$ 37,302		
Social Security	1,941		
State Retirement	1,438		
Employer Medicare	454		
Instructional Supplies and Materials	15,603		
Textbooks	2,000		
Other Charges	7,780		
Total Adult Education Program			66,518
Support Services			
Attendance			
Supervisor/Director	$ 17,691		
Social Security	143		
Employer Medicare	257		
Total Attendance			18,091
Health Services			
Supervisor/Director	$ 45,530		
Medical Personnel	48,695		
Clerical Personnel	14,420		

(Continued)

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.)			
Social Security	$ 6,697		
State Retirement	7,865		
Medical Insurance	4,137		
Employer Medicare	1,566		
Travel	954		
Other Contracted Services	4,822		
Drugs and Medical Supplies	958		
Instructional Supplies and Materials	20,443		
Other Supplies and Materials	3,613		
Health Equipment	144		
Total Health Services		$	159,844
Other Student Support			
Career Ladder Program	$ 3,000		
Guidance Personnel	127,055		
Career Ladder Extended Contracts	4,000		
Other Salaries and Wages	15,416		
Social Security	8,992		
State Retirement	9,547		
Medical Insurance	7,940		
Employer Medicare	2,103		
Contracts with Government Agencies	48,124		
Travel	122		
Other Contracted Services	275		
Other Charges	2,235		
Total Other Student Support			228,809
Regular Instruction Program			
Supervisor/Director	$ 39,278		
Career Ladder Program	6,000		
Career Ladder Extended Contracts	8,000		
Librarians	141,200		
Instructional Computer Personnel	84,338		
Social Security	16,401		
State Retirement	18,331		
Medical Insurance	27,329		
Employer Medicare	3,836		
Travel	368		
Library Books/Media	14,548		

(Continued)

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.)		
Regular Instruction Program (Cont.)		
In Service/Staff Development	$ 342	
Total Regular Instruction Program		$ 359,971
Special Education Program		
Supervisor/Director	$ 58,471	
Psychological Personnel	35,618	
Clerical Personnel	9,183	
Social Security	6,379	
State Retirement	6,842	
Medical Insurance	11,268	
Employer Medicare	1,498	
Travel	1,296	
Total Special Education Program		130,555
Vocational Education Program		
Supervisor/Director	$ 23,838	
Employer Medicare	346	
Other Charges	68	
Total Vocational Education Program		24,252
Adult Programs		
Supervisor/Director	$ 22,250	
Clerical Personnel	13,914	
Social Security	2,137	
State Retirement	2,518	
Employer Medicare	500	
Travel	570	
In Service/Staff Development	525	
Total Adult Programs		42,414
Other Programs		
Teachers	$ 79,581	
Social Security	4,905	
State Retirement	3,776	
Employer Medicare	1,147	
On-Behalf Payments to OPEB	57,076	
Travel	3,750	
Other Contracted Services	12,500	
Instructional Supplies and Materials	5,814	

(Continued)

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.)		
Other Programs (Cont.)		
Other Supplies and Materials	$ 14,523	
Total Other Programs		$ 183,072
Board of Education		
Secretary to Board	$ 1,736	
Board and Committee Members Fees	6,200	
Social Security	384	
Unemployment Compensation	8,518	
Employer Medicare	90	
Dues and Memberships	6,268	
Legal Services	3,698	
Travel	128	
Other Contracted Services	2,226	
Office Supplies	305	
Trustee's Commission	39,357	
Workers' Compensation Insurance	30,506	
Refund to Applicant for Criminal Investigation	1,056	
Other Charges	2,117	
Total Board of Education		102,589
Director of Schools		
County Official/Administrative Officer	$ 107,689	
Secretary(ies)	8,384	
Social Security	6,812	
State Retirement	6,914	
Medical Insurance	4,321	
Employer Medicare	1,593	
Communication	41,237	
Travel	1,910	
Other Contracted Services	1,033	
Office Supplies	1,276	
Other Charges	3,285	
Furniture and Fixtures	3,716	
Total Director of Schools		188,170
Office of the Principal		
Principals	$ 192,593	
Career Ladder Program	4,000	
Accountants/Bookkeepers	47,477	

(Continued)

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.)			
Office of the Principal (Cont.)			
Assistant Principals	$ 150,036		
Secretary(ies)	62,675		
Social Security	26,928		
State Retirement	30,814		
Medical Insurance	22,535		
Employer Medicare	6,298		
Total Office of the Principal		$	543,356
Fiscal Services			
Accountants/Bookkeepers	$ 58,769		
Social Security	3,594		
State Retirement	4,602		
Employer Medicare	841		
Other Contracted Services	10,886		
Office Supplies	5,326		
Other Charges	317		
Total Fiscal Services			84,335
Operation of Plant			
Custodial Personnel	$ 126,199		
Social Security	7,803		
State Retirement	7,160		
Employer Medicare	1,825		
Other Contracted Services	9,000		
Custodial Supplies	17,831		
Electricity	255,193		
Natural Gas	76,523		
Water and Sewer	17,510		
Other Supplies and Materials	7,402		
Building and Contents Insurance	60,576		
Other Charges	27		
Total Operation of Plant			587,049
Maintenance of Plant			
Supervisor/Director	$ 38,418		
Social Security	2,372		
State Retirement	2,996		
Employer Medicare	555		
Maintenance and Repair Services - Buildings	29,693		

(Continued)

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.)			
Maintenance of Plant (Cont.)			
Other Contracted Services	$ 18,315		
Other Supplies and Materials	30,775		
Other Charges	851		
Total Maintenance of Plant		$	123,975
Transportation			
Mechanic(s)	$ 25,959		
Bus Drivers	178,596		
Other Salaries and Wages	5,253		
Social Security	12,637		
State Retirement	14,463		
Medical Insurance	4,981		
Employer Medicare	2,955		
Maintenance and Repair Services - Vehicles	1,835		
Diesel Fuel	41,961		
Gasoline	19,790		
Lubricants	1,611		
Tires and Tubes	4,496		
Vehicle Parts	8,966		
In Service/Staff Development	1,322		
Other Charges	2,374		
Transportation Equipment	74,315		
Total Transportation			401,514
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 30,000		
Social Security	1,860		
State Retirement	2,349		
Employer Medicare	435		
Payments to Schools - Lunch	321,039		
Travel	5		
Other Contracted Services	4,750		
Other Supplies and Materials	268		
In Service/Staff Development	285		
Other Charges	1,595		
Food Service Equipment	8,270		
Total Food Service			370,856

(Continued)

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			
Supervisor/Director	$ 1,917		
Teachers	36,791		
Educational Assistants	11,742		
Non-certified Substitute Teachers	1,421		
Social Security	2,788		
State Retirement	3,404		
Medical Insurance	7,576		
Employer Medicare	652		
Instructional Supplies and Materials	23,058		
In Service/Staff Development	20		
Other Equipment	14,789		
Total Early Childhood Education		$ 104,158	
Capital Outlay			
Regular Capital Outlay			
Other Contracted Services	$ 3,959		
Other Charges	25		
Building Improvements	55,027		
Furniture and Fixtures	25,029		
Maintenance Equipment	5		
Site Development	10,303		
Other Capital Outlay	75,095		
Total Regular Capital Outlay		169,443	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 245,000		
Total Education		245,000	
Total General Purpose School Fund			$ 9,205,202
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 117,039		
Educational Assistants	15,697		
Social Security	7,942		
State Retirement	9,088		
Medical Insurance	15,038		

(Continued)

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.)			
Regular Instruction Program (Cont.)			
Employer Medicare	$ 1,857		
Operating Lease Payments	1,094		
Tuition	3,413		
Instructional Supplies and Materials	13,845		
Total Regular Instruction Program		$	185,013
Special Education Program			
Educational Assistants	$ 119,773		
Other Salaries and Wages	3,578		
Social Security	7,536		
State Retirement	9,515		
Employer Medicare	1,763		
Contracts with Private Agencies	40,382		
Contracts with Parents	97		
Tuition	250		
Other Contracted Services	112		
Instructional Supplies and Materials	43,563		
Textbooks	1,500		
Special Education Equipment	20,715		
Total Special Education Program			248,784
Vocational Education Program			
Instructional Supplies and Materials	$ 12,813		
Vocational Instruction Equipment	1,788		
Total Vocational Education Program			14,601
Support Services			
Other Student Support			
Travel	$ 3,089		
In Service/Staff Development	1,507		
Total Other Student Support			4,596
Regular Instruction Program			
Supervisor/Director	$ 45,945		
Social Security	2,829		
State Retirement	2,950		
Medical Insurance	393		
Employer Medicare	662		
Travel	407		

(Continued)

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.)			
Regular Instruction Program (Cont.)			
Other Supplies and Materials	$ 82		
In Service/Staff Development	31,631		
Other Charges	2,323		
Total Regular Instruction Program		$ 87,222	
Special Education Program			
Psychological Personnel	$ 20,906		
Social Security	2,394		
Employer Medicare	267		
Travel	485		
Other Contracted Services	581		
Other Supplies and Materials	2,338		
In Service/Staff Development	155		
Total Special Education Program		27,126	
Vocational Education Program			
Travel	$ 800		
Total Vocational Education Program		800	
Transportation			
Other Salaries and Wages	$ 3,360		
Social Security	208		
Employer Medicare	49		
Contracts with Parents	5,497		
Tires and Tubes	674		
Vehicle Parts	367		
Other Charges	107		
Transportation Equipment	20,861		
Total Transportation		31,123	
Total School Federal Projects Fund			$ 599,265
Total Governmental Funds - Hartsville/Trousdale County School Department			$ 9,804,467

Exhibit K-9

Hartsville/Trousdale County Government, Tennessee
Schedule of Utility Rates
June 30, 2009

Utility Rates in Effect

Water Inside Town:		
First 1,000 gallons	$ 11.46	per month
All over 2,000 gallons	3.74	per 1,000 gallons
Water Outside Town-Suburban:		
First 2,000 gallons	15.63	per month
All over 2,000 gallons	6.57	per 1,000 gallons
Water Outside Town-Rural:		
First 2,000 gallons	19.24	per month
All over 2,000 gallons	6.57	per 1,000 gallons
Number of Customers	2772	

Exhibit K-10

Hartsville/Trousdale County Government, Tennessee
Schedule of Unaccounted for Water
For the Year Ended June 30, 2009

(amounts in gallons)

Water Treated and Purchased:		
Water Pumped (potable)	306,859,600	
Water Purchased	0	
Total Water Treated and Purchased		306,859,600
Accounted for Water:		
Water Sold	(178,085,189)	
Metered for Consumption (in-house usage)	0	
Fire Departments Usage	(42,000)	
Flushing	(2,490,570)	
Tank Filling/Cleaning	(295,000)	
Street Cleaning	0	
Bulk Sales	0	
Water Bill Adjustments	(8,741,069)	
Total Accounted for Water		(189,653,828)
Unaccounted for Water		117,205,772
Percentage Unaccounted for Water		38.2%

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

Exhibit K-11

Hartsville/Trousdale County Government, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2009

	Major Fund Enterprise Fund Water and Sewer Fund
Operating Revenues	
Charges for Current Services	
Other General Service Charges	$ 23,887
Water Sales	1,104,557
Forfeited Discounts	23,533
Water Tap Sales	44,000
Service Charges	280,247
Other Charges for Services	5,047
Total Charges for Current Services	$ 1,481,271
Other Local Revenues	
Miscellaneous Refunds	$ 12,345
Other Local Revenues	5,510
Total Other Local Revenues	$ 17,855
Total Operating Revenues	$ 1,499,126
Nonoperating Revenues	
Investment Income	$ 45,140
Grant Income	882,126
Other State Revenues	58,958
Total Nonoperating Revenues	$ 986,224
Total Revenues	$ 2,485,350
Operating Expenses	
Other Public Health and Welfare	
Supervisor/Director	$ 36,400
Accountants/Bookkeepers	30,976
Clerical Personnel	66,850
Overtime Pay	34,077
Other Salaries and Wages	351,215
In-Service Training	4,922
Social Security	37,697
State Retirement	114,058
Medical Insurance	57,759
Architects	9,302

(Continued)

Exhibit K-11

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

	Major Fund Enterprise Fund Water and Sewer Fund
Operating Expenses (Cont.)	
Other Public Health and Welfare	
Communication	$ 24,928
Data Processing Services	15,433
Dues and Memberships	6,633
Engineering Services	3,000
Legal Notices, Recording, and Court Costs	545
Maintenance and Repair Services - Buildings	3,945
Maintenance and Repair Services - Equipment	74,965
Maintenance and Repair Services - Office Equipment	1,921
Maintenance and Repair Services - Vehicles	6,084
Postal Charges	12,575
Rentals	2,686
Travel	841
Other Contracted Services	55,048
Electricity	184,863
Gasoline	20,036
Natural Gas	4,541
Office Supplies	7,326
Tires and Tubes	1,812
Vehicle Parts	1,848
Water and Sewer	5,172
Chemicals	49,101
Other Supplies and Materials	43,717
Liability Insurance	58,065
Depreciation	399,804
Other Charges	14,640
Office Equipment	2,021
Other Equipment	17,900
Other Construction	198,076
Total Operating Expenses	$ 1,960,782
Nonoperating Expenses	
Interest on Bonds	$ 26,998
Total Expenses	$ 1,987,780

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

January 28, 2010

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, 2009, which collectively comprise a portion of Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated January 28, 2010. We were also engaged to audit the financial statements of the Water and Sewer Fund, a major proprietary fund, which represent 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 was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Hartsville/Trousdale County Government Emergency Communications District as described in our report on Hartsville/Trousdale County

Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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: 09.01, 09.02, 09.03(A), 09.05, 09.07, and 09.11.

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 item 09.03(A) to be a material weakness.

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 09.03(B), 09.04, 09.06, 09.08, and 09.09.

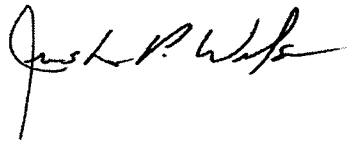
We consider item 09.10 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations.

We also noted certain matters that we reported to management of Hartsville/Trousdale County Government in separate communications.

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, others within Hartsville/Trousdale County Government, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

January 28, 2010

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, 2009. 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, 2009.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Question Costs as items 09.03(A) and 09.12 to be significant deficiencies.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Question Costs, we consider items 09.03(A) and 09.12 to be material weaknesses.

Schedule of Expenditures of Federal Awards

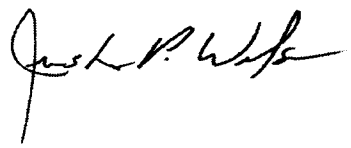
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund (except for the Water and Sewer Fund, a major proprietary fund), and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise a portion of Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated January 28, 2010. We were also engaged to audit the financial statements of the Water and Sewer Fund, a major proprietary fund, which represent 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 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, Board of Education, Highway Commission, Water and Sewerage Board, others within Hartsville/Trousdale County Government, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,



Justin P. Wilson
Comptroller of the Treasury

JPW/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, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Direct Program:				
Rural Business Enterprise Grant	10.769	N/A	$ 50,000	
Emergency Watershed Protection Program	10.923	N/A	54,333	
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	30,412	(3)
Cooperative Forestry Assistance	10.664	(2)	2,108	
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(2)	71,672	
National School Lunch Program	10.555	(2)	264,747	(3)
Afterschool Snack	10.555	(2)	5,924	(3)
Total U.S. Department of Agriculture			$ 479,196	
U.S. Department of Housing and Urban Development:				
Passed-through State Department of Economic and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	GG-08-25153	$ 882,126	
Total U.S. Department of Housing and Urban Development			$ 882,126	
U.S. Department of the Interior:				
Direct Program:				
Payments in-lieu-of Taxes	15.226	N/A	$ 9,771	
Total U.S. Department of the Interior			$ 9,771	
U.S. Department of Justice:				
Passed-through State Commission on Children and Youth:				
Enforcing Underage Drinking Laws Program	16.727	Z-09-73524-00	$ 13,003	
Total U.S. Department of Justice			$ 13,003	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-023834-00	$ 4,989	
Total U.S. Department Transportation			$ 4,989	
U.S. Department of Education:				
Passed-through State Department of Education:				
Adult Education - State Grant Program	84.002	Z-09-213511-00	$ 54,004	
Title 1 Grants to Local Educational Agencies	84.010	N/A	198,700	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	339,286	
Special Education - Preschool Grants	84.173	N/A	8,837	
Career and Technical Education - Basic Grants to States	84.048	(2)	19,996	
Safe and Drug-free Schools and Communities State Grants	84.186A	(2)	7,699	
State Grants for Innovative Programs	84.298A	N/A	9,478	
Education Technology State Grants	84.318	(2)	1,694	
Improving Teacher Quality State Grants	84.367	N/A	66,787	
Total U.S. Department of Education			$ 706,481	

(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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	$ 8,403
Passed-through State Department of the Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-08-212862-00	56,061
Homeland Security Grant Program	97.067	(2)	42,124
Total U.S. Department of Homeland Security			$ 106,588
Total Expenditures of Federal Awards			$ 2,202,154

State Grants		Contract Number	
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	$ 2,939
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	11,250
Aging Programs - State Commission on Aging	N/A	(2)	29,300
Tennessee Agricultural Enhancement Program - State Department of Agriculture	N/A	Z-08-201302-00	106,623
Tennessee Three Star Economic Development - State Department of Economic and Community Development	N/A	(2)	964
Lottery for Education: Afterschool Programs - State Department of Education	N/A	119-09-1-017	100,080
Early Childhood Education - State Department of Education	N/A	(2)	98,436
Safe Schools Act 2003 - State Department of Education	N/A	(2)	7,500
Coordinated School Health Initiative - State Department of Education	N/A	(2)	95,000
Optional Tire Program - State Dept of Environment and Conservation	N/A	(2)	6,481
Project Diabetes - State Department of Health	N/A	GG-09-25619-00	22,813
Law Enforcement Training Programs - State Department of Safety	N/A	(2)	2,400
Law Enforcement Training - State Department of Safety	N/A	(2)	7,200
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-09-213511-00	18,001
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-09-217286-00	1,290
Litter Program - State Department of Transportation	N/A	Z-09-212803-00	30,670
Disaster Relief - Tennessee Emergency Management Agency	N/A	Z-08-212862-00	9,343
Total State Grants			$ 550,290

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) Total for CFDA No. 10.555 is $301,083.

Hartsville/Trousdale County Government, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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, 2008, which have not been corrected.

OFFICE OF COUNTY EXECUTIVE

Finding Number	Page Number	Subject
08.04(A)	170	Water/Sewer Department – Capital asset records were deficient, duties were not segregated adequately

OFFICE OF SUPERINTENDENT OF ROADS

Finding Number	Page Number	Subject
08.07	175	A formal purchase order system had not been established

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
08.10	176	The office had deficiencies in purchasing procedures

OTHER FINDINGS

Finding Number	Page Number	Subject
08.13	178	A central system of accounting, budgeting, and purchasing had not been adopted
08.14	179	Duties were not segregated adequately in the Offices of Superintendent of Roads, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

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 governmental activities, aggregate discretely presented component units, 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. One of these deficiencies was also considered to be a material weakness.

3. The audit disclosed no instances of noncompliance that were material to the financial statements of Hartsville/Trousdale County Government.

4. The audit disclosed one significant deficiency in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed one finding that is 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) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) 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, director of schools, and trustee are paraphrased in this report.

OFFICE OF COUNTY EXECUTIVE

FINDING 09.01 **PAYMENTS TO THE TROUSDALE COUNTY MEDICAL CENTER FOR CONTRACTED SERVICES BY THE GENERAL DEBT SERVICE FUND ARE OF QUESTIONABLE LEGALITY** (Internal Control – Significant Deficiency Under Government Auditing Standards)

During the year under examination, the county paid $86,829 from the General Debt Service Fund to the Trousdale County Medical Center to reimburse the medical center for Ambulance Service costs incurred for the period October 1, 2005, through September 30, 2006. These costs were incurred based on a contract dated April 19, 2006. The purpose of a debt service fund is to account for the accumulation of resources for the payment of principal and interest on long-term general obligation debt. Therefore, we question the legality of using General Debt Service Fund monies to pay for contracted services.

RECOMMENDATION

General Debt Service Fund monies should only be used for the payment of principal, interest, and related costs on long-term general obligation debt.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We do not concur with this finding: Payment made to the Trousdale Medical Center was for a previous debt for Ambulance Service. This payment was for services provided us previously. We took over the Ambulance Service on October 1, 2007.

AUDITOR'S REBUTTAL

Debt service funds are established for the purpose of accumulating resources for the payment of principal and interest on debt. The expenditure of debt service funds to pay for services provided is not in accordance with that purpose. Courts have ruled that revenues generated for a specific purpose, such as debt retirement, may not legally be used for another purpose.

FINDING 09.02 **THE COUNTY DID NOT COMPLY WITH STATE STATUTES REGARDING TWO RENEWALS OF A CAPITAL OUTLAY NOTE**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During the year ended June 30, 2008, the County Commission authorized and the state director of Local Finance approved the issuance of a $300,000 capital outlay note for the Ambulance Service with a maturity date of October 15, 2008. On October 15, 2008, the county renewed the capital outlay note for another year with a new maturity date of October 15, 2009. On October 12, 2009, principal and interest payments were made for $30,000 and $12,167, respectively. On October 15, 2009, the county renewed the remaining capital outlay note of $270,000 with a new maturity date of October 15, 2010. County officials did not request approval for the renewals from the state director of Local Finance as required by Section 9-21-606, Tennessee Code Annotated.

RECOMMENDATION

Capital outlay note renewals should be approved by the director of Local Finance as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We do not concur with finding: It is correct that the County Commission did authorize the issuance of a $300,000 capital outlay note. On October 15, 2008, this note was renewed and also renewed in October 2009. A debt obligation form was filed in a timely manner on both renewals with the Division of Local Finance. We received approval letters on both renewals from David Bowling in which the auditors were given copies of both approvals.

AUDITOR'S REBUTTAL

The debt obligation forms were filed after the debt was renewed. The state director of Local Finance did not approve the renewals, but merely acknowledged receipt of the debt obligation forms.

FINDING 09.03 **DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE COUNTY WATER AND SEWER DEPARTMENT**
(A. – Internal Control – Material Weakness Under Government Auditing Standards and OMB Circular A-133; and B. – 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 to the failure of management to correct audit findings noted in prior-year audit reports:

A. Capital Asset Records Were Deficient

The department reported capital assets and the accompanying accumulated depreciation accounts at June 30, 2009. 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. Deficiencies Related to Policies, Procedures, and Fees for the Acceptance of Credit and Debit Card Payments

The Water Department began accepting credit and debit card payments in September 2009. However, the department has not established a formal written policy for the acceptance of these credit and debit card payments. In addition, the Water Department is charged a processing fee by the third-party processor for processing the payment. However, the department does not collect a processing fee in an amount equal to the fee charged by the third-party processor, and that portion of the processing fee has not been waived by the Water Board or County Commission as required by Section 9-1-108, Tennessee Code Annotated.

RECOMMENDATION

A. Officials should compile and maintain records that properly account for their capital assets. These records should specifically identify individual capital assets.

B. The office should establish a formal, written policy for the acceptance of credit and debit card payments. The department should charge a processing fee equal to the amount charged by the third-party processor, unless waived by the Water Board or County Commission.

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

A. Capital asset records are a work in progress. We have retained the services of three professionals who have specific knowledge in helping us to identify all department capital assets and will continue to aggressively identify all assets within our control.

B. We will address this at our upcoming Water Board meeting and adopt a written policy.

FINDING 09.04 **THE WATER DEPARTMENT VIOLATED THE CONFLICT OF INTEREST STATUTE AND MADE PURCHASES FROM A BUSINESS OWNED BY THE WIFE OF THE SUPERINTENDENT**
(Noncompliance Under Government Auditing Standards)

During the year, the Water Department paid $3,119 to Mary's Catering Service, a business owned by the wife of the superintendent. These payments to the wife of the superintendent violate the conflict of interest statute, Section 12-4-101(a) (1), Tennessee Code Annotated (TCA). This statute states that "it is unlawful for any officer, committee member, director, or other person whose duty is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county ... shall or may be interested, to be directly interested in any such contract."

RECOMMENDATION

County officials should review these payments and resolve the conflict of interest.

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

I have identified and completed the *Hartsville/Trousdale County Code of Ethics Conflict of Interest Disclosure Statement* – signed and dated May 10, 2007. At that time, I disclosed that Mary's Catering (business owned by my spouse) provides lunches for monthly Water Board meetings. This form was submitted and is on file in the Office of County Clerk, in addition to a copy in my personnel file for review. I will discuss this at the upcoming Water Board meeting to determine if another vendor should provide any future catering, or what action should be taken if no other vendors are interested in providing services. Further, the Water Board of Directors will be provided with a copy of Section 12-4-101(a) (1), TCA explaining conflicts of interest to ensure compliance with state statute.

OFFICE OF SUPERINTENDENT OF ROADS

FINDING 09.05 **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-year audit 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 09.06 **PAYROLL TAXES WERE NOT DEPOSITED TIMELY, RESULTING IN ASSESSMENTS OF INTEREST AND PENALTIES TOTALING $18,043**
(Noncompliance Under Government Auditing Standards)

Payroll taxes were not deposited with the Internal Revenue Service (IRS) timely for the quarter ended March 31, 2008. IRS Circular E – Employer's Tax Guide requires employers to deposit employee payroll taxes in a U.S. Treasury bank account within three days of each payroll. This deficiency was the result of a lack of management oversight. As a result, the office was required to pay interest and penalty charges totaling $18,043.

RECOMMENDATION

Federal payroll taxes should be deposited timely with the Internal Revenue Service to avoid interest and penalty assessments.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur. This finding reveals a serious issue, which has been prevalent in the School Department for several years. I have personally directed the finance supervisor to report tax statements to the IRS and to make tax deposits with the trustee on the same day of the payroll. We have not had another penalty since enacting the procedure in October 2008.

FINDING 09.07 **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 the findings reported in prior-year audit 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. This practice weakens controls over the purchasing process.

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.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The School Department has already successfully implemented purchase requisitions prior to purchase order approval. The School Department will continue to enforce current purchasing procedures.

FINDING 09.08 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission as noted below:

Expenditures exceeded appropriations in the following major appropriation categories (the legal level of control) of the General Purpose School Fund:

Major Category	Amount Overspent
Support Services - Health Services	$ 5,454
Instructional Services - Food Service	76,777

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 for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

OFFICE OF TRUSTEE

FINDING 09.09 THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS

(Noncompliance Under Government Auditing Standards)

The trustee did not require one depository holding county funds to pledge sufficient securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2009, deposits exceeded FDIC coverage and collateral securities pledged by $517,955. Section 5-8-201, Tennessee Code Annotated provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – TRUSTEE

Citizens Bank increased collateral security in August 2009.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.10 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 practices dictate 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

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

We concur. We are a very small county with limited funds, space, and employees. A central system of accounting and purchasing for the entire county would be a definite advantage, but we have no way to fund this.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur.

FINDING 09.11 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF 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 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 management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

PART III, FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Housing and Urban Development: Passed-through State Department of Economic and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	9.12	14.228	Circular A-133, Section 500 (c)(3)	Internal Control - Material Weakness - See Finding 09.03(A) - Capital Asset Records Were Deficient	$ 0

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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

Superintendent of the Water and Sewer Department – Corrective Action Plan for Current-Year's Findings

FINDINGS 09.03(A) and 09.12

Contact person: Robert Helm, Water/Sewer Department Superintendent

Corrective action planned: Personnel of the department and other consultants will continue to make a concentrated effort to better identify the individual capital assets, unique capital asset numbers, unique capital asset descriptions, capital asset costs, and the manner in which the asset costs are determined.

We will perform the following steps to try to accomplish these goals:

- Map water lines, sewer lines, and other infrastructure assets to determine size, location, description, and estimated date in service.
- Calculate recent estimated construction costs of infrastructure items by the use of recent project costs, regional estimated costs, or project costs estimated by engineers or other reliable method.
- Back-trend estimated current construction costs to estimated date in service by the use of a Price Trend Index, such as the Consumer Price Index.
- Determine estimated useful lives and estimated salvage values for identified capital assets.
- Replace current capital asset information in the accounting records with capital asset information determined by these methods.

Anticipated completion date: June 30, 2010.