

---

---

# ANNUAL FINANCIAL REPORT CARTER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT**  
**CARTER COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

***DEPARTMENT OF AUDIT***  
***JUSTIN P. WILSON***  
***Comptroller of the Treasury***

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

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

***BRYAN BURKLIN, CPA, CGFM***  
***Audit Manager***

***MARK TREECE, CPA, CGFM***  
***Auditor 4***

***BRAD BURKE, CPA, CIA***  
***MARIE ELLIOTT, CPA***  
***ROBERT ANDERSON***  
***GREG BRUSH***  
***State Auditors***

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

---



---

## CARTER COUNTY, TENNESSEE TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Carter County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	25
Notes to the Financial Statements		26-61
REQUIRED SUPPLEMENTARY INFORMATION:		62
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	63-66
Highway/Public Works Fund	E-2	67
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Carter County School Department	E-3	68

	Exhibit	Page(s)
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Carter County School Department	E-4	69
Notes to the Required Supplementary Information		70
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		71
Nonmajor Governmental Funds:		72
Combining Balance Sheet	F-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	74
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	75
Solid Waste/Sanitation Fund	F-4	76
Health Department Fund	F-5	77
Drug Control Fund	F-6	78
Sports and Recreation Fund	F-7	79
Major Governmental Fund:		80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	81
Fiduciary Funds:		82
Combining Statement of Fiduciary Assets and Liabilities	H-1	83
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	84-85
Component Unit:		
Discretely Presented Carter County School Department:		86
Statement of Activities	I-1	87
Balance Sheet – Governmental Funds	I-2	88
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	89
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	90
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	91
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	93
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	94-95
School Federal Projects Fund	I-9	96
Central Cafeteria Fund	I-10	97
Other Education Special Revenue Fund	I-11	98

	Exhibit	Page(s)
Miscellaneous Schedules:		99
Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases – Primary Government and Discretely Presented Carter County School Department	J-1	100-101
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Carter County School Department	J-2	102-103
Schedule of Transfers – Primary Government and Discretely Presented Carter County School Department	J-3	104
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Carter County School Department	J-4	105
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	106-117
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Carter County School Department	J-6	118-119
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	120-142
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Carter County School Department	J-8	143-158
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-9	159
 <u>SINGLE AUDIT SECTION</u>		 160
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		161-163
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		164-166
Schedule of Expenditures of Federal Awards and State Grants		167-168
Schedule of Audit Findings Not Corrected		169
Schedule of Findings and Questioned Costs		170-178
Auditee Reporting Responsibilities		179

***Audit Highlights***  
Annual Financial Report  
Carter County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Carter County as of and for the year ended June 30, 2010.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

***Findings***

The following are summaries of the audit findings:

**CARTER COUNTY**

- ◆ Carter County has material recurring audit findings.
- 

**DIRECTOR OF SCHOOLS**

- ◆ The School Department had deficiencies in the use of federal special education funds provided by the American Recovery and Reinvestment Act.
- 

**OFFICE OF TRUSTEE**

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

## **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ Deficiencies existed in the maintenance of accounting records.
  - ◆ Execution docket trial balances did not reconcile with general ledger accounts.
  - ◆ A fraud reporting form was not filed promptly.
- 

## **OFFICE OF SHERIFF**

- ◆ A fraud reporting form was not filed promptly.
- ◆ Deficiencies were noted in accounting for drug control funds.

---

---

# INTRODUCTORY SECTION

---

---

Carter County Officials  
June 30, 2010

---

**Officials**

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

**Board of County Commissioners**

Johnny Holder, County Mayor, Chairman  
William Armstrong  
Kenneth Arney  
Roscoe Bayless  
Jo Ann Blankenship  
Thomas Bowers  
Nancy Brown  
Sonja Culler  
Robert Davis  
Robert Gobble  
Lawrence Hodge  
Russell Kyte  
Steve Lowrance

Jeff McKinney  
Larry McKinney  
R.L. Miller  
Terry Montgomery  
Paul Mottern  
Jerry Pearman  
Richard Renfro  
Ernest Ritchie  
Harry Sisk  
Louis Tester  
Lynn Tipton  
Charles Whaley

**Board of Education**

Daniel Holder, Chairman  
Bobby Blevins  
Noel Church  
Kelly Crain

Chuck Madgett  
Ronnie McAmis  
Jack Pearman  
Richard Winters

**Financial Management Committee**

Jo Ann Blankenship, Chairperson  
Thomas Bowers  
Larry McKinney  
Jerry Pearman

Johnny Holder, County Mayor  
Jack Perkins, Road Superintendent  
Dallas Williams, Director of Schools

---

---

## **FINANCIAL SECTION**

---

---



**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**

November 30, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Carter County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carter County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Carter County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Carter County, Tennessee, as of June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of June 30, 2010, 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 November 30, 2010, on our consideration of Carter County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.C., Carter County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

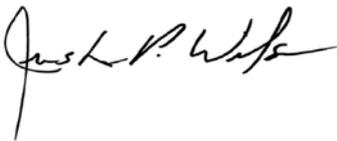
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 63 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carter County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Carter County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Carter County, Tennessee  
Statement of Net Assets  
June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Carter County School Department</u>
<b><u>ASSETS</u></b>		
Cash	\$ 5,523,496	\$ 1,495,051
Equity in Pooled Cash and Investments	15,242,789	6,331,703
Accounts Receivable	195,823	37,526
Due from Other Governments	818,584	1,177,660
Due from Primary Government	0	179,825
Property Taxes Receivable	10,039,724	5,289,281
Allowance for Uncollectible Property Taxes	(280,753)	(150,988)
Deferred Charges - Debt Issuance Cost	211,519	0
Capital Assets:		
Assets Not Depreciated:		
Land	2,002,236	838,418
Construction in Progress	21,833,580	373,867
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,959,929	18,934,088
Other Capital Assets	823,650	2,463,428
Infrastructure	13,473,074	0
Total Assets	<u>\$ 73,843,651</u>	<u>\$ 36,969,859</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	\$ 228,259	\$ 738,600
Accrued Payroll	93,961	17,200
Accrued Interest Payable	3,302	0
Payroll Deductions Payable	83,296	531,229
Cash Overdraft	0	19,023
Contracts Payable	1,443,870	0
Retainage Payable	73,573	0
Due to Component Units	179,825	0
Due to State of Tennessee	13,402	0
Other Current Liabilities	23,364	1,487,492
Deferred Revenue - Current Property Taxes	9,343,442	4,909,554
Noncurrent Liabilities:		
Due Within One Year	2,237,856	456,731
Due in More Than One Year	35,214,494	6,116,771
Total Liabilities	<u>\$ 48,938,644</u>	<u>\$ 14,276,600</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u> Carter County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 21,079,269	\$ 20,676,279
Restricted for:		
Courthouse and Jail Maintenance	26,572	0
Drug Control	127,263	0
Highways	2,532,614	0
Debt Service	8,153,272	0
State and Federal Financial Assistance Programs	47,349	2,021,125
Litigation Tax - Jail, Workhouse, or Courthouse	236,181	0
Automation Purposes - Constitutional Officers	129,041	0
Capital Outlay	62,249	825,582
Other Purposes	70,178	0
Unrestricted	<u>(7,558,981)</u>	<u>(829,727)</u>
Total Net Assets	<u>\$ 24,905,007</u>	<u>\$ 22,693,259</u>

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

Exhibit B

Carter County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit	
			Grants and Contributions	Grants and Contributions			Carter County School Department	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,657,327	\$ 347,973	\$ 16,380	\$ 0	\$ 0	(1,292,974)	\$ 0	0
Finance	1,532,588	1,198,921	15,810	0	0	(317,857)	0	0
Administration of Justice	1,358,683	1,144,755	14,580	0	0	(199,348)	0	0
Public Safety	5,654,737	465,025	149,383	0	0	(5,040,329)	0	0
Public Health and Welfare	1,029,749	785,688	294,707	183,072	0	233,718	0	0
Social, Cultural, and Recreational Services	110,023	1,639	0	0	0	(108,384)	0	0
Agriculture and Natural Resources	110,904	0	0	0	0	(110,904)	0	0
Other Operations	975,343	0	28,449	294,578	0	(652,316)	0	0
Highways	2,816,254	171,503	1,862,041	200,077	0	(582,633)	0	0
Interest on Long-term Debt	141,870	0	0	0	0	(141,870)	0	0
Debt Service	129,391	0	0	0	0	(129,391)	0	0
Total Primary Government	\$ 15,516,869	\$ 4,115,504	\$ 2,381,350	\$ 677,727	\$ 0	(8,342,288)	\$ 0	0
Component Unit:								
Carter County School Department	\$ 51,072,591	\$ 1,153,375	\$ 8,863,680	\$ 18,447	\$ 0	0	\$ (41,037,089)	0
Total Component Unit	\$ 51,072,591	\$ 1,153,375	\$ 8,863,680	\$ 18,447	\$ 0	0	\$ (41,037,089)	0

(Continued)

Exhibit B

Carter County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				Component Unit
	Expenses	Program Revenues		Primary Government	
		Charges for Services	Operating Grants and Contributions		
		Governmental Activities	School Department		
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes		\$ 5,891,447	\$	\$ 4,918,530	
Property Taxes Levied for Highway/Public Works		683,982		0	
Property Taxes Levied for Debt Service		2,816,396		0	
Local Option Sales Taxes		697,601		4,001,145	
Franchise Taxes		408,080		0	
Litigation Tax - General		214,937		0	
Litigation Tax - Jail, Workhouse, or Courthouse		11,411		0	
Litigation Tax - Special		109,244		0	
Litigation Tax - Courtroom Security		86,913		0	
Hotel/Motel Tax		87,653		0	
Business Tax		273,045		0	
Mineral Severance Tax		64,315		0	
Wholesale Beer Tax		238,516		0	
Other Local Taxes		9,770		3,377	
Grants and Contributions Not Restricted to Specific Programs		638,545		31,271,318	
Unrestricted Investment Income		271,115		19,748	
Miscellaneous		90,965		100,008	
Total General Revenues		\$ 12,593,935		\$ 40,314,126	
Change in Net Assets		\$ 4,251,647		\$ (722,963)	
Net Assets, July 1, 2009		20,653,360		23,416,222	
Net Assets, June 30, 2010		\$ 24,905,007		\$ 22,693,259	

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

Carter County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
\$	6,368	0	0	5,500,033	17,095		5,523,496
Equity in Pooled Cash and Investments	4,821,248	2,115,875	8,021,362	2	284,302		15,242,789
Accounts Receivable	77,768	900	0	0	117,155		195,823
Due from Other Governments	366,579	452,005	0	0	0		818,584
Due from Other Funds	22,912	14,004	0	0	6,855		43,771
Property Taxes Receivable	6,063,434	777,835	3,198,455	0	0		10,039,724
Allowance for Uncollectible Property Taxes	(168,219)	(22,204)	(90,330)	0	0		(280,753)
<b>Total Assets</b>	<b>\$ 11,190,090</b>	<b>\$ 3,338,415</b>	<b>\$ 11,129,487</b>	<b>\$ 5,500,035</b>	<b>\$ 425,407</b>		<b>\$ 31,583,434</b>

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Accrued Payroll  
 Payroll Deductions Payable  
 Contracts Payable  
 Retainage Payable  
 Due to Other Funds  
 Due to Component Units  
 Due to State of Tennessee  
 Other Current Liabilities  
 Deferred Revenue - Current Property Taxes  
 Deferred Revenue - Delinquent Property Taxes  
 Other Deferred Revenues  
 Total Liabilities

Fund Balances

Reserved for Encumbrances  
 Reserved for Litigation Tax - Jail, Workhouse, or Courthouse

\$	70,000	60,990	0	0	25,791		156,781
	67,756	16,506	0	0	9,699		93,961
	71,342	6,312	0	0	5,642		83,296
	0	0	0	1,443,870	0		1,443,870
	0	0	0	73,573	0		73,573
	89,497	0	0	0	25,752		115,249
	179,825	0	0	0	0		179,825
	13,402	0	0	0	0		13,402
	6,268	0	0	0	17,096		23,364
	5,648,536	721,993	2,972,913	0	0		9,343,442
	220,411	30,056	120,814	0	0		371,281
	224,716	159,297	0	0	0		384,013
<b>Total Liabilities</b>	<b>\$ 6,591,753</b>	<b>\$ 995,154</b>	<b>\$ 3,093,727</b>	<b>\$ 1,517,443</b>	<b>\$ 83,980</b>		<b>\$ 12,282,057</b>
<b>Fund Balances</b>	<b>\$ 60,423</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,728,187</b>	<b>\$ 0</b>		<b>\$ 3,788,610</b>
	236,181	0	0	0	0		236,181

(Continued)

Carter County, Tennessee  
Balance Sheet  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works		General Debt Service	General Capital Projects	Other Governmental Funds	
<b>LIABILITIES AND FUND BALANCES (Cont.)</b>							
<b>Fund Balances (Cont.)</b>							
Reserved for Sexual Offender Registration	\$ 19,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,872
Reserved for Courtroom Security	32,492	0	0	0	0	0	32,492
Reserved for Computer System - Register	63,030	0	0	0	0	0	63,030
Reserved for Automation Purposes - Circuit Court	2,256	0	0	0	0	0	2,256
Reserved for Automation Purposes - General Sessions Court	13,418	0	0	0	0	0	13,418
Reserved for Automation Purposes - Juvenile Court	5,006	0	0	0	0	0	5,006
Reserved for Automation Purposes - Chancery Court	2,725	0	0	0	0	0	2,725
Reserved for Automation Purposes - Sheriff	37,074	0	0	0	0	0	37,074
Reserved for Automation Purposes - County Clerk	5,531	0	0	0	0	0	5,531
Reserved for Capital Outlay	62,249	0	0	0	0	0	62,249
Other Federal Reserves	47,349	0	0	0	0	0	47,349
Reserved for Other General Purposes	17,814	0	0	0	0	0	17,814
Unreserved, Reported In:							
General Fund	3,992,917	0	0	0	0	0	3,992,917
Special Revenue Funds	0	2,343,261	0	0	0	341,427	2,684,688
Debt Service Funds	0	0	8,035,760	0	0	0	8,035,760
Capital Projects Funds	0	0	0	254,405	0	0	254,405
<b>Total Fund Balances</b>	<b>\$ 4,598,337</b>	<b>\$ 2,343,261</b>	<b>\$ 8,035,760</b>	<b>\$ 3,982,592</b>	<b>\$ 341,427</b>	<b>\$ 0</b>	<b>\$ 19,301,377</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,190,090</b>	<b>\$ 3,338,415</b>	<b>\$ 11,129,487</b>	<b>\$ 5,500,035</b>	<b>\$ 425,407</b>	<b>\$ 0</b>	<b>\$ 31,583,434</b>

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

Exhibit C-2

Carter County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2010

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)		\$	19,301,377
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,002,236	
Add: construction in progress		21,833,580	
Add: infrastructure net of accumulated depreciation		13,473,074	
Add: buildings and improvements net of accumulated depreciation		3,959,929	
Add: other capital assets net of accumulated depreciation		<u>823,650</u>	42,092,469
(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	\$	(885,580)	
Less: other loans payable		(33,009,041)	
Add: deferred charges - debt issuance costs		211,519	
Less: compensated absences payable		(578,986)	
Less: landfill closure/postclosure care costs		(2,941,755)	
Less: other postemployment benefits liability		(36,988)	
Less: accrued interest on bonds, notes, and other loans payable		<u>(3,302)</u>	(37,244,133)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>755,294</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u><u>24,905,007</u></u>

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

Exhibit C-3

Carter County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Other		
<b>Revenues</b>								
Local Taxes	\$ 7,576,769	\$ 827,101	\$ 3,073,562	\$ 0	\$ 0	\$ 11,411	\$ 11,488,843	
Licenses and Permits	484,718	0	0	0	0	0	484,718	
Fines, Forfeitures, and Penalties	292,828	0	0	0	0	87,697	380,525	
Charges for Current Services	58,467	0	0	0	0	720,264	778,731	
Other Local Revenues	122,704	193,093	255,095	15,988	0	116,056	702,936	
Fees Received from County Officials	1,986,607	0	0	0	0	0	1,986,607	
State of Tennessee	810,911	2,235,597	146,010	0	0	287,179	3,479,697	
Federal Government	210,541	43,903	0	0	0	0	254,444	
Other Governments and Citizens Groups	371,999	10,311	0	0	0	3,575	385,885	
<b>Total Revenues</b>	<b>\$ 11,915,544</b>	<b>\$ 3,310,005</b>	<b>\$ 3,474,667</b>	<b>\$ 15,988</b>	<b>\$ 1,226,182</b>	<b>\$ 1,253,874</b>	<b>\$ 19,942,386</b>	
<b>Expenditures</b>								
<b>Current:</b>								
General Government	\$ 1,592,715	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35	\$ 1,592,750	
Finance	1,533,172	0	0	0	0	0	1,533,172	
Administration of Justice	1,188,864	0	0	0	0	18,744	1,207,608	
Public Safety	5,740,946	0	0	0	0	64,564	5,805,510	
Public Health and Welfare	151,910	0	0	0	0	1,153,245	1,305,155	
Social, Cultural, and Recreational Services	101,324	0	0	0	0	8,699	110,023	
Agriculture and Natural Resources	110,904	0	0	0	0	0	110,904	
Other Operations	966,854	0	0	0	0	8,587	975,441	
Highways	37,796	2,834,952	0	0	0	0	2,872,748	
Debt Service:								
Principal on Debt	1,622	0	1,591,924	0	0	0	1,593,546	
Interest on Debt	0	0	142,135	0	0	0	142,135	
Other Debt Service	0	0	174,091	0	0	0	174,091	
Capital Projects	31,300	0	0	11,972,471	0	0	12,003,771	
<b>Total Expenditures</b>	<b>\$ 11,457,407</b>	<b>\$ 2,834,952</b>	<b>\$ 1,908,150</b>	<b>\$ 11,972,471</b>	<b>\$ 1,253,874</b>	<b>\$ 1,253,874</b>	<b>\$ 29,426,854</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 458,137</b>	<b>\$ 475,053</b>	<b>\$ 1,566,517</b>	<b>\$ (11,956,483)</b>	<b>\$ (27,692)</b>	<b>\$ (9,484,468)</b>		

(Continued)

Exhibit C-3

Carter County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	0	\$ 15,939,073	\$ 0	0	\$ 15,939,073
Insurance Recovery	1,862	0	0	0	0	0	1,862
Transfers In	0	0	0	0	174,000	0	174,000
Transfers Out	(174,000)	0	0	0	0	0	(174,000)
Total Other Financing Sources (Uses)	\$ (172,138)	\$ 0	0	\$ 15,939,073	\$ 174,000	\$ 174,000	\$ 15,940,935
Net Change in Fund Balances	\$ 285,999	\$ 475,053	\$ 1,566,517	\$ 3,982,590	\$ 146,308	\$ 6,456,467	
Fund Balance, July 1, 2009	4,312,338	1,868,208	6,469,243	2	195,119	12,844,910	
Fund Balance, June 30, 2010	\$ 4,598,337	\$ 2,343,261	\$ 8,035,760	\$ 3,982,592	\$ 341,427	\$ 19,301,377	

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

Exhibit C-4

Carter County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2010

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)		\$ 6,456,467
(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	\$ 13,077,878	
Less: current year depreciation expense	<u>(919,876)</u>	12,158,002
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 755,294	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(929,165)</u>	(173,871)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items:		
Less: other loan proceeds	\$ (15,939,073)	
Add: change in deferred debt issuance costs	44,700	
Add: principal payments on notes	70,924	
Add: principal payments on other loans	1,521,000	
Add: principal payments on capital leases	<u>1,622</u>	(14,300,827)
(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	\$ 266	
Change in compensated absences payable	109,141	
Change in other postemployment benefits liability	(29,410)	
Change in landfill closure/postclosure care costs	<u>31,879</u>	111,876
Change in net assets of governmental activities (Exhibit B)		<u>\$ 4,251,647</u>

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

Exhibit D

Carter County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 3,967,551
Equity in Pooled Cash and Investments	181,196
Accounts Receivable	11,227
Due from Other Governments	996,046
Due from Other Funds	71,478
Property Taxes Receivable	2,031,524
Allowance for Uncollectible Property Taxes	<u>(57,992)</u>
Total Assets	<u>\$ 7,201,030</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 3,218,662
Due to Litigants, Heirs, and Others	<u>3,982,368</u>
Total Liabilities	<u>\$ 7,201,030</u>

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

**CARTER COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Carter County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Carter County:

**A. Reporting Entity**

Carter County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Carter County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Carter County School Department operates the public school system in the county, and the voters of Carter County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Carter County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carter County, and the Carter County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Carter County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Carter County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Carter

County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Carter County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Carter County issues most debt for the discretely presented Carter County School Department. There were no debt issues contributed by the county to the School Department and the Elizabethton City School System, during the year ended June 30, 2010.

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

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

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

Fund financial statements of Carter County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Carter County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Carter County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Carter County reports the following major governmental funds:

**General Fund** – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

**General Capital Projects Fund** – This fund accounts for financial resources to be used in the acquisition or construction of major capital projects.

Additionally, Carter County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Carter County, and the city school system’s share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Carter County School Department reports the following major governmental funds:

**General Purpose School Fund** – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

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

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Carter County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Carter County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State

Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. The balance of \$1,443,870 in the Contracts Payable account on the Statement of Net Assets for the primary government represents amounts due to contractors on construction contracts for percentage completed. Other Current Liabilities reflected in the General Fund represent contractor's deposits relating to the HOME Investment Partnerships Program Grant. Other Current Liabilities reflected in the Drug Control Fund represent asset seizures that have not been awarded to the county at June 30, 2010.

The balance in the account Other Current Liabilities totaling \$1,487,492 on the Statement of Net Assets for the School Department represents the remaining balance in the teachers' insurance clearing account. Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the governmental funds.

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are

depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5-10
Infrastructure	40

**4. Compensated Absences**

It is the county’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Carter County does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The School Department has various policies related to vacation and sick leave benefits. Certain employees of the School Department are allowed to accumulate unused vacation benefits, but are only paid for 40 days of their unused vacation leave upon termination. The School Department, in accordance with contract provisions, allows all certified personnel to accumulate an unlimited amount of earned but unused sick leave benefits, which will be paid to employees at a rate of \$15 per day upon retirement. A liability for these benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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

**5. Long-term Obligations**

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

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

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

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

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

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

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

As of June 30, 2010, Carter County had \$8,732,621 in outstanding debt for capital purposes for the discretely presented Carter County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Elizabethton School System) based on an average daily attendance proration. This debt is a liability of Carter County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Elizabethton

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General Purpose School:	
Extended School Program	\$ 54,818

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

**Discretely Presented Carter County School Department**

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

**Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

## **Discretely Presented Carter County School Department**

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

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary Information**

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

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

The budgetary level of control is at the major category level established by the 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, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

#### **B. Cash Overdraft**

The Other Education Special Revenue Fund had a cash overdraft of \$19,023 at June 30, 2010. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2010.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations in the Health Department Fund by \$3,627. Expenditures exceeded appropriations in several major appropriation categories (the legal level of control) in the following funds:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General Fund:	
Board of Equalization	\$ 122
Other Administration of Justice	101
Tourism	6,695
Courthouse and Jail Maintenance Fund:	
Miscellaneous	12
Drug Control Fund:	
Miscellaneous	201
<u>Discretely Presented School Department</u>	
General Purpose School Fund:	
Principal on Debt - Education	2,250

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

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that

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

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

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office 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 fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2010.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 2,002,236	\$ 0	\$ 2,002,236
Construction in Progress	9,861,109	11,972,471	21,833,580
Total Capital Assets Not Depreciated	<u>\$ 11,863,345</u>	<u>\$ 11,972,471</u>	<u>\$ 23,835,816</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,830,385	\$ 301,828	\$ 7,132,213
Infrastructure	18,285,416	677,519	18,962,935
Other Capital Assets	3,193,507	126,060	3,319,567
Total Capital Assets Depreciated	<u>\$ 28,309,308</u>	<u>\$ 1,105,407</u>	<u>\$ 29,414,715</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,942,768	\$ 229,516	\$ 3,172,284
Infrastructure	5,022,706	467,155	5,489,861
Other Capital Assets	2,272,712	223,205	2,495,917
Total Accumulated Depreciation	<u>\$ 10,238,186</u>	<u>\$ 919,876</u>	<u>\$ 11,158,062</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,071,122</u>	<u>\$ 185,531</u>	<u>\$ 18,256,653</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,934,467</u>	<u>\$ 12,158,002</u>	<u>\$ 42,092,469</u>

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

**Governmental Activities:**

General Government	\$	37,851
Public Safety		147,833
Public Health and Welfare		111,894
Highways		<u>622,298</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>919,876</u></u>

**Discretely Presented Carter County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 838,418	\$ 0	\$ 838,418
Construction in Progress	0	373,867	373,867
Total Capital Assets Not Depreciated	<u>\$ 838,418</u>	<u>\$ 373,867</u>	<u>\$ 1,212,285</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 40,709,429	\$ 271,631	\$ 40,981,060
Other Capital Assets	4,485,301	752,697	5,237,998
Total Capital Assets Depreciated	<u>\$ 45,194,730</u>	<u>\$ 1,024,328</u>	<u>\$ 46,219,058</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 21,318,961	\$ 728,011	\$ 22,046,972
Other Capital Assets	2,397,167	377,403	2,774,570
Total Accumulated Depreciation	<u>\$ 23,716,128</u>	<u>\$ 1,105,414</u>	<u>\$ 24,821,542</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,478,602</u>	<u>\$ (81,086)</u>	<u>\$ 21,397,516</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 22,317,020</u></u>	<u><u>\$ 292,781</u></u>	<u><u>\$ 22,609,801</u></u>

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

**Governmental Activities:**

Instruction	\$ 729,134
Support Services	322,811
Operation of Non-Instructional Services	<u>53,469</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,105,414</u>

**C. Construction Commitments**

At June 30, 2010, Carter County had uncompleted jail construction contracts of \$3,728,187 in the General Capital Projects Fund. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 22,912
Highway/Public Works	General	11,164
Highway/Public Works	Nonmajor governmental	2,840
Nonmajor governmental	General	6,855
Agency	General	71,478
Discretely Presented School Department:		
General Purpose School	School Federal Projects	402
School Federal Projects	General Purpose School	1,160

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

**Due to/from Primary Government and Component Unit:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Department: General Purpose School	Primary Government: General	\$ 179,825

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

Transfer Out	Transfer In Nonmajor Governmental Funds
General Fund	\$ 174,000

**Discretely Presented Carter County School Department**

Transfer Out	Transfer In School Federal Projects Fund
General Purpose School Fund	\$ 234,890

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

**E. Capital Lease**

**Discretely Presented Carter County School Department**

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

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 334,331
2012	334,331
2013	334,330
2014	334,331
2015	334,331
2016-2018	<u>691,752</u>
Total Minimum Lease Payments	\$ 2,363,406
Less: Amount Representing Interest	<u>(429,884)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 1,933,522</u>

**F. Long-term Debt**

**Primary Government**

**Notes and Other Loans**

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to 12 years for notes and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
Capital Outlay Notes	3.49%	\$ 1,024,700	\$ 885,580
Other Loans	Variable	43,050,000	33,009,041

Carter County has entered into loan agreements with the Montgomery County Public Building Authority and the City of Clarksville Public Building Authority (PBAs). The loan agreements provide for the PBAs to make funds available for loan to Carter County on an as-needed basis for various

renovation and construction projects for the county and the discretely presented Carter County School Department. At June 30, 2010, \$42,030,041 had been drawn. A balance of \$1,019,959 remains available for future draws under the loan agreements, however, the county has determined that this balance will not be drawn. The loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, administrator, and debt remarketing) in connection with these loans. The following table summarizes loan agreements outstanding at June 30, 2010.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees 6-30-10
<u>Montgomery County Public Building Authority</u>					
Montgomery County PBA Loan Program	\$ 9,000,000	\$ 3,056,000	Variable	.28 %	.60 %
Montgomery County PBA Loan Program	3,500,000	1,716,000	Variable	.28	.52
Montgomery County PBA Loan Program	4,550,000 (1)	3,075,041	Variable	.23	.70
Montgomery County PBA Loan Program	18,000,000	17,274,000	Variable	.23	.58
<u>City of Clarksville Public Building Authority</u>					
City of Clarksville PBA Loan Program	8,000,000	<u>7,888,000</u>	Variable	.41	.99
Total		<u>\$ 33,009,041</u>			

(1) \$1,019,959 remains available for draws under this loan agreement, however, the county has determined that this balance will not be drawn.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables. The amount for the loans does not include the \$1,019,959, which has not yet been drawn by the county.

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 73,761	\$ 30,776	\$ 104,537
2012	76,711	28,151	104,862
2013	79,780	25,435	105,215
2014	82,971	22,624	105,595
2015	86,290	19,715	106,005
2016-2020	486,067	51,257	537,324
Total	\$ 885,580	\$ 177,958	\$ 1,063,538

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	1,733,000	92,505	205,426	2,030,931
2012	1,813,000	87,573	194,867	2,095,440
2013	1,898,000	82,410	183,822	2,164,232
2014	1,986,000	77,002	172,260	2,235,262
2015	1,223,000	71,341	160,164	1,454,505
2016-2020	5,553,000	306,196	692,277	6,551,473
2021-2025	6,518,000	221,360	506,543	7,245,903
2026-2030	7,170,041	116,401	277,742	7,564,184
2031-2035	5,115,000	36,330	92,269	5,243,599
Total	\$ 33,009,041	\$ 1,091,118	\$ 2,485,370	\$ 36,585,529

There is \$8,035,760 available in the General Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans, totaled \$597, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Notes	Other Loans	Capital Lease
Balance, July 1, 2009	\$ 956,504	\$ 18,590,968	\$ 1,622
Additions	0	15,939,073	0
Deductions	(70,924)	(1,521,000)	(1,622)
Balance, June 30, 2010	\$ 885,580	\$ 33,009,041	\$ 0
Balance Due Within One Year	\$ 73,761	\$ 1,733,000	\$ 0

	Compensated Absences	Landfill Closure/ Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2009	\$ 688,127	\$ 2,973,635	\$ 7,578
Additions	622,557	0	120,428
Deductions	(731,698)	(31,880)	(91,018)
Balance, June 30, 2010	<u>\$ 578,986</u>	<u>\$ 2,941,755</u>	<u>\$ 36,988</u>
Balance Due Within One Year	<u>\$ 289,493</u>	<u>\$ 141,602</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 37,452,350
Less: Balance Due Within One Year	<u>(2,237,856)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 35,214,494</u>

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

**Discretely Presented Carter County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Carter County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Capital Lease	Compensated Absences
Balance, July 1, 2009	\$ 2,149,272	\$ 966,117
Additions	0	199,794
Deductions	(215,750)	(307,506)
Balance, June 30, 2010	<u>\$ 1,933,522</u>	<u>\$ 858,405</u>
Balance Due Within One Year	<u>\$ 227,915</u>	<u>\$ 228,816</u>

	Other Postemployment Benefits
Balance, July 1, 2009	\$ 2,339,667
Additions	2,338,661
Deductions	<u>(896,753)</u>
Balance, June 30, 2010	<u>\$ 3,781,575</u>
Balance Due Within One Year	<u>\$ 0</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 6,573,502
Less: Balance Due Within One Year	<u>(456,731)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,116,771</u>

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carter County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$351,792 and \$51,290, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

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

creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

### **Discretely Presented Carter County School Department**

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

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, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

## **B. Workers' Compensation – Prior Years' Assessment**

Carter County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Carter County's share of this second assessment totaled \$29,288.

## **C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a

useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Carter County and the Carter County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Carter County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Carter County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Carter County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Carter County may enter into derivative transactions in subsequent years.

**D. Subsequent Events**

On August 31, 2010, Johnny Holder left the Office of County Mayor and was succeeded by Leon Humphrey.

On October 7, 2010, Carter County sold general obligation refunding bonds totaling \$24,800,000.

On November 15, 2010, the County Commission approved the issuance of capital outlay notes not to exceed \$250,000 to provide matching funds to the City of Elizabethton for construction of an animal shelter.

**E. Contingent Liabilities**

The county is involved in several pending lawsuits. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**F. Change in Administration**

On June 30, 2010, Dallas Williams left the Office of Director of Schools and was succeeded by Shirley Ellis.

**G. Landfill Closure/Postclosure Care Costs**

Carter County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill (Elizabethton Carter County Sanitary Landfill) and a demolition landfill. The county has provided financial assurances for estimated closure and 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. Carter County closed its sanitary landfill in 2000. The \$2,941,755 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Carter County bills the City of Elizabethton for one-half of the postclosure expenditures in accordance with a written agreement with the city.

**H. Joint Venture**

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the First Judicial District; Carter, Johnson, and Washington counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carter County contributed \$5,000 to the DTF for

the year ended June 30, 2010, but does not have any equity interest in this joint venture.

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

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

Administrative Offices:

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

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

**I. Jointly Governed Organizations**

**Primary Government**

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

**Discretely Presented Carter County School Department**

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Carter County and various other counties and cities in the upper east Tennessee area. The cooperative was authorized through Chapter 49 of Tennessee Code

Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a Board of Control, consisting of one board member and the director of schools from each of the systems. The executive committee consists of the chairman and vice chairman of the Board of Control and the director of schools. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative has entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems. The Carter County School Department, along with certain other members of the Upper East Tennessee Educational Cooperative, is a member of the Northeast Tennessee Cooperative. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts, and an Executive Council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the Representative Committee.

## **J. Retirement Commitments**

### **Plan Description**

Employees of Carter County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Carter County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

**Funding Policy**

Carter County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 13.38 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2010, the county’s annual pension cost of \$1,391,942 to TCRS was equal to the county’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 post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 18 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$1,391,942	100%	\$0
6-30-09	1,439,680	100	0
6-30-08	1,370,677	100	0

## **Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.43 percent funded. The actuarial accrued liability for benefits was \$33.27 million, and the actuarial value of assets was \$28.09 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.18 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.12 million, and the ratio of the UAAL to the covered payroll was 51.18 percent.

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

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

## **School Teachers**

### **Plan Description**

The Carter County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 SETHEPP. 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/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **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, 2010, 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, 2010, 2009, and 2008, were \$1,381,907, \$1,386,815, and \$1,327,624, respectively, equal to the required contributions for each year.

## **K. Other Postemployment Benefits (OPEB)**

### **Primary Government**

#### **Plan Description**

Carter County participates in a commercial postemployment benefits plan administered by United Healthcare Plan of the River Valley, Inc., for medical benefits for retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the County Commission.

#### **Funding Policy**

The plan is purchased commercially and financed on a pay-as-you-go basis. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligibility is determined based upon the employee's hire date. For those employees hired on or prior to December 31, 2007, to be eligible for benefits, retirees must be age 55 with at least 20 years of service, or have ten years of service and be over the age of 60. For those employees hired subsequent to December 31, 2007, to be eligible for benefits, retirees must be age 55 with at least 20 years of service. Benefits are paid until the retirees reach age 65, provided they are not covered under another health insurance plan. Carter County pays 100 percent of the costs for single coverage. Family coverage is not provided under the plan, other than COBRA.

Annual OPEB Cost and Net OPEB Obligation

ARC	\$ 120,562
Interest on the NPO	189
Adjustment to the ARC	(323)
Annual OPEB cost	<u>\$ 120,428</u>
Amount of contribution	<u>(91,018)</u>
Increase/decrease in NPO	\$ 29,410
Net OPEB obligation, 7-1-09	<u>7,578</u>
 Net OPEB obligation, 6-30-10	 <u><u>\$ 36,988</u></u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Commercial Insurance	\$ 120,562	94 %	\$ 7,578
6-30-10	"	120,428	76	36,988

\* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial valuation date	7-1-08
Actuarial accrued liability (AAL)	\$ 1,461,171
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,461,171
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 5,835,716
UAAL as a % of covered payroll	25%

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

## Actuarial Methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of 4.5 percent after five years. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

## **Discretely Presented Carter County School Department**

### Plan Description

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

The School Department also provides termination benefits for retirees as well as commercial postemployment benefits for dental and life insurance. For accounting purposes, this plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education. Termination benefits are further discussed in Note V.L. Life and dental benefits are provided to all certified teachers who upon retirement are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last five years preceding retirement having been in the Carter County School System. The benefits are also provided to paraprofessionals who retire from the School Department. To be eligible for benefits, the employee must meet one of the following criteria. The employee may be of

any age but have at least 30 years of service, or age 60 with at least 15 years of service, or age 55 with at least 17 years of service. Benefits are paid until the retirees reach age 65.

Funding Policy

The premium requirements of the Local Education Group 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 develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. During the year ended June 30, 2010, the discretely presented School Department contributed \$896,753 for postemployment healthcare benefits.

The Dental, Life, and Termination Benefits Plan is financed on a pay-as-you-go basis. The School Department pays 100 percent of the costs for single coverage. Family coverage of dental insurance is not provided. Family coverage of life insurance is available, but the retiree must pay the full premium.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Dental, Life, and Termination Benefits Plan
ARC	\$ 2,125,000	\$ 208,103
Interest on the NPO	97,767	7,518
Adjustment to the ARC	(92,605)	(7,121)
Annual OPEB cost	\$ 2,130,162	\$ 208,500
Amount of contribution	(864,460)	(32,293)
Increase/decrease in NPO	\$ 1,265,702	\$ 176,207
Net OPEB obligation, 7-1-09	2,172,599	167,067
Net OPEB obligation, 6-30-10	<u>\$ 3,438,301</u>	<u>\$ 343,274</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,790,000	40	% \$ 1,066,940
6-30-09	"	1,810,282	39	2,172,599
6-30-10	"	2,130,162	41	3,438,301
6-30-09	Dental, Life, and Termination Plan*	208,103	20	167,067
6-30-10	"	208,500	15	343,274

\* Data only available for two years.

### Funded Status and Funding Progress

The funded status of the OPEB plans as of June 30, 2010, was as follows:

	Local Education Group Plan	Dental, Life, and Termination Benefits Plan
Actuarial valuation date	7-1-09	7-1-08
Actuarial accrued liability (AAL)	\$ 18,782,000	\$ 3,104,145
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 18,782,000	\$ 3,104,145
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 26,421,079	\$ 26,377,927
UAAL as a % of covered payroll	71%	12%

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

### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2009, actuarial valuation for the Local Education Group Plan, 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 four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

In the July 1, 2008, actuarial valuation for the Dental, Life, and Termination Benefits Plan, the entry age normal actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual dental care cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of 4.5 percent after five years. The life insurance and the termination benefits are assumed to remain at current levels. The unfunded actuarial accrued liability is being amortized over a 30-year period beginning with July 1, 2008.

**L. Termination Benefits**

The discretely presented Carter County School Department has entered into a retirement bonus payment plan, in accordance with contract provisions. This plan is available to all certified teachers who are (a) at least 55 years of age or have at least 25 years of service and (b) have been employed with the Carter County School System for at least 15 years total with the last five years preceding retirement having been in the Carter County School System. The plan gives teachers who have met the above requirements and are between the ages of 62 to 65, a one-time bonus, of \$5,000 when the employee retires. As discussed in Note V.K., termination benefits are included in the Carter County School Department's OPEB obligations.

**M. Office of Central Accounting and Budgeting**

**Office of Director of Finance**

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

**N. Purchasing Law**

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

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit E-1

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,576,769	\$ 0	\$ 7,576,769	\$ 7,801,948	\$ 7,833,948	\$ (257,179)
Licenses and Permits	484,718	0	484,718	345,900	345,900	138,818
Fines, Forfeitures, and Penalties	292,828	0	292,828	299,300	299,300	(6,472)
Charges for Current Services	58,467	0	58,467	108,000	108,000	(49,533)
Other Local Revenues	122,704	0	122,704	108,000	124,585	(1,881)
Fees Received from County Officials	1,986,607	0	1,986,607	2,039,300	2,039,300	(52,693)
State of Tennessee	810,911	0	810,911	794,880	1,125,764	(314,853)
Federal Government	210,541	0	210,541	88,499	201,896	8,645
Other Governments and Citizens Groups	371,999	0	371,999	213,400	287,494	84,505
<u>Total Revenues</u>	<u>\$ 11,915,544</u>	<u>\$ 0</u>	<u>\$ 11,915,544</u>	<u>\$ 11,799,227</u>	<u>\$ 12,366,187</u>	<u>\$ (450,643)</u>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 85,102	\$ 0	\$ 85,102	\$ 80,800	\$ 90,300	\$ 5,198
Board of Equalization	3,447	0	3,447	3,325	3,325	(122)
County Mayor/Executive	198,931	0	198,931	173,139	206,016	7,085
County Attorney	44,108	0	44,108	50,648	50,648	6,540
Election Commission	252,434	0	252,434	258,451	259,465	7,031
Register of Deeds	243,725	0	243,725	253,274	277,167	33,442
Planning	211,234	9,875	221,109	264,736	264,736	43,627
County Buildings	553,734	41,048	594,782	575,603	699,203	104,421
Other General Administration	0	0	0	500	500	500
<u>Finance</u>						
Accounting and Budgeting	382,246	0	382,246	391,060	399,266	17,020
Property Assessor's Office	385,181	0	385,181	407,550	412,395	27,214

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Reappraisal Program	\$ 91,879	0	\$ 91,879	\$ 105,199	\$ 105,818	\$ 13,939
County Trustee's Office	286,191	0	286,191	297,362	298,910	12,719
County Clerk's Office	387,675	0	387,675	422,124	427,051	39,376
<u>Administration of Justice</u>						
Circuit Court	646,429	552	646,981	671,537	672,193	25,212
General Sessions Court	220,194	0	220,194	223,477	224,354	4,160
Drug Court	13,402	0	13,402	0	20,807	7,405
Chancery Court	256,021	0	256,021	293,979	296,278	40,257
Judicial Commissioners	37,817	0	37,817	37,949	37,949	132
Other Administration of Justice	15,001	0	15,001	14,900	14,900	(101)
<u>Public Safety</u>						
Sheriff's Department	3,021,326	4,934	3,026,260	3,092,170	3,103,790	77,530
Jail	1,966,031	1,114	1,967,145	2,056,885	2,108,513	141,368
Juvenile Services	144,174	0	144,174	157,470	157,977	13,803
Fire Prevention and Control	277,754	0	277,754	294,500	294,500	16,746
Rescue Squad	241,000	0	241,000	241,000	241,000	0
Other Emergency Management	80,561	0	80,561	89,518	90,240	9,679
Inspection and Regulation	3,000	0	3,000	6,500	6,500	3,500
County Coroner/Medical Examiner	6,100	0	6,100	5,800	6,100	0
Other Public Safety	1,000	0	1,000	950	1,000	0
<u>Public Health and Welfare</u>						
Local Health Center	0	0	0	169,000	0	0
Rabies and Animal Control	52,571	0	52,571	60,026	60,335	7,764
Ambulance/Emergency Medical Services	76,712	0	76,712	76,712	76,712	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Crippled Children Services	\$ 20,727	\$ 0	\$ 20,727	\$ 20,727	\$ 0	0
Aid to Dependent Children	1,500	0	1,500	1,500	0	0
Other Local Welfare Services	400	0	400	1,600	1,200	1,200
Other Public Health and Welfare	0	0	0	1,425	1,425	1,425
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	46,010	0	46,010	46,010	0	0
Libraries	36,588	0	36,588	36,588	0	0
Parks and Fair Boards	17,512	0	17,512	22,562	50	50
Other Social, Cultural, and Recreational	1,214	0	1,214	6,765	5,551	5,551
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	91,952	0	91,952	95,670	3,717	3,717
Flood Control	0	2,600	2,600	3,850	1,250	1,250
Other Agriculture and Natural Resources	18,952	0	18,952	19,854	902	902
<u>Other Operations</u>						
Tourism	87,804	0	87,804	81,109	(6,695)	(6,695)
Industrial Development	268,344	0	268,344	3,875	271,819	3,475
Housing and Urban Development	5,415	0	5,415	0	39,600	34,185
Other Economic and Community Development	127,117	0	127,117	30,835	127,117	0
Veterans' Services	35,558	0	35,558	35,948	36,257	699
Other Charges	28,986	0	28,986	2,000	30,117	1,131
Contributions to Other Agencies	49,500	0	49,500	49,500	49,500	0
Employee Benefits	86,369	0	86,369	95,550	95,550	9,181
Miscellaneous	277,761	0	277,761	266,651	350,464	72,703

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Highways</u>						
Litter and Trash Collection	\$ 37,796	\$ 300	\$ 38,096	\$ 49,203	\$ 49,653	\$ 11,557
Principal on Debt	1,622	0	1,622	0	1,622	0
General Government						
Capital Projects	31,300	0	31,300	15,000	47,300	16,000
Other General Government Projects						
Total Expenditures	\$ 11,457,407	\$ 60,423	\$ 11,517,830	\$ 11,662,366	\$ 12,339,606	\$ 821,776
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 458,137	\$ (60,423)	\$ 397,714	\$ 136,861	\$ 26,581	\$ 371,133
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 1,862	\$ 0	\$ 1,862	\$ 0	\$ 0	\$ 1,862
Transfers Out	(174,000)	0	(174,000)	0	(174,000)	0
Total Other Financing Sources (Uses)	\$ (172,138)	\$ 0	\$ (172,138)	\$ 0	\$ (174,000)	\$ 1,862
Net Change in Fund Balance	\$ 285,999	\$ (60,423)	\$ 225,576	\$ 136,861	\$ (147,419)	\$ 372,995
Fund Balance, July 1, 2009	4,312,338	0	4,312,338	4,000,094	4,000,094	312,244
Fund Balance, June 30, 2010	\$ 4,598,337	\$ (60,423)	\$ 4,537,914	\$ 4,136,955	\$ 3,852,675	\$ 685,239

Exhibit E-2

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 827,101	\$ 830,022	\$ 830,022	\$ (2,921)
Other Local Revenues	193,093	100,000	100,000	93,093
State of Tennessee	2,235,597	1,995,669	1,995,669	239,928
Federal Government	43,903	12,500	12,500	31,403
Other Governments and Citizens Groups	10,311	13,000	13,000	(2,689)
Total Revenues	<u>\$ 3,310,005</u>	<u>\$ 2,951,191</u>	<u>\$ 2,951,191</u>	<u>\$ 358,814</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 230,016	\$ 252,168	\$ 252,168	\$ 22,152
Highway and Bridge Maintenance	1,415,480	1,662,300	1,657,800	242,320
Operation and Maintenance of Equipment	521,031	642,800	698,300	177,269
Other Charges	82,877	96,550	96,550	13,673
Employee Benefits	531,600	558,555	558,555	26,955
Capital Outlay	53,948	408,000	357,000	303,052
Total Expenditures	<u>\$ 2,834,952</u>	<u>\$ 3,620,373</u>	<u>\$ 3,620,373</u>	<u>\$ 785,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 475,053</u>	<u>\$ (669,182)</u>	<u>\$ (669,182)</u>	<u>\$ 1,144,235</u>
Net Change in Fund Balance	\$ 475,053	\$ (669,182)	\$ (669,182)	\$ 1,144,235
Fund Balance, July 1, 2009	<u>1,868,208</u>	<u>1,923,742</u>	<u>1,923,742</u>	<u>(55,534)</u>
Fund Balance, June 30, 2010	<u>\$ 2,343,261</u>	<u>\$ 1,254,560</u>	<u>\$ 1,254,560</u>	<u>\$ 1,088,701</u>

Exhibit E-3

Carter County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Carter County School Department  
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 26,789	\$ 30,355	\$ 3,566	88.25 %	\$ 9,726	36.66 %
7-1-09	28,092	33,271	5,179	84.43	10,120	51.18

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Carter County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Carter County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
<u>PRIMARY GOVERNMENT</u>							
Commercial	7-1-08*	\$ 0	\$ 1,461	\$ 1,461	0%	\$ 5,836	25%
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07**	0	14,953	14,953	0	26,179	57
"	7-1-09	0	18,782	18,782	0	26,421	71
School Department - Dental, Life, and Termination	7-1-08*	0	3,104	3,104	0	26,378	12

\* Data only available for one actuarial valuation.

\*\*Data only available for two actuarial valuations.

**CARTER COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**A. BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the 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, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Carter County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

General Fund expenditures exceeded appropriations in the following major categories (the legal level of control):

<u>Major Appopriation Category</u>	<u>Amount Overspent</u>
Board of Education	\$ 122
Other Administration of Justice	101
Tourism	6,695

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

---

---

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

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

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

---

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

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

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

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

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

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

Exhibit F-1

Carter County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	
\$	0	5,826	0	0	0	11,269	\$ 17,095
Equity in Pooled Cash and Investments	25,971	89,935	10,622	142,597	15,177	0	284,302
Accounts Receivable	970	67,724	45,746	1,782	0	933	117,155
Due from Other Funds	0	0	0	0	0	6,855	6,855
Total Assets	\$ 26,941	\$ 163,485	\$ 56,368	\$ 144,379	\$ 15,177	\$ 19,057	\$ 425,407

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Due from Other Funds

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Accrued Payroll  
 Payroll Deductions Payable  
 Due to Other Funds  
 Other Current Liabilities  
 Total Liabilities

\$	369	24,765	637	20	0	0	0	25,791
	0	6,893	2,806	0	0	0	0	9,699
	0	2,440	3,202	0	0	0	0	5,642
	0	4,926	1,769	0	0	19,057	0	25,752
	0	0	0	17,096	0	0	0	17,096
Total Liabilities	\$ 369	\$ 39,024	\$ 8,414	\$ 17,116	\$ 0	\$ 19,057	\$ 0	\$ 83,980

Fund Balances

Unreserved  
 Total Fund Balances

\$	26,572	124,461	47,954	127,263	15,177	0	0	341,427
Total Fund Balances	\$ 26,572	\$ 124,461	\$ 47,954	\$ 127,263	\$ 15,177	\$ 0	\$ 0	\$ 341,427

Total Liabilities and Fund Balances

\$	26,941	163,485	56,368	144,379	15,177	19,057	0	425,407
----	--------	---------	--------	---------	--------	--------	---	---------

Exhibit F-2

Carter County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<u>Revenues</u>								
Local Taxes	\$ 11,411	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,411
Fines, Forfeitures, and Penalties	0	0	0	87,697	0	0	0	87,697
Charges for Current Services	0	705,773	0	0	1,639	12,852	0	720,264
Other Local Revenues	0	104,744	50	11,262	0	0	0	116,056
State of Tennessee	0	0	284,239	2,940	0	0	0	287,179
Other Governments and Citizens Groups	0	0	0	3,575	0	0	0	3,575
Total Revenues	\$ 11,411	\$ 810,517	\$ 284,289	\$ 105,474	\$ 1,639	\$ 12,852	\$ 0	\$ 1,226,182
<u>Expenditures</u>								
Current:								
General Government	\$ 35	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35
Administration of Justice	5,960	0	0	0	0	12,784	0	18,744
Public Safety	0	0	0	64,496	0	68	0	64,564
Public Health and Welfare	0	708,306	444,939	0	0	0	0	1,153,245
Social, Cultural, and Recreational Services	0	0	0	0	8,699	0	0	8,699
Other Operations	112	7,474	0	1,001	0	0	0	8,587
Total Expenditures	\$ 6,107	\$ 715,780	\$ 444,939	\$ 65,497	\$ 8,699	\$ 12,852	\$ 0	\$ 1,253,874
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,304	\$ 94,737	\$ (160,650)	\$ 39,977	\$ (7,060)	\$ 0	\$ 0	\$ (27,692)
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 0	\$ 169,000	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 174,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 169,000	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 174,000
Net Change in Fund Balances Fund Balance, July 1, 2009	\$ 5,304	\$ 94,737	\$ 8,350	\$ 39,977	\$ (2,060)	\$ 0	\$ 0	\$ 146,308
	21,268	29,724	39,604	87,286	17,237	0	0	195,119
Fund Balance, June 30, 2010	\$ 26,572	\$ 124,461	\$ 47,954	\$ 127,263	\$ 15,177	\$ 0	\$ 0	\$ 341,427

Exhibit F-3

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 11,411	\$ 10,500	\$ 10,500	\$ 911
Total Revenues	\$ 11,411	\$ 10,500	\$ 10,500	\$ 911
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 35	\$ 5,900	\$ 5,900	\$ 5,865
<u>Administration of Justice</u>				
Other Administration of Justice	5,960	4,500	5,960	0
<u>Other Operations</u>				
Miscellaneous	112	100	100	(12)
Total Expenditures	\$ 6,107	\$ 10,500	\$ 11,960	\$ 5,853
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,304	\$ 0	\$ (1,460)	\$ 6,764
Net Change in Fund Balance	\$ 5,304	\$ 0	\$ (1,460)	\$ 6,764
Fund Balance, July 1, 2009	21,268	0	1,460	19,808
Fund Balance, June 30, 2010	\$ 26,572	\$ 0	\$ 0	\$ 26,572

Exhibit F-4

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 705,773	\$ 761,000	\$ 761,000	\$ (55,227)
Other Local Revenues	104,744	45,000	78,382	26,362
Total Revenues	<u>\$ 810,517</u>	<u>\$ 806,000</u>	<u>\$ 839,382</u>	<u>\$ (28,865)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 39,866	\$ 43,652	\$ 43,652	\$ 3,786
Recycling Center	38,900	47,498	47,498	8,598
Landfill Operation and Maintenance	629,540	784,072	817,454	187,914
<u>Other Operations</u>				
Miscellaneous	7,474	10,000	10,000	2,526
Total Expenditures	<u>\$ 715,780</u>	<u>\$ 885,222</u>	<u>\$ 918,604</u>	<u>\$ 202,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 94,737</u>	<u>\$ (79,222)</u>	<u>\$ (79,222)</u>	<u>\$ 173,959</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 79,222	\$ 79,222	\$ (79,222)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 79,222</u>	<u>\$ 79,222</u>	<u>\$ (79,222)</u>
Net Change in Fund Balance	\$ 94,737	\$ 0	\$ 0	\$ 94,737
Fund Balance, July 1, 2009	29,724	0	0	29,724
Fund Balance, June 30, 2010	<u>\$ 124,461</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 124,461</u>

Exhibit F-5

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Health Department Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 50	\$ 1,500	\$ 1,500	\$ (1,450)
State of Tennessee	284,239	169,000	272,311	11,928
Total Revenues	<u>\$ 284,289</u>	<u>\$ 170,500</u>	<u>\$ 273,811</u>	<u>\$ 10,478</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 444,939	\$ 169,000	\$ 441,312	\$ (3,627)
Total Expenditures	<u>\$ 444,939</u>	<u>\$ 169,000</u>	<u>\$ 441,312</u>	<u>\$ (3,627)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (160,650)</u>	<u>\$ 1,500</u>	<u>\$ (167,501)</u>	<u>\$ 6,851</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 169,000	\$ 0	\$ 169,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 169,000</u>	<u>\$ 0</u>	<u>\$ 169,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 8,350	\$ 1,500	\$ 1,499	\$ 6,851
Fund Balance, July 1, 2009	<u>39,604</u>	<u>0</u>	<u>0</u>	<u>39,604</u>
Fund Balance, June 30, 2010	<u><u>\$ 47,954</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 46,455</u></u>

Exhibit F-6

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 87,697	\$ 64,600	\$ 64,600	\$ 23,097
Other Local Revenues	11,262	16,000	16,000	(4,738)
State of Tennessee	2,940	5,000	7,940	(5,000)
Other Governments and Citizens Groups	3,575	0	1,000	2,575
Total Revenues	<u>\$ 105,474</u>	<u>\$ 85,600</u>	<u>\$ 89,540</u>	<u>\$ 15,934</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 64,496	\$ 82,000	\$ 85,940	\$ 21,444
<u>Other Operations</u>				
Miscellaneous	1,001	800	800	(201)
Total Expenditures	<u>\$ 65,497</u>	<u>\$ 82,800</u>	<u>\$ 86,740</u>	<u>\$ 21,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,977</u>	<u>\$ 2,800</u>	<u>\$ 2,800</u>	<u>\$ 37,177</u>
Net Change in Fund Balance	\$ 39,977	\$ 2,800	\$ 2,800	\$ 37,177
Fund Balance, July 1, 2009	<u>87,286</u>	<u>0</u>	<u>0</u>	<u>87,286</u>
Fund Balance, June 30, 2010	<u><u>\$ 127,263</u></u>	<u><u>\$ 2,800</u></u>	<u><u>\$ 2,800</u></u>	<u><u>\$ 124,463</u></u>

Exhibit F-7

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Sports and Recreation Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,639	\$ 0	\$ 0	\$ 1,639
Other Governments and Citizens Groups	0	0	5,000	(5,000)
Total Revenues	<u>\$ 1,639</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ (3,361)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 8,699	\$ 0	\$ 27,237	\$ 18,538
Total Expenditures	<u>\$ 8,699</u>	<u>\$ 0</u>	<u>\$ 27,237</u>	<u>\$ 18,538</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (7,060)</u>	<u>\$ 0</u>	<u>\$ (22,237)</u>	<u>\$ 15,177</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 5,000	\$ 0	\$ 5,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (2,060)	\$ 0	\$ (17,237)	\$ 15,177
Fund Balance, July 1, 2009	<u>17,237</u>	<u>0</u>	<u>17,237</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 15,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,177</u>

# Major Governmental Fund

## General Debt Service Fund

---

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

---

Exhibit G

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,073,562	\$ 3,026,446	\$ 3,026,446	\$ 47,116
Other Local Revenues	255,095	350,000	350,000	(94,905)
State of Tennessee	146,010	120,000	120,000	26,010
Total Revenues	<u>\$ 3,474,667</u>	<u>\$ 3,496,446</u>	<u>\$ 3,496,446</u>	<u>\$ (21,779)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 483,000	\$ 639,654	\$ 639,654	\$ 156,654
Education	1,108,924	1,110,666	1,110,666	1,742
<u>Interest on Debt</u>				
General Government	72,450	1,025,800	1,025,800	953,350
Education	69,685	425,191	425,191	355,506
<u>Other Debt Service</u>				
General Government	139,246	191,691	191,691	52,445
Education	34,845	61,519	61,519	26,674
Total Expenditures	<u>\$ 1,908,150</u>	<u>\$ 3,454,521</u>	<u>\$ 3,454,521</u>	<u>\$ 1,546,371</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,566,517</u>	<u>\$ 41,925</u>	<u>\$ 41,925</u>	<u>\$ 1,524,592</u>
Net Change in Fund Balance	\$ 1,566,517	\$ 41,925	\$ 41,925	\$ 1,524,592
Fund Balance, July 1, 2009	6,469,243	6,410,619	6,410,619	58,624
Fund Balance, June 30, 2010	<u>\$ 8,035,760</u>	<u>\$ 6,452,544</u>	<u>\$ 6,452,544</u>	<u>\$ 1,583,216</u>

# Fiduciary Funds

---

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

---

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

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

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

Exhibit H-1

Carter County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

<u>Agency Funds</u>					
Cities - Sales Tax	City School ADA - Elizabethton	Constitu- tional Officers - Agency	Total		

\$	0	\$	0	\$	3,967,551	\$	3,967,551
	0		181,196		0		181,196
	0		0		11,227		11,227
	743,908		252,138		0		996,046
	0		67,888		3,590		71,478
	0		2,031,524		0		2,031,524
	0		(57,992)		0		(57,992)
<hr/>							
\$	743,908	\$	2,474,754	\$	3,982,368	\$	7,201,030

ASSETS

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

Total Assets

LIABILITIES

Due to Other Taxing Units	
Due to Litigants, Heirs, and Others	

Total Liabilities

\$	743,908	\$	2,474,754	\$	0	\$	3,218,662
	0		0		3,982,368		3,982,368
<hr/>							
\$	743,908	\$	2,474,754	\$	3,982,368	\$	7,201,030

Exhibit H-2

Carter County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,168,684	\$ 4,168,684	\$ 0
Due from Other Governments	604,907	743,908	604,907	743,908
Total Assets	\$ 604,907	\$ 4,912,592	\$ 4,773,591	\$ 743,908
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 604,907	\$ 4,912,592	\$ 4,773,591	\$ 743,908
Total Liabilities	\$ 604,907	\$ 4,912,592	\$ 4,773,591	\$ 743,908
<u>City School ADA - Elizabethton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 125,809	\$ 3,409,032	\$ 3,353,645	\$ 181,196
Due from Other Governments	212,084	252,138	212,084	252,138
Due from Other Funds	0	67,888	0	67,888
Property Taxes Receivable	1,945,402	2,031,524	1,945,402	2,031,524
Allowance for Uncollectible Property Taxes	(44,776)	(57,992)	(44,776)	(57,992)
Total Assets	\$ 2,238,519	\$ 5,702,590	\$ 5,466,355	\$ 2,474,754
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,238,519	\$ 5,702,590	\$ 5,466,355	\$ 2,474,754
Total Liabilities	\$ 2,238,519	\$ 5,702,590	\$ 5,466,355	\$ 2,474,754
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,372,529	\$ 11,635,986	\$ 10,040,964	\$ 3,967,551
Accounts Receivable	14,236	11,227	14,236	11,227
Due from Other Funds	9,325	3,590	9,325	3,590
Total Assets	\$ 2,396,090	\$ 11,650,803	\$ 10,064,525	\$ 3,982,368
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,396,090	\$ 11,650,803	\$ 10,064,525	\$ 3,982,368
Total Liabilities	\$ 2,396,090	\$ 11,650,803	\$ 10,064,525	\$ 3,982,368

(Continued)

Exhibit H-2

Carter County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,372,529	\$ 11,635,986	\$ 10,040,964	\$ 3,967,551
Equity in Pooled Cash and Investments	125,809	7,577,716	7,522,329	181,196
Accounts Receivable	14,236	11,227	14,236	11,227
Due from Other Governments	816,991	996,046	816,991	996,046
Due from Other Funds	9,325	71,478	9,325	71,478
Property Taxes Receivable	1,945,402	2,031,524	1,945,402	2,031,524
Allowance for Uncollectible Property Taxes	(44,776)	(57,992)	(44,776)	(57,992)
Total Assets	<u>\$ 5,239,516</u>	<u>\$ 22,265,985</u>	<u>\$ 20,304,471</u>	<u>\$ 7,201,030</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,843,426	\$ 10,615,182	\$ 10,239,946	\$ 3,218,662
Due to Litigants, Heirs, and Others	2,396,090	11,650,803	10,064,525	3,982,368
Total Liabilities	<u>\$ 5,239,516</u>	<u>\$ 22,265,985</u>	<u>\$ 20,304,471</u>	<u>\$ 7,201,030</u>

# Carter County School Department

---

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

---

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

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

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

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for the Head Start Program.

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

Exhibit I-1

Carter County, Tennessee  
Statement of Activities  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 31,309,820	\$ 0	\$ 5,783,421	\$ 0	\$ (25,526,399)
Support Services	14,458,774	242,965	675,259	18,447	(13,522,103)
Operation of Non-Instructional Services	5,185,416	910,410	2,405,000	0	(1,870,006)
Interest on Long-term Debt	118,581	0	0	0	(118,581)
<b>Total Governmental Activities</b>	<b>\$ 51,072,591</b>	<b>\$ 1,153,375</b>	<b>\$ 8,863,680</b>	<b>\$ 18,447</b>	<b>\$ (41,037,089)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 4,918,530
Local Option Sales Taxes					4,001,145
Other Local Taxes					3,377
Grants and Contributions Not Restricted for Specific Programs					31,271,318
Unrestricted Investment Income					19,748
Miscellaneous					100,008
<b>Total General Revenues</b>					<b>\$ 40,314,126</b>
Change in Net Assets					\$ (722,963)
Net Assets, July 1, 2009					23,416,222
<b>Net Assets, June 30, 2010</b>					<b>\$ 22,693,259</b>

Exhibit I-2

Carter County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2010

	Major Funds			Nonmajor	Total
	General	School	Central	Funds	
	Purpose	Federal		Other	
School	Projects	Cafeteria	Governmental	Governmental	
<b>ASSETS</b>					
Cash	\$ 1,198,232	\$ 182,444	\$ 73,806	\$ 40,569	\$ 1,495,051
Equity in Pooled Cash and Investments	4,201,714	167,920	1,938,558	23,511	6,331,703
Accounts Receivable	5,128	0	398	32,000	37,526
Due from Other Governments	1,156,659	12,490	8,511	0	1,177,660
Due from Other Funds	402	1,160	0	0	1,562
Due from Primary Government	179,825	0	0	0	179,825
Property Taxes Receivable	5,289,281	0	0	0	5,289,281
Allowance for Uncollectible Property Taxes	(150,988)	0	0	0	(150,988)
<b>Total Assets</b>	<b>\$ 11,880,253</b>	<b>\$ 364,014</b>	<b>\$ 2,021,273</b>	<b>\$ 96,080</b>	<b>\$ 14,361,620</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Liabilities</u>					
Accounts Payable	\$ 670,558	\$ 11,626	\$ 55,803	\$ 613	\$ 738,600
Accrued Payroll	17,200	0	0	0	17,200
Payroll Deductions Payable	473,382	41,936	3,896	12,015	531,229
Cash Overdraft	0	0	0	19,023	19,023
Due to Other Funds	1,160	402	0	0	1,562
Other Current Liabilities	1,198,232	182,444	66,247	40,569	1,487,492
Deferred Revenue - Current Property Taxes	4,909,554	0	0	0	4,909,554
Deferred Revenue - Delinquent Property Taxes	204,381	0	0	0	204,381
Other Deferred Revenues	584,576	0	0	0	584,576
<b>Total Liabilities</b>	<b>\$ 8,059,043</b>	<b>\$ 236,408</b>	<b>\$ 125,946</b>	<b>\$ 72,220</b>	<b>\$ 8,493,617</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 301,702	\$ 0	\$ 0	\$ 0	\$ 301,702
Reserved for Vocational Projects	0	2,573	0	0	2,573
Reserved for Capital Outlay	802,071	0	0	0	802,071
Reserved for Career Ladder - Extended Contract	11,775	0	0	0	11,775
Reserved for Career Ladder Program	177	0	0	0	177
Reserved for Basic Education Program	111,190	0	0	0	111,190
Reserved for Innovative Education Program Strategies	0	83	0	0	83
Unreserved, Reported In:					
General Fund	2,594,295	0	0	0	2,594,295
Special Revenue Funds	0	124,950	1,895,327	349	2,020,626
Capital Projects Funds	0	0	0	23,511	23,511
<b>Total Fund Balances</b>	<b>\$ 3,821,210</b>	<b>\$ 127,606</b>	<b>\$ 1,895,327</b>	<b>\$ 23,860</b>	<b>\$ 5,868,003</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,880,253</b>	<b>\$ 364,014</b>	<b>\$ 2,021,273</b>	<b>\$ 96,080</b>	<b>\$ 14,361,620</b>

Exhibit I-3

Carter County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
Discretely Presented Carter County School Department  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,868,003
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	838,418	
Add: construction in progress		373,867	
Add: building and improvements net of accumulated depreciation		18,934,088	
Add: other capital assets net of accumulated depreciation		<u>2,463,428</u>	22,609,801
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(1,933,522)	
Less: compensated absences payable		(858,405)	
Less: other postemployment benefits liability		<u>(3,781,575)</u>	(6,573,502)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>788,957</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>22,693,259</u></u>

Exhibit I-4

Carter County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 9,044,839	\$ 0	\$ 0	\$ 0	\$ 9,044,839
Licenses and Permits	1,438	0	0	0	1,438
Charges for Current Services	267,717	0	858,530	0	1,126,247
Other Local Revenues	176,715	0	18,300	0	195,015
State of Tennessee	29,932,190	0	29,306	0	29,961,496
Federal Government	962,807	5,324,977	1,907,692	86,628	8,282,104
Other Governments and Citizens Groups	9,486	0	0	1,145,052	1,154,538
<b>Total Revenues</b>	<b>\$ 40,395,192</b>	<b>\$ 5,324,977</b>	<b>\$ 2,813,828</b>	<b>\$ 1,231,680</b>	<b>\$ 49,765,677</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 23,995,431	\$ 4,650,564	\$ 0	\$ 0	\$ 28,645,995
Support Services	13,806,692	1,082,087	0	0	14,888,779
Operation of Non-Instructional Services	1,155,478	0	2,581,170	1,101,903	4,838,551
Capital Outlay	1,171,829	0	0	140,711	1,312,540
Debt Service:					
Principal on Debt	215,750	0	0	0	215,750
Interest on Debt	118,581	0	0	0	118,581
<b>Total Expenditures</b>	<b>\$ 40,463,761</b>	<b>\$ 5,732,651</b>	<b>\$ 2,581,170</b>	<b>\$ 1,242,614</b>	<b>\$ 50,020,196</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,569)	\$ (407,674)	\$ 232,658	\$ (10,934)	\$ (254,519)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 81,323	\$ 0	\$ 0	\$ 0	\$ 81,323
Transfers In	0	234,890	0	0	234,890
Transfers Out	(234,890)	0	0	0	(234,890)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (153,567)</b>	<b>\$ 234,890</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 81,323</b>
Net Change in Fund Balances	\$ (222,136)	\$ (172,784)	\$ 232,658	\$ (10,934)	\$ (173,196)
Fund Balance, July 1, 2009	4,043,346	300,390	1,662,669	34,794	6,041,199
<b>Fund Balance, June 30, 2010</b>	<b>\$ 3,821,210</b>	<b>\$ 127,606</b>	<b>\$ 1,895,327</b>	<b>\$ 23,860</b>	<b>\$ 5,868,003</b>

Exhibit I-5

Carter County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(173,196)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,398,195	
Less: current year depreciation expense		<u>(1,105,414)</u>	292,781
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	788,957	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(513,058)</u>	275,899
(3) The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on capital leases	\$	<u>215,750</u>	215,750
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	107,711	
Change in other postemployment benefits liability		<u>(1,441,908)</u>	<u>(1,334,197)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (722,963)</u>

Exhibit I-6

Carter County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Carter County School Department  
June 30, 2010

	Special Revenue Fund <u>Other</u> Education Special Revenue	Capital Projects Fund <u>Education</u> Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 40,569	\$ 0	\$ 40,569
Equity in Pooled Cash and Investments	0	23,511	23,511
Accounts Receivable	32,000	0	32,000
	<hr/>		
Total Assets	\$ 72,569	\$ 23,511	\$ 96,080
<hr/>			
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 613	\$ 0	\$ 613
Payroll Deductions Payable	12,015	0	12,015
Cash Overdraft	19,023	0	19,023
Other Current Liabilities	40,569	0	40,569
Total Liabilities	\$ 72,220	\$ 0	\$ 72,220
<hr/>			
<u>Fund Balances</u>			
Unreserved	\$ 349	\$ 23,511	\$ 23,860
Total Fund Balances	\$ 349	\$ 23,511	\$ 23,860
<hr/>			
Total Liabilities and Fund Balances	\$ 72,569	\$ 23,511	\$ 96,080
<hr/>			

Exhibit I-7

Carter County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

	Special Revenue Fund <u>Other</u> Education Special Revenue	Capital Projects Fund <u>Education</u> Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 86,628	\$ 0	\$ 86,628
Other Governments and Citizens Groups	1,145,052	0	1,145,052
Total Revenues	<u>\$ 1,231,680</u>	<u>\$ 0</u>	<u>\$ 1,231,680</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,101,903	\$ 0	\$ 1,101,903
Capital Outlay	140,711	0	140,711
Total Expenditures	<u>\$ 1,242,614</u>	<u>\$ 0</u>	<u>\$ 1,242,614</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,934)</u>	<u>\$ 0</u>	<u>\$ (10,934)</u>
Net Change in Fund Balances	\$ (10,934)	\$ 0	\$ (10,934)
Fund Balance, July 1, 2009	11,283	23,511	34,794
Fund Balance, June 30, 2010	<u>\$ 349</u>	<u>\$ 23,511</u>	<u>\$ 23,860</u>

Exhibit I-8

Carter County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Carter County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 9,044,839	\$ 0	\$ 0	\$ 9,044,839	\$ 9,254,298	\$ 9,254,298	\$ (209,459)
Licenses and Permits	1,438	0	0	1,438	1,500	1,500	(62)
Charges for Current Services	267,717	0	0	267,717	305,428	313,928	(46,211)
Other Local Revenues	176,715	0	0	176,715	41,200	119,730	56,985
State of Tennessee	29,932,190	0	0	29,932,190	28,911,383	30,144,779	(212,589)
Federal Government	962,807	0	0	962,807	246,455	821,278	141,529
Other Governments and Citizens Groups	9,486	0	0	9,486	0	1,178	8,308
<b>Total Revenues</b>	<b>\$ 40,395,192</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 40,395,192</b>	<b>\$ 38,760,264</b>	<b>\$ 40,656,691</b>	<b>\$ (261,499)</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 19,963,954	\$ 0	\$ 0	\$ 19,963,954	\$ 19,898,710	\$ 20,244,351	\$ 280,397
Alternative Instruction Program	119,617	0	0	119,617	159,728	123,397	3,780
Special Education Program	2,463,254	0	0	2,463,254	2,554,970	2,466,256	3,002
Vocational Education Program	1,437,462	0	0	1,437,462	1,432,113	1,447,788	10,326
Adult Education Program	11,144	0	0	11,144	25,237	25,237	14,093
<b>Support Services</b>							
Health Services	324,325	0	0	324,325	261,787	390,885	66,560
Other Student Support	855,159	0	0	855,159	911,907	908,073	52,914
Regular Instruction Program	1,805,306	0	0	1,805,306	1,549,073	1,976,745	171,439
Alternative Instruction Program	113,191	0	0	113,191	111,458	119,958	6,767
Special Education Program	343,588	0	0	343,588	424,057	352,222	8,634
Vocational Education Program	150,409	0	0	150,409	153,156	153,156	2,747
Adult Programs	79,425	0	0	79,425	88,987	88,987	9,562

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 403,082	\$ 0	\$ 0	\$ 403,082	\$ 0	\$ 403,082	\$ 0
Board of Education	758,908	0	0	758,908	722,500	775,400	16,492
Director of Schools	465,798	0	0	465,798	442,960	471,996	6,198
Office of the Principal	2,273,779	0	0	2,273,779	2,241,225	2,288,225	14,446
Fiscal Services	144,758	0	0	144,758	153,000	153,000	8,242
Operation of Plant	2,789,696	0	19,192	2,808,888	2,953,811	2,953,811	144,923
Maintenance of Plant	739,803	0	0	739,803	747,665	747,665	7,862
Transportation	2,241,517	0	0	2,241,517	2,405,011	2,420,975	179,458
Central and Other	317,948	0	0	317,948	317,966	317,966	18
<u>Operation of Non-Instructional Services</u>							
Community Services	880,809	0	0	880,809	194,428	880,928	119
Early Childhood Education	274,669	0	0	274,669	0	288,342	13,673
<u>Capital Outlay</u>							
Regular Capital Outlay	1,171,829	(159,744)	282,510	1,294,595	500,000	1,336,100	41,505
Education	215,750	0	0	215,750	218,000	213,500	(2,250)
<u>Interest on Debt</u>							
Education	118,581	0	0	118,581	117,000	121,500	2,919
Total Expenditures	\$ 40,463,761	\$ (159,744)	\$ 301,702	\$ 40,605,719	\$ 38,584,749	\$ 41,669,545	\$ 1,063,826
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,569)	\$ 159,744	\$ (301,702)	\$ (210,527)	\$ 175,515	\$ (1,012,854)	\$ 802,327
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 81,323	\$ 0	\$ 0	\$ 81,323	\$ 0	\$ 72,786	\$ 8,537
Transfers Out	(234,890)	0	0	(234,890)	0	(234,890)	0
Total Other Financing Sources (Uses)	\$ (153,567)	\$ 0	\$ 0	\$ (153,567)	\$ 0	\$ (162,104)	\$ 8,537
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (222,136)	\$ 159,744	\$ (301,702)	\$ (364,094)	\$ 175,515	\$ (1,174,958)	\$ 810,864
	4,043,346	(159,744)	0	3,883,602	3,344,132	3,344,132	539,470
Fund Balance, June 30, 2010	\$ 3,821,210	\$ 0	\$ (301,702)	\$ 3,519,508	\$ 3,519,647	\$ 2,169,174	\$ 1,350,334

Exhibit I-9

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Carter County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Federal Government	\$ 5,324,977	0 \$	5,324,977 \$	6,608,317 \$	6,720,661 \$	(1,395,684)
Total Revenues	\$ 5,324,977	0 \$	5,324,977 \$	6,608,317 \$	6,720,661 \$	(1,395,684)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,568,522	0 \$	2,568,522 \$	2,443,985 \$	2,744,231 \$	175,709
Special Education Program	1,981,004	(29,779)	1,951,225	2,327,417	2,351,866	400,641
Vocational Education Program	101,038	0	101,038	97,454	101,038	0
<u>Support Services</u>						
Health Services	77,317	0	77,317	75,672	78,762	1,445
Other Student Support	251,312	0	251,312	924,868	614,070	362,758
Regular Instruction Program	398,807	0	398,807	494,602	492,860	94,053
Special Education Program	201,917	0	201,917	180,373	261,413	59,496
Vocational Education Program	2,614	0	2,614	1,000	2,614	0
Transportation	150,120	(109,000)	41,120	62,946	48,807	7,687
Total Expenditures	\$ 5,732,651	(138,779) \$	5,593,872 \$	6,608,317 \$	6,695,661 \$	1,101,789
Excess (Deficiency) of Revenues Over Expenditures	\$ (407,674) \$	138,779 \$	(268,895) \$	0 \$	25,000 \$	(293,895)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 234,890	0 \$	234,890 \$	0 \$	0 \$	234,890
Transfers Out	0	0	0	0	(25,000)	25,000
Total Other Financing Sources (Uses)	\$ 234,890	0 \$	234,890 \$	0 \$	(25,000) \$	259,890
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (172,784) \$	138,779 \$	(34,005) \$	0 \$	0 \$	(34,005)
	300,390	(138,779)	161,611	0	0	161,611
Fund Balance, June 30, 2010	\$ 127,606 \$	0 \$	127,606 \$	0 \$	0 \$	127,606

Exhibit I-10

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carter County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 858,530	\$ 960,300	\$ 960,300	\$ (101,770)
Other Local Revenues	18,300	32,000	32,000	(13,700)
State of Tennessee	29,306	33,000	33,000	(3,694)
Federal Government	1,907,692	1,704,277	1,722,724	184,968
Total Revenues	<u>\$ 2,813,828</u>	<u>\$ 2,729,577</u>	<u>\$ 2,748,024</u>	<u>\$ 65,804</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,581,170	\$ 2,925,221	\$ 2,943,668	\$ 362,498
Total Expenditures	<u>\$ 2,581,170</u>	<u>\$ 2,925,221</u>	<u>\$ 2,943,668</u>	<u>\$ 362,498</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 232,658</u>	<u>\$ (195,644)</u>	<u>\$ (195,644)</u>	<u>\$ 428,302</u>
Net Change in Fund Balance	\$ 232,658	\$ (195,644)	\$ (195,644)	\$ 428,302
Fund Balance, July 1, 2009	<u>1,662,669</u>	<u>1,467,177</u>	<u>1,467,177</u>	<u>195,492</u>
Fund Balance, June 30, 2010	<u>\$ 1,895,327</u>	<u>\$ 1,271,533</u>	<u>\$ 1,271,533</u>	<u>\$ 623,794</u>

Exhibit I-11

Carter County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carter County School Department  
Other Education Special Revenue Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 86,628	\$ 1,024,218	\$ 90,000	\$ (3,372)
Other Governments and Citizens Groups	1,145,052	0	1,152,752	(7,700)
Total Revenues	<u>\$ 1,231,680</u>	<u>\$ 1,024,218</u>	<u>\$ 1,242,752</u>	<u>\$ (11,072)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	\$ 1,101,903	\$ 1,023,718	\$ 1,102,041	\$ 138
<u>Capital Outlay</u>				
Regular Capital Outlay	140,711	0	140,711	0
Total Expenditures	<u>\$ 1,242,614</u>	<u>\$ 1,023,718</u>	<u>\$ 1,242,752</u>	<u>\$ 138</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,934)</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ (10,934)</u>
Net Change in Fund Balance	\$ (10,934)	\$ 500	\$ 0	\$ (10,934)
Fund Balance, July 1, 2009	<u>11,283</u>	<u>0</u>	<u>0</u>	<u>11,283</u>
Fund Balance, June 30, 2010	<u>\$ 349</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 349</u>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit J-1

Carter County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Capital Leases  
Primary Government and Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Renovations	\$ 1,024,700	3.49 %	5-22-08	5-22-20	\$ 956,504	0 \$	70,924 \$	885,580
Total Notes Payable					\$ 956,504	0 \$	70,924 \$	885,580
<u>OTHER LOANS PAYABLE</u>								
<u>Public Building Authority Loan Agreements</u>								
<u>Payable through General Debt Service Fund</u>								
County and School Renovation and Construction	9,000,000	Variable	7-20-1999	5-25-14	\$ 3,735,000	0 \$	679,000 \$	3,056,000
County and School Renovation and Construction	3,500,000	Variable	6-14-01	5-25-16	1,956,000	0	240,000	1,716,000
County and School Renovation and Construction	(1)	Variable	11-21-05	5-25-33	3,194,041	0	119,000	3,075,041
Jail Project	18,000,000	Variable	4-9-07	5-25-35	9,705,927	7,939,073	371,000	17,274,000
Jail Project	8,000,000	Variable	12-15-09	5-25-29	0	8,000,000	112,000	7,888,000
Total Other Loans Payable					\$ 18,590,968	\$ 15,939,073	\$ 1,521,000	\$ 33,009,041
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through General Fund</u>								
County Van	24,000	0	9-24-03	12-31-09	\$ 1,622	0 \$	1,622 \$	0
Total Capital Lease Payable					\$ 1,622	0 \$	1,622 \$	0

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASE PAYABLE</u>								
Payable through General Purpose School Fund								
Energy Lighting and Control Equipment	\$ 3,200,000	5.8 %	11-25-02	7-15-17	\$ 2,149,272	\$ 0	\$ 215,750	\$ 1,933,522
Total Capital Lease Payable					\$ 2,149,272	\$ 0	\$ 215,750	\$ 1,933,522

(1) The total amount approved was \$4,550,000, of which \$1,019,959 remains available for draws as of June 30, 2010. However, the county does not intend to draw down any of the remaining balance.

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 73,761	\$ 30,776	\$ 104,537
2012	76,711	28,151	104,862
2013	79,780	25,435	105,215
2014	82,971	22,624	105,595
2015	86,290	19,715	106,005
2016	89,741	16,704	106,445
2017	93,331	13,588	106,919
2018	97,064	10,364	107,428
2019	100,947	7,027	107,974
2020	104,984	3,574	108,558
Total	\$ 885,580	\$ 177,958	\$ 1,063,538

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 1,733,000	\$ 92,505	\$ 205,426	\$ 2,030,931
2012	1,813,000	87,573	194,867	2,095,440
2013	1,898,000	82,410	183,822	2,164,232
2014	1,986,000	77,002	172,260	2,235,262
2015	1,223,000	71,341	160,164	1,454,505
2016	1,279,000	67,810	152,669	1,499,479
2017	1,000,000	64,113	144,833	1,208,946
2018	1,043,000	61,190	138,401	1,242,591
2019	1,090,000	58,138	131,692	1,279,830
2020	1,141,000	54,945	124,682	1,320,627
2021	1,192,000	51,599	117,343	1,360,942
2022	1,245,000	48,100	109,676	1,402,776
2023	1,301,000	44,440	101,669	1,447,109
2024	1,360,000	40,613	93,301	1,493,914
2025	1,420,000	36,608	84,554	1,541,162
2026	1,485,000	32,423	75,421	1,592,844
2027	1,552,000	28,040	65,870	1,645,910
2028	1,622,000	23,456	55,888	1,701,344
2029	1,616,041	18,659	45,455	1,680,155
2030	895,000	13,823	35,108	943,931
2031	935,000	11,765	29,880	976,645
2032	977,000	9,614	24,418	1,011,032
2033	1,021,000	7,367	18,711	1,047,078
2034	1,067,000	5,019	12,747	1,084,766
2035	1,115,000	2,565	6,513	1,124,078
Total	\$ 33,009,041	\$ 1,091,118	\$ 2,485,370	\$ 36,585,529

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED CARTER  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 227,915	\$ 106,416	\$ 334,331
2012	241,494	92,837	334,331
2013	255,876	78,454	334,330
2014	271,118	63,213	334,331
2015	287,268	47,063	334,331
2016	304,382	29,949	334,331
2017	322,510	11,820	334,330
2018	22,959	132	23,091
Total	\$ 1,933,522	\$ 429,884	\$ 2,363,406

Exhibit J-3

Carter County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Health Department	Operations	\$ 169,000
General	Sports and Recreation	Operations	5,000
Total Transfers Primary Government			<u>\$ 174,000</u>
<u>DISCRETELY PRESENTED CARTER COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 200,000
General Purpose School	School Federal Projects	Program matching	34,890
Total Transfers Discretely Presented Carter County School Department			<u>\$ 234,890</u>

Exhibit J-4

Carter County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 86,530	\$ 50,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	106,962	50,000	"
Road Superintendent	Section 8-24-102, <u>TCA</u>	76,407	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	69,461	1,207,774	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	69,461	10,000	Western Surety Company
Finance Director	County Commission	54,810	50,000	Continental Casualty Company
County Clerk	Section 8-24-102, <u>TCA</u>	69,461	50,000	RLI Insurance Company
Circuit and General Sessions Court Clerk	Section 8-24-102, <u>TCA</u>	69,461	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>			
Register	and Chancery Court Judge	69,461 (1)	70,000	American Casualty Company
Sheriff	Section 8-24-102, <u>TCA</u>	69,461	25,000	Western Surety Company
	Section 8-24-102, <u>TCA</u>	82,407 (2)	25,000	"
	and County Commission			
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	Montgomery Insurance Company

(1) Does not include special commissioner fees of \$12,784.

(2) Includes county workhouse supplement of \$6,000.

Carter County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,377,200	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	189,709	0	0	0	0	0
Trustee's Collections - Bankruptcy	39	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	50,333	0	0	0	0	0
Interest and Penalty	59,129	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	10,770	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	87,016	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	5,155	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	716,481	0	0	0	0	0
Hotel/Motel Tax	87,804	0	0	0	0	0
Litigation Tax - General	214,937	0	0	0	0	0
Litigation Tax - Special Purpose	0	11,411	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	109,244	0	0	0	0	0
Litigation Tax - Courtroom Security	86,913	0	0	0	0	0
Business Tax	273,045	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	66,304	0	0	0	0	0
Wholesale Beer Tax	239,300	0	0	0	0	0
Interstate Telecommunications Tax	3,390	0	0	0	0	0
Total Local Taxes	\$ 7,576,769	\$ 11,411	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,981	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	408,080	0	0	0	0	0
<u>Permits</u>						
Building Permits	10,810	0	0	0	0	0
Electrical Permits	35,257	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 28,590	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 484,718	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 7,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	0	2,028
Drug Court Fees	2,062	0	0	0	0	0
Jail Fees	4,528	0	0	0	0	0
Judicial Commissioner Fees	2,451	0	0	0	0	0
DUI Treatment Fines	1,651	0	0	0	0	0
Data Entry Fee - Circuit Court	847	0	0	0	0	0
Courtroom Security Fee	3,436	0	0	0	0	0
<u>Criminal Court</u>						
Fines	\$ 52,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>General Sessions Court</u>						
Fines	\$ 67,344	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	\$ 55,729	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Game and Fish Fines	\$ 1,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	0	20,589
Drug Court Fees	7,491	0	0	0	0	0
Jail Fees	19,247	0	0	0	0	0
Judicial Commissioner Fees	3,846	0	0	0	0	0
DUI Treatment Fines	12,207	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,278	0	0	0	0	0
Courtroom Security Fee	6,086	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	\$ 22,995	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	\$ 2,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Court Fees	\$ 3,850	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court (Cont.)</u>						
Jail Fees	\$ 6,563	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Juvenile Court	1,412	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,270	0	0	0	0	0
Data Entry Fee - Chancery Court	891	0	0	0	0	0
Courtroom Security Fee	53	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	65,080
Total Fines, Forfeitures, and Penalties	\$ 292,828	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,697
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 651,060	\$ 0	\$ 0	0
Tipping Fees	0	0	54,713	0	0	0
Work Release Charges for Board	17,985	0	0	0	0	0
Other General Service Charges	3,904	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	0
Copy Fees	4,620	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	16,100	0	0	0	0	0
Data Processing Fee - Sheriff	7,948	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	5,650	0	0	0	0	0
Data Processing Fee - County Clerk	2,260	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	0
Total Charges for Current Services	\$ 58,467	\$ 0	\$ 705,773	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 32	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	41,000	0	121	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0
Commissary Sales	52	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Maps	385	0	0	0	0	0
Sale of Recycled Materials	0	0	63,032	0	0	0
Retirees' Insurance Payments	17,190	0	0	0	0	0
Cobra Insurance Payments	6,072	0	0	0	0	0
Miscellaneous Refunds	24,460	0	41,591	50	417	
<u>Nonrecurring Items</u>						
Sale of Equipment	21,101	0	0	0	10,845	
Sale of Property	12,070	0	0	0	0	
<u>Other Local Revenues</u>						
Other Local Revenues	342	0	0	0	0	0
Total Other Local Revenues	\$ 122,704	\$ 0	\$ 104,744	\$ 50	\$ 11,262	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 419,034	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	199,802	0	0	0	0	0
General Sessions Court Clerk	432,194	0	0	0	0	0
Clerk and Master	149,788	0	0	0	0	0
Register	185,729	0	0	0	0	0
Sheriff	18,779	0	0	0	0	0
Trustee	581,281	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,986,607	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	14,580 \$	0 \$	0 \$	0 \$	0 \$	0
State Reappraisal Grant	15,810	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	24,000	0	0	0	0	0
Other Public Safety Grants	5,000	0	0	0	0	2,940
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	284,239	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	7,135	0	0	0	0	0
Tennessee Industrial Infrastructure Program	241,078	0	0	0	0	0
Other Public Works Grants	3,808	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	52,061	0	0	0	0	0
Beer Tax	9,582	0	0	0	0	0
Alcoholic Beverage Tax	72,421	0	0	0	0	0
Mixed Drink Tax	4,960	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0
Contracted Prisoner Boarding	249,410	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
State Shared Sales Tax - Cities	6,386	0	0	0	0	0
Other State Revenues	88,300	0	0	0	0	0
Total State of Tennessee	\$ 810,911 \$	0 \$	0 \$	284,239 \$	0 \$	2,940
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	90,964 \$	0 \$	0 \$	0 \$	0 \$	0
Civil Defense Reimbursement	56,021	0	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Law Enforcement Grants	\$ 28,574	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>					
FHA Grant	3,333	0	0	0	0
Forest Service	28,449	0	0	0	0
Other Direct Federal Revenue	3,200	0	0	0	0
<u>Total Federal Government</u>	<u>\$ 210,541</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 18,189	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	292,426	0	0	0	0
<u>Citizens Groups</u>					
Donations	7,884	0	0	0	3,575
Other	53,500	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 371,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,575</u>
<u>Total</u>	<u>\$ 11,915,544</u>	<u>\$ 11,411</u>	<u>\$ 810,517</u>	<u>\$ 284,289</u>	<u>\$ 105,474</u>

(Continued)

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

	Special Revenue Funds				Debt		Capital	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	Service Fund		Projects Fund		
				General	Debt Service	General Capital Projects		
\$	0	0	684,505	2,818,502	0	0	8,880,207	
County Property Taxes	0	0	28,884	115,905	0	0	334,498	
Current Property Tax	0	0	5	20	0	0	64	
Trustee's Collections - Prior Year	0	0	7,144	20,819	0	0	78,296	
Trustee's Collections - Bankruptcy	0	0	8,061	29,514	0	0	96,704	
Circuit/Clerk & Master Collections - Prior Years	0	0	1,397	5,394	0	0	17,561	
Interest and Penalty	0	0	19,923	45,798	0	0	152,737	
Payments in-Lieu-of Taxes - T.V.A.	0	0	659	2,713	0	0	8,527	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	
County Local Option Taxes	0	0	0	0	0	0	716,481	
Local Option Sales Tax	0	0	0	0	0	0	87,804	
Hotel/Motel Tax	0	0	0	0	0	0	214,937	
Litigation Tax - General	0	0	0	0	0	0	11,411	
Litigation Tax - Special Purpose	0	0	0	0	0	0	109,244	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	86,913	
Litigation Tax - Courtroom Security	0	0	0	0	0	0	273,045	
Business Tax	0	0	68,048	0	0	0	68,048	
Mineral Severance Tax	0	0	8,475	34,897	0	0	109,676	
Statutory Local Taxes	0	0	0	0	0	0	239,300	
Bank Excise Tax	0	0	0	0	0	0	3,390	
Wholesale Beer Tax	0	0	0	0	0	0	0	
Interstate Telecommunications Tax	0	0	827,101	3,073,562	0	0	11,488,843	
Total Local Taxes	\$	\$	\$	\$	\$	\$	\$	
Licenses and Permits	0	0	0	0	0	0	1,981	
Licenses	0	0	0	0	0	0	408,080	
Marriage Licenses	0	0	0	0	0	0	0	
Cable TV Franchise	0	0	0	0	0	0	0	
Permits	0	0	0	0	0	0	10,810	
Building Permits	0	0	0	0	0	0	35,257	
Electrical Permits								

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund	Total
	Sports and Recreation	Constitutional Officers Fees	Highway / Public Works	General Debt Service		General Capital Projects	
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	28,590
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	484,718
<u>Licenses and Permits (Cont.)</u>							
<u>Permits (Cont.)</u>							
Other Permits							
Total Licenses and Permits							
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	7,144
Drug Control Fines	0	0	0	0	0	0	2,028
Drug Court Fees	0	0	0	0	0	0	2,062
Jail Fees	0	0	0	0	0	0	4,528
Judicial Commissioner Fees	0	0	0	0	0	0	2,451
DUI Treatment Fines	0	0	0	0	0	0	1,651
Data Entry Fee - Circuit Court	0	0	0	0	0	0	847
Courtroom Security Fee	0	0	0	0	0	0	3,436
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	52,430
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	67,344
Officers Costs	0	0	0	0	0	0	55,729
Game and Fish Fines	0	0	0	0	0	0	1,279
Drug Control Fines	0	0	0	0	0	0	20,589
Drug Court Fees	0	0	0	0	0	0	7,491
Jail Fees	0	0	0	0	0	0	19,247
Judicial Commissioner Fees	0	0	0	0	0	0	3,846
DUI Treatment Fines	0	0	0	0	0	0	12,207
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	5,278
Courtroom Security Fee	0	0	0	0	0	0	6,086
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	22,995
Officers Costs	0	0	0	0	0	0	2,738
Drug Court Fees	0	0	0	0	0	0	3,850

(Continued)

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
	Sports and Recreation	Constitutional Officers Fees	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
				General	Debt Service	General	Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Juvenile Court (Cont.)</u>								
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,563
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	1,412
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	1,270
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	891
Courtroom Security Fee	0	0	0	0	0	0	0	53
<u>Judicial District Drug Program</u>								
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	65,080
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 380,525
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 651,060
Tipping Fees	0	0	0	0	0	0	0	54,713
Work Release Charges for Board	0	0	0	0	0	0	0	17,985
Other General Service Charges	0	0	0	0	0	0	0	3,904
<u>Fees</u>								
Recreation Fees	1,639	0	0	0	0	0	0	1,639
Copy Fees	0	0	0	0	0	0	0	4,620
Special Commissioner Fees/Special Master Fees	0	12,784	0	0	0	0	0	12,784
Data Processing Fee - Register	0	0	0	0	0	0	0	16,100
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	7,948
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	5,650
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	2,260
<u>Other Charges for Services</u>								
Other Charges for Services	0	68	0	0	0	0	0	68
Total Charges for Current Services	\$ 1,639	\$ 12,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 778,731

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Sports and Recreation	Constitutional Officers Fees	Highway / Public Works	General	Debt Service	General	Capital Projects		
\$	0	0	0	0	255,095	15,988	\$	271,115	
	0	0	0	0	0	0		41,121	
	0	0	6,167	0	0	0		6,167	
	0	0	0	0	0	0		52	
	0	0	161,191	0	0	0		161,191	
	0	0	0	0	0	0		385	
	0	0	10,716	0	0	0		73,748	
	0	0	348	0	0	0		17,538	
	0	0	2,136	0	0	0		8,208	
	0	0	12,035	0	0	0		78,553	
	0	0	500	0	0	0		32,446	
	0	0	0	0	0	0		12,070	
\$	0	0	0	0	255,095	15,988	\$	342	
\$	0	0	193,093	0	255,095	15,988	\$	702,936	
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of-Salary</u>									
\$	0	0	0	0	0	0	\$	419,034	
	0	0	0	0	0	0		199,802	
	0	0	0	0	0	0		432,194	
	0	0	0	0	0	0		149,788	
	0	0	0	0	0	0		185,729	
	0	0	0	0	0	0		18,779	
\$	0	0	0	0	0	0	\$	581,281	
\$	0	0	0	0	0	0	\$	1,986,607	

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General	Debt	Service	General	Capital Projects	
\$	0	0	0	0	0	0	0	0	14,580
Juvenile Services Program	0	0	0	0	0	0	0	0	15,810
State Reappraisal Grant									
Public Safety Grants									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	24,000
Other Public Safety Grants	0	0	0	0	0	0	0	0	7,940
Health and Welfare Grants									
Health Department Programs	0	0	0	0	0	0	0	0	284,239
Public Works Grants									
State Aid Program	0	0	374,319	0	0	0	0	0	374,319
Litter Program	0	0	0	0	0	0	0	0	7,135
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0	0	241,078
Other Public Works Grants	0	0	0	0	0	0	0	0	3,808
Other State Revenues									
Income Tax	0	0	0	0	0	0	0	0	52,061
Beer Tax	0	0	0	0	0	0	0	0	9,582
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	72,421
Mixed Drink Tax	0	0	0	0	0	0	0	0	4,960
State Revenue Sharing - T.V.A.	0	0	35,460	146,010	0	0	0	0	181,470
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	249,410
Gasoline and Motor Fuel Tax	0	0	1,780,248	0	0	0	0	0	1,780,248
Petroleum Special Tax	0	0	45,570	0	0	0	0	0	45,570
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	16,380
State Shared Sales Tax - Cities	0	0	0	0	0	0	0	0	6,386
Other State Revenues	0	0	0	0	0	0	0	0	88,300
Total State of Tennessee	\$ 0	\$ 0	\$ 2,235,597	\$ 146,010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,479,697
Federal Government									
Federal Through State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,964
Community Development	0	0	0	0	0	0	0	0	56,021
Civil Defense Reimbursement									

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General	Debt Service	General	Capital Projects		
<u>Federal Government (Cont.)</u>									
<u>Federal Through State (Cont.)</u>									
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,574
<u>Direct Federal Revenue</u>									
FHA Grant	0	0	0	0	0	0	0	0	3,333
Forest Service	0	0	43,903	0	0	0	0	0	72,352
Other Direct Federal Revenue	0	0	0	0	0	0	0	0	3,200
<u>Total Federal Government</u>	\$ 0	\$ 0	\$ 43,903	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 254,444
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,189
Contracted Services	0	0	10,311	0	0	0	0	0	302,737
<u>Citizens Groups</u>									
Donations	0	0	0	0	0	0	0	0	11,459
Other	0	0	0	0	0	0	0	0	53,500
<u>Total Other Governments and Citizens Groups</u>	\$ 0	\$ 0	\$ 10,311	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 385,885
<u>Total</u>	\$ 1,639	\$ 12,852	\$ 3,310,005	\$ 3,474,667	\$ 15,988	\$ 19,942,386			

Exhibit J-6

Carter County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,654,302	\$ 0	\$ 0	\$ 0	\$ 4,654,302
Trustee's Collections - Prior Year	163,521	0	0	0	163,521
Trustee's Collections - Bankruptcy	37	0	0	0	37
Circuit/Clerk & Master Collections - Prior Years	51,637	0	0	0	51,637
Interest and Penalty	55,906	0	0	0	55,906
Payments in-Lieu-of Taxes - T.V.A.	13,252	0	0	0	13,252
Payments in-Lieu-of Taxes - Local Utilities	74,639	0	0	0	74,639
Payments in-Lieu-of Taxes - Other	4,481	0	0	0	4,481
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,966,057	0	0	0	3,966,057
<u>Statutory Local Taxes</u>					
Bank Excise Tax	57,630	0	0	0	57,630
Interstate Telecommunications Tax	3,377	0	0	0	3,377
Total Local Taxes	\$ 9,044,839	\$ 0	\$ 0	\$ 0	\$ 9,044,839
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,438	\$ 0	\$ 0	\$ 0	\$ 1,438
Total Licenses and Permits	\$ 1,438	\$ 0	\$ 0	\$ 0	\$ 1,438
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 355,333	\$ 0	\$ 355,333
Lunch Payments - Adults	0	0	72,034	0	72,034
Income from Breakfast	0	0	205,826	0	205,826
Special Milk Sales	0	0	3,332	0	3,332
A la carte Sales	0	0	117,478	0	117,478
Contract for Instructional Services with Other LEAs	18,000	0	0	0	18,000
Receipts from Individual Schools	93,310	0	0	0	93,310
Community Service Fees - Children	156,407	0	0	0	156,407
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	104,527	0	104,527
Total Charges for Current Services	\$ 267,717	\$ 0	\$ 858,530	\$ 0	\$ 1,126,247
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 1,448	\$ 0	\$ 18,300	\$ 0	\$ 19,748
Lease/Rentals	1,200	0	0	0	1,200
Sale of Recycled Materials	354	0	0	0	354
Refund of Telecommunication & Internet Fees (E-Rate)	64,144	0	0	0	64,144
Miscellaneous Refunds	95,137	0	0	0	95,137
<u>Nonrecurring Items</u>					
Sale of Property	2,072	0	0	0	2,072
Damages Recovered from Individuals	45	0	0	0	45
Contributions and Gifts	12,315	0	0	0	12,315
Total Other Local Revenues	\$ 176,715	\$ 0	\$ 18,300	\$ 0	\$ 195,015

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 403,082	\$ 0	\$ 0	\$ 0	\$ 403,082
<u>State Education Funds</u>					
Basic Education Program	26,545,293	0	0	0	26,545,293
Basic Education Program - ARRA	1,079,800	0	0	0	1,079,800
School Food Service	0	0	29,306	0	29,306
Driver Education	22,954	0	0	0	22,954
Other State Education Funds	732,390	0	0	0	732,390
Coordinated School Health - ARRA	99,896	0	0	0	99,896
Internet Connectivity - ARRA	16,744	0	0	0	16,744
Family Resource Centers - ARRA	25,130	0	0	0	25,130
Statewide Student Management System (SSMS) - ARRA	14,541	0	0	0	14,541
Career Ladder Program	307,292	0	0	0	307,292
Other Vocational	12,500	0	0	0	12,500
<u>Other State Revenues</u>					
Mixed Drink Tax	4,013	0	0	0	4,013
State Revenue Sharing - T.V.A.	611,156	0	0	0	611,156
Other State Grants	20,099	0	0	0	20,099
Safe Schools - ARRA	37,300	0	0	0	37,300
Total State of Tennessee	\$ 29,932,190	\$ 0	\$ 29,306	\$ 0	\$ 29,961,496
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,421,741	\$ 0	\$ 1,421,741
Breakfast	0	0	467,504	0	467,504
USDA - Other	66,638	0	0	86,628	153,266
USDA Food Service Equipment Grant - ARRA	0	0	18,447	0	18,447
Adult Education State Grant Program	60,298	0	0	0	60,298
Vocational Education - Basic Grants to States	0	129,224	0	0	129,224
Other Vocational	0	40,071	0	0	40,071
Title I Grants to Local Education Agencies	0	2,638,460	0	0	2,638,460
Special Education - Grants to States	20,637	2,068,935	0	0	2,089,572
Special Education Preschool Grants	0	83,951	0	0	83,951
English Language Acquisition Grants	0	221	0	0	221
Safe and Drug-free Schools - State Grants	0	25,087	0	0	25,087
Eisenhower Professional Development State Grants	0	296,401	0	0	296,401
Other Federal through State	433,653	42,627	0	0	476,280
<u>Direct Federal Revenue</u>					
Forest Service	131,708	0	0	0	131,708
Other Direct Federal Revenue	249,873	0	0	0	249,873
Total Federal Government	\$ 962,807	\$ 5,324,977	\$ 1,907,692	\$ 86,628	\$ 8,282,104
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 0	\$ 0	\$ 0	\$ 1,145,052	\$ 1,145,052
<u>Citizens Groups</u>					
Donations	8,286	0	0	0	8,286
<u>Other</u>					
Other	1,200	0	0	0	1,200
Total Other Governments and Citizens Groups	\$ 9,486	\$ 0	\$ 0	\$ 1,145,052	\$ 1,154,538
Total	\$ 40,395,192	\$ 5,324,977	\$ 2,813,828	\$ 1,231,680	\$ 49,765,677

Exhibit J-7

Carter County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	51,451	
Social Security		3,101	
State Retirement		1,512	
Employer Medicare		745	
Audit Services		17,023	
Dues and Memberships		5,832	
Legal Notices, Recording, and Court Costs		1,762	
Postal Charges		500	
Travel		3,046	
Other Charges		130	
Total County Commission			\$ 85,102

Board of Equalization

Board and Committee Members Fees	\$	2,760	
Social Security		171	
Employer Medicare		40	
Travel		377	
Other Supplies and Materials		99	
Total Board of Equalization			3,447

County Mayor/Executive

County Official/Administrative Officer	\$	86,530	
Secretary(ies)		26,494	
Part-time Personnel		5,568	
Social Security		7,015	
State Retirement		6,154	
Life Insurance		72	
Medical Insurance		15,196	
Dental Insurance		409	
Unemployment Compensation		202	
Employer Medicare		1,641	
Dues and Memberships		2,166	
Postal Charges		346	
Rentals		3,810	
Travel		4,480	
Library Books/Media		854	
Office Supplies		1,432	
Other Supplies and Materials		986	
Premiums on Corporate Surety Bonds		98	
Tax Relief Program		33,508	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Other Charges	\$	1,519	
Office Equipment		451	
Total County Mayor/Executive			\$ 198,931

County Attorney

Other Salaries and Wages	\$	50	
Social Security		3	
State Retirement		7	
Employer Medicare		1	
Legal Services		44,047	
Total County Attorney			44,108

Election Commission

Supervisor/Director	\$	62,515	
Deputy(ies)		26,978	
Data Processing Personnel		22,544	
Other Salaries and Wages		4,875	
Board and Committee Members Fees		10,199	
Election Workers		24,854	
Social Security		7,450	
State Retirement		15,057	
Life Insurance		108	
Medical Insurance		18,723	
Dental Insurance		613	
Unemployment Compensation		411	
Employer Medicare		1,742	
Legal Notices, Recording, and Court Costs		4,548	
Maintenance Agreements		13,250	
Postal Charges		4,975	
Rentals		253	
Travel		5,693	
Office Supplies		3,845	
Other Supplies and Materials		20,450	
Data Processing Equipment		2,597	
Office Equipment		754	
Total Election Commission			252,434

Register of Deeds

County Official/Administrative Officer	\$	69,461
Deputy(ies)		66,848

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Social Security	\$	8,395	
State Retirement		18,266	
Life Insurance		144	
Medical Insurance		24,963	
Dental Insurance		817	
Unemployment Compensation		408	
Employer Medicare		1,963	
Data Processing Services		12,075	
Dues and Memberships		676	
Postal Charges		617	
Rentals		3,273	
Travel		1,701	
Data Processing Supplies		265	
Office Supplies		4,095	
Other Supplies and Materials		4,898	
Premiums on Corporate Surety Bonds		50	
Data Processing Equipment		24,810	
Total Register of Deeds			\$ 243,725

Planning

Supervisor/Director	\$	37,359
Data Processing Personnel		19,477
Foremen		21,698
Clerical Personnel		9,636
Other Salaries and Wages		15,614
Board and Committee Members Fees		4,900
Social Security		6,682
State Retirement		10,548
Life Insurance		84
Medical Insurance		17,167
Dental Insurance		566
Unemployment Compensation		653
Employer Medicare		1,562
Communication		2,199
Contracts with Government Agencies		12,250
Maintenance and Repair Services - Vehicles		2,374
Postal Charges		353
Travel		2,386
Gasoline		4,162
Office Supplies		1,447

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Premiums on Corporate Surety Bonds	\$	100	
Other Charges		39,718	
Office Equipment		299	
Total Planning			\$ 211,234

County Buildings

Custodial Personnel	\$	61,806	
Maintenance Personnel		430	
Social Security		3,859	
State Retirement		4,976	
Life Insurance		81	
Medical Insurance		14,217	
Dental Insurance		457	
Unemployment Compensation		519	
Employer Medicare		902	
Communication		80,390	
Maintenance and Repair Services - Buildings		96,815	
Maintenance and Repair Services - Equipment		13,010	
Maintenance and Repair Services - Vehicles		641	
Pest Control		2,220	
Travel		49	
Custodial Supplies		11,138	
Electricity		155,784	
Gasoline		1,159	
Utilities		22,136	
Water and Sewer		28,670	
Building and Contents Insurance		9,317	
Workers' Compensation Insurance		16,651	
Other Charges		4,333	
Communication Equipment		24,174	
Total County Buildings			553,734

Finance

Accounting and Budgeting

Supervisor/Director	\$	54,810	
Deputy(ies)		43,266	
Accountants/Bookkeepers		151,320	
In-Service Training		175	
Social Security		14,690	
State Retirement		33,408	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Life Insurance	\$	252	
Medical Insurance		48,785	
Dental Insurance		1,431	
Unemployment Compensation		952	
Employer Medicare		3,436	
Legal Notices, Recording, and Court Costs		2,305	
Maintenance Agreements		8,319	
Postal Charges		1,028	
Travel		323	
Data Processing Supplies		4,098	
Office Supplies		4,135	
Premiums on Corporate Surety Bonds		450	
Other Charges		125	
Office Equipment		8,938	
Total Accounting and Budgeting			\$ 382,246

Property Assessor's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		171,747	
Social Security		14,461	
State Retirement		31,369	
Life Insurance		288	
Medical Insurance		53,358	
Dental Insurance		1,635	
Unemployment Compensation		980	
Employer Medicare		3,382	
Communication		2,622	
Contracts with Government Agencies		8,379	
Dues and Memberships		1,479	
Maintenance Agreements		3,000	
Maintenance and Repair Services - Vehicles		1,039	
Postal Charges		1,335	
Printing, Stationery, and Forms		390	
Rentals		1,723	
Travel		3,590	
Office Supplies		1,873	
Premiums on Corporate Surety Bonds		75	
Other Charges		5,985	
Motor Vehicles		5,975	
Office Equipment		1,035	
Total Property Assessor's Office			385,181

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	56,423	
In-Service Training		214	
Social Security		3,390	
State Retirement		7,561	
Life Insurance		72	
Medical Insurance		12,482	
Dental Insurance		409	
Unemployment Compensation		272	
Employer Medicare		793	
Communication		584	
Data Processing Services		6,186	
Postal Charges		500	
Travel		2,056	
Office Supplies		937	
Total Reappraisal Program			\$ 91,879

County Trustee's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		94,754	
Clerical Personnel		18,569	
Social Security		11,210	
State Retirement		22,272	
Life Insurance		180	
Medical Insurance		31,204	
Dental Insurance		1,022	
Unemployment Compensation		673	
Employer Medicare		2,622	
Contracts with Government Agencies		8,379	
Dues and Memberships		676	
Legal Notices, Recording, and Court Costs		307	
Maintenance Agreements		6,354	
Postal Charges		9,375	
Rentals		2,203	
Travel		87	
Office Supplies		2,345	
Premiums on Corporate Surety Bonds		3,538	
Office Equipment		960	
Total County Trustee's Office			286,191

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	69,461	
Deputy(ies)		179,094	
Accountants/Bookkeepers		7,722	
Social Security		15,330	
State Retirement		33,306	
Life Insurance		288	
Medical Insurance		49,927	
Dental Insurance		1,635	
Unemployment Compensation		949	
Employer Medicare		3,585	
Dues and Memberships		716	
Maintenance Agreements		17,857	
Postal Charges		2,371	
Rentals		2,283	
Office Supplies		2,203	
Other Supplies and Materials		100	
Premiums on Corporate Surety Bonds		98	
Office Equipment		750	
Total County Clerk's Office			\$ 387,675

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	69,461
Clerical Personnel		341,218
Social Security		24,728
State Retirement		52,595
Life Insurance		567
Medical Insurance		101,441
Dental Insurance		3,218
Unemployment Compensation		2,253
Employer Medicare		5,783
Dues and Memberships		120
Legal Notices, Recording, and Court Costs		202
Maintenance Agreements		13,950
Postal Charges		2,450
Rentals		9,389
Travel		129
Office Supplies		13,158
Other Supplies and Materials		1,799
Premiums on Corporate Surety Bonds		260

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Equipment	\$ 3,708	
Total Circuit Court		\$ 646,429

General Sessions Court

Judge(s)	\$ 145,995	
Secretary(ies)	22,479	
Social Security	8,111	
State Retirement	22,582	
Life Insurance	72	
Medical Insurance	15,196	
Dental Insurance	409	
Unemployment Compensation	136	
Employer Medicare	2,354	
Dues and Memberships	50	
Postal Charges	150	
Travel	1,997	
Library Books/Media	474	
Office Supplies	129	
Office Equipment	60	
Total General Sessions Court		220,194

Drug Court

Remittance of Revenue Collected	\$ 13,402	
Total Drug Court		13,402

Chancery Court

County Official/Administrative Officer	\$ 69,461
Clerical Personnel	90,837
In-Service Training	475
Social Security	9,898
State Retirement	20,802
Life Insurance	165
Medical Insurance	28,581
Dental Insurance	931
Unemployment Compensation	507
Employer Medicare	2,315
Dues and Memberships	636
Maintenance Agreements	10,909
Postal Charges	2,114
Rentals	2,477

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Travel	\$	104	
Office Supplies		5,017	
Premiums on Corporate Surety Bonds		164	
Office Equipment		10,628	
Total Chancery Court			\$ 256,021

Judicial Commissioners

Other Salaries and Wages	\$	35,032	
Social Security		2,173	
Unemployment Compensation		105	
Employer Medicare		507	
Total Judicial Commissioners			37,817

Other Administration of Justice

Jury and Witness Expense	\$	11,655	
Other Charges		3,346	
Total Other Administration of Justice			15,001

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	82,407	
Deputy(ies)		992,285	
Investigator(s)		191,938	
Accountants/Bookkeepers		26,257	
Salary Supplements		24,000	
Dispatchers/Radio Operators		118,465	
Clerical Personnel		53,563	
Part-time Personnel		39,547	
School Resource Officer		161,464	
In-Service Training		20,541	
Social Security		101,833	
State Retirement		193,800	
Life Insurance		1,668	
Medical Insurance		309,741	
Dental Insurance		9,512	
Unemployment Compensation		7,712	
Employer Medicare		24,159	
Communication		19,154	
Dues and Memberships		305	
Maintenance and Repair Services - Buildings		7,020	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Equipment	\$	4,491	
Maintenance and Repair Services - Vehicles		45,950	
Medical and Dental Services		4,322	
Postal Charges		622	
Rentals		11,512	
Tow-in Services		5,026	
Travel		13,612	
Veterinary Services		114	
Other Contracted Services		7,095	
Animal Food and Supplies		622	
Gasoline		128,656	
Office Supplies		10,108	
Tires and Tubes		14,811	
Uniforms		27,206	
Premiums on Corporate Surety Bonds		152	
Vehicle and Equipment Insurance		127,330	
Workers' Compensation Insurance		28,848	
Other Charges		2,052	
Law Enforcement Equipment		59,716	
Motor Vehicles		142,406	
Office Equipment		1,304	
Total Sheriff's Department			\$ 3,021,326

Jail

Guards	\$	855,821
Cafeteria Personnel		31,888
Maintenance Personnel		24,744
Social Security		55,983
State Retirement		97,695
Life Insurance		972
Medical Insurance		196,025
Dental Insurance		5,660
Unemployment Compensation		6,069
Employer Medicare		13,093
Maintenance and Repair Services - Buildings		7,012
Maintenance and Repair Services - Equipment		13,770
Medical and Dental Services		360,430
Transportation - Other than Students		2,391
Custodial Supplies		24,298
Drugs and Medical Supplies		5,963

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Food Supplies	\$	212,104	
Prisoners Clothing		3,227	
Uniforms		6,805	
Medical Claims		10,482	
Workers' Compensation Insurance		31,599	
Total Jail			\$ 1,966,031

Juvenile Services

Youth Service Officer(s)	\$	52,393	
Social Security		3,237	
State Retirement		7,021	
Life Insurance		72	
Medical Insurance		12,317	
Dental Insurance		409	
Unemployment Compensation		290	
Employer Medicare		757	
Contracts with Government Agencies		66,959	
Dues and Memberships		160	
Legal Notices, Recording, and Court Costs		288	
Travel		80	
Office Supplies		191	
Total Juvenile Services			144,174

Fire Prevention and Control

Contributions	\$	277,754	
Total Fire Prevention and Control			277,754

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$	23,705	
Secretary(ies)		23,197	
Social Security		2,524	
State Retirement		6,306	
Life Insurance		69	
Medical Insurance		14,437	
Dental Insurance		391	
Unemployment Compensation		267	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Employer Medicare	\$	590	
Communication		1,928	
Maintenance and Repair Services - Equipment		114	
Maintenance and Repair Services - Office Equipment		74	
Maintenance and Repair Services - Vehicles		578	
Postal Charges		208	
Rentals		2,351	
Travel		944	
Gasoline		703	
Instructional Supplies and Materials		480	
Office Supplies		637	
Uniforms		466	
Other Supplies and Materials		295	
Other Charges		297	
Total Other Emergency Management			\$ 80,561

Inspection and Regulation

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

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	5,900	
Premiums on Corporate Surety Bonds		200	
Total County Coroner/Medical Examiner			6,100

Other Public Safety

Board and Committee Members Fees	\$	1,000	
Total Other Public Safety			1,000

Public Health and Welfare

Rabies and Animal Control

Part-time Personnel	\$	9,938	
Other Salaries and Wages		17,414	
Social Security		1,683	
State Retirement		2,342	
Life Insurance		36	
Medical Insurance		6,241	
Dental Insurance		204	
Unemployment Compensation		251	
Employer Medicare		397	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Communication	\$	357	
Maintenance and Repair Services - Vehicles		255	
Other Contracted Services		11,752	
Gasoline		809	
Office Supplies		18	
Uniforms		121	
Other Charges		753	
Total Rabies and Animal Control			\$ 52,571

Ambulance/Emergency Medical Services

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

Crippled Children Services

Contributions	\$	20,727	
Total Crippled Children Services			20,727

Aid to Dependent Children

Contributions	\$	1,500	
Total Aid to Dependent Children			1,500

Other Local Welfare Services

Pauper Burials	\$	400	
Total Other Local Welfare Services			400

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	46,010	
Total Senior Citizens Assistance			46,010

Libraries

Contributions	\$	36,588	
Total Libraries			36,588

Parks and Fair Boards

Contributions	\$	17,512	
Total Parks and Fair Boards			17,512

Other Social, Cultural, and Recreational

Contributions	\$	1,214	
Total Other Social, Cultural, and Recreational			1,214

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Other Salaries and Wages	\$	72,963	
Social Security		333	
Unemployment Compensation		64	
Employer Medicare		78	
Other Fringe Benefits		8,526	
Communication		1,211	
Contributions		2,399	
Travel		1,124	
Electricity		1,565	
Office Supplies		140	
Utilities		1,658	
Water and Sewer		422	
Other Supplies and Materials		70	
Office Equipment		1,399	
Total Agriculture Extension Service	\$		91,952

Other Agriculture and Natural Resources

Contracts with Government Agencies	\$	18,952	
Total Other Agriculture and Natural Resources			18,952

Other Operations

Tourism

Contributions	\$	87,804	
Total Tourism			87,804

Industrial Development

Engineering Services	\$	4,208	
Other Supplies and Materials		7,500	
Other Construction		256,636	
Total Industrial Development			268,344

Housing and Urban Development

Other Charges	\$	5,415	
Total Housing and Urban Development			5,415

Other Economic and Community Development

Contributions	\$	36,154	
Other Contracted Services		83,838	
Other Charges		7,125	
Total Other Economic and Community Development			127,117

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	21,739	
Social Security		1,348	
State Retirement		2,913	
Life Insurance		36	
Medical Insurance		6,241	
Dental Insurance		204	
Unemployment Compensation		136	
Employer Medicare		315	
Dues and Memberships		25	
Postal Charges		300	
Travel		1,580	
Office Supplies		447	
Office Equipment		274	
Total Veterans' Services			\$ 35,558

Other Charges

Judgments	\$	870	
Workers' Compensation Insurance		28,116	
Total Other Charges			28,986

Contributions to Other Agencies

Contributions	\$	49,500	
Total Contributions to Other Agencies			49,500

Employee Benefits

Employee and Dependent Insurance	\$	86,369	
Total Employee Benefits			86,369

Miscellaneous

Postal Charges	\$	31,397	
Other Contracted Services		83,813	
Trustee's Commission		162,551	
Total Miscellaneous			277,761

Highways

Litter and Trash Collection

Guards	\$	22,778	
Social Security		1,412	
Unemployment Compensation		274	
Employer Medicare		330	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Maintenance and Repair Services - Equipment	\$	1,195	
Instructional Supplies and Materials		9,481	
Other Supplies and Materials		244	
Other Charges		2,082	
Total Litter and Trash Collection			\$ 37,796

Principal on Debt

General Government

Principal on Capital Leases	\$	1,622	
Total General Government			1,622

Capital Projects

Other General Government Projects

Motor Vehicles	\$	17,000	
Solid Waste Equipment		14,300	
Total Other General Government Projects			31,300

Total General Fund \$ 11,457,407

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	35	
Total County Buildings			\$ 35

Administration of Justice

Other Administration of Justice

Data Processing Equipment	\$	5,960	
Total Other Administration of Justice			5,960

Other Operations

Miscellaneous

Trustee's Commission	\$	112	
Total Miscellaneous			112

Total Courthouse and Jail Maintenance Fund 6,107

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Laborers	\$	25,474	
Social Security		1,580	
State Retirement		2,270	
Medical Insurance		6,241	
Dental Insurance		204	
Unemployment Compensation		236	
Employer Medicare		369	
Communication		485	
Rentals		1,500	
Utilities		1,507	
Total Convenience Centers			\$ 39,866

Recycling Center

Laborers	\$	18,842	
Social Security		1,168	
State Retirement		2,536	
Life Insurance		36	
Medical Insurance		6,241	
Dental Insurance		208	
Unemployment Compensation		136	
Employer Medicare		273	
Communication		673	
Maintenance and Repair Services - Equipment		1,687	
Rentals		900	
Gasoline		557	
Office Supplies		91	
Utilities		2,798	
Other Charges		2,754	
Total Recycling Center			38,900

Landfill Operation and Maintenance

Supervisor/Director	\$	28,588
Laborers		98,022
Part-time Personnel		9,627
Social Security		8,038
State Retirement		12,656
Life Insurance		144
Medical Insurance		37,745
Dental Insurance		785
Unemployment Compensation		1,114

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Employer Medicare	\$	1,880	
Communication		1,922	
Evaluation and Testing		26,265	
Maintenance and Repair Services - Buildings		6,318	
Maintenance and Repair Services - Equipment		62,112	
Postal Charges		49	
Rentals		361	
Travel		3,862	
Disposal Fees		257,291	
Crushed Stone		9,554	
Diesel Fuel		22,797	
Fuel Oil		2,892	
Garage Supplies		564	
Gasoline		6,334	
Lubricants		2,952	
Office Supplies		5,085	
Uniforms		3,828	
Utilities		3,642	
Other Supplies and Materials		125	
Premiums on Corporate Surety Bonds		201	
Other Charges		14,787	
Total Landfill Operation and Maintenance			\$ 629,540

Other Operations

Miscellaneous

Trustee's Commission	\$	7,474	
Total Miscellaneous			7,474

Total Solid Waste/Sanitation Fund \$ 715,780

Health Department Fund

Public Health and Welfare

Local Health Center

Supervisor/Director	\$	7,529
Medical Personnel		9,600
Secretary(ies)		2,160
Other Salaries and Wages		200,520
Social Security		16,069
State Retirement		25,693
Life Insurance		231

(Continued)

Exhibit J-7

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

Health Department Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Medical Insurance	\$	52,641	
Dental Insurance		1,873	
Unemployment Compensation		1,231	
Employer Medicare		2,825	
Communication		5,333	
Contracts with Government Agencies		53,800	
Maintenance and Repair Services - Buildings		2,286	
Pest Control		220	
Postal Charges		2,179	
Travel		1,996	
Other Contracted Services		4,328	
Drugs and Medical Supplies		3,436	
Utilities		28,349	
Other Supplies and Materials		7,066	
Other Charges		15,574	
Total Local Health Center			\$ 444,939

Total Health Department Fund \$ 444,939

Drug Control Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$	11,144	
Travel		2,896	
Animal Food and Supplies		216	
Other Supplies and Materials		8,528	
Other Charges		14,856	
Motor Vehicles		26,000	
Office Equipment		856	
Total Sheriff's Department			\$ 64,496

Other Operations

Miscellaneous

Trustee's Commission	\$	1,001	
Total Miscellaneous			1,001

Total Drug Control Fund 65,497

(Continued)

Exhibit J-7

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

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Other Charges	\$ 5,199	
Other Capital Outlay	3,500	
Total Parks and Fair Boards	<u>8,699</u>	\$ 8,699

Total Sports and Recreation Fund \$ 8,699

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 12,784	
Total Chancery Court		\$ 12,784

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 68	
Total Sheriff's Department		<u>68</u>

Total Constitutional Officers - Fees Fund 12,852

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 76,407	
Assistant(s)	39,629	
Supervisor/Director	29,971	
Secretary(ies)	32,938	
Dues and Memberships	3,271	
Legal Notices, Recording, and Court Costs	178	
Maintenance and Repair Services - Office Equipment	50	
Postal Charges	88	
Printing, Stationery, and Forms	114	
Travel	482	
Other Contracted Services	35,628	
Office Supplies	3,343	
Other Charges	3,113	
Building Improvements	3,371	
Communication Equipment	415	
Office Equipment	1,018	
Total Administration	<u>230,016</u>	\$ 230,016

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	72,063	
Equipment Operators		151,931	
Truck Drivers		180,712	
Laborers		287,122	
Rentals		74	
Other Contracted Services		6,970	
Asphalt - Hot Mix		571,056	
Asphalt - Liquid		6,005	
Crushed Stone		62,427	
General Construction Materials		45	
Other Road Supplies		7,815	
Pipe		4,720	
Road Signs		5,396	
Salt		31,668	
Small Tools		1,992	
Uniforms		25,336	
Wood Products		94	
Other Supplies and Materials		54	
Total Highway and Bridge Maintenance			\$ 1,415,480

Operation and Maintenance of Equipment

Mechanic(s)	\$	79,282	
Freight Expenses		2,079	
Maintenance and Repair Services - Equipment		19,547	
Tow-in Services		160	
Other Contracted Services		410	
Diesel Fuel		94,668	
Equipment and Machinery Parts		125,723	
Garage Supplies		12,003	
Gasoline		155,861	
Lubricants		9,221	
Small Tools		293	
Tires and Tubes		17,246	
Other Supplies and Materials		4,538	
Total Operation and Maintenance of Equipment			521,031

Other Charges

Communication	\$	7,272	
Electricity		9,691	
Natural Gas		5,293	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Water and Sewer	\$	1,568	
Judgments		3,077	
Premiums on Corporate Surety Bonds		197	
Trustee's Commission		36,095	
Vehicle and Equipment Insurance		18,634	
Other Charges		<u>1,050</u>	
Total Other Charges	\$		82,877

Employee Benefits

Social Security	\$	57,027	
State Retirement		120,347	
Life Insurance		1,296	
Medical Insurance		261,013	
Dental Insurance		7,546	
Unemployment Compensation		5,194	
Employer Medicare		13,337	
Other Fringe Benefits		1,110	
Workers' Compensation Insurance		<u>64,730</u>	
Total Employee Benefits			531,600

Capital Outlay

Engineering Services	\$	22,580	
Highway Equipment		28,450	
Motor Vehicles		<u>2,918</u>	
Total Capital Outlay			<u>53,948</u>

Total Highway/Public Works Fund \$ 2,834,952

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$	<u>483,000</u>	
Total General Government	\$		483,000

Education

Principal on Notes	\$	70,924	
Principal on Other Loans		<u>1,038,000</u>	
Total Education			1,108,924

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 38,286	
Interest on Other Loans	34,164	
Total General Government	<u>72,450</u>	\$ 72,450

Education

Interest on Notes	\$ 33,312	
Interest on Other Loans	36,373	
Total Education	<u>69,685</u>	69,685

Other Debt Service

General Government

Trustee's Commission	\$ 59,512	
Other Debt Service	79,734	
Total General Government	<u>139,246</u>	139,246

Education

Other Debt Service	\$ 34,845	
Total Education	<u>34,845</u>	34,845

Total General Debt Service Fund \$ 1,908,150

General Capital Projects Fund

Capital Projects

Public Safety Projects

Engineering Services	\$ 35,420	
Evaluation and Testing	176,246	
Other Debt Issuance Charges	56,000	
Building Construction	11,704,805	
Total Public Safety Projects	<u>11,972,471</u>	\$ 11,972,471

Total General Capital Projects Fund 11,972,471

Total Governmental Funds - Primary Government \$ 29,426,854

Exhibit J-8

Carter County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Carter County School Department  
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,691,922	
Career Ladder Program	203,500	
Career Ladder Extended Contracts	93,450	
Homebound Teachers	43,074	
Educational Assistants	352,654	
Certified Substitute Teachers	112,084	
Non-certified Substitute Teachers	326,432	
Social Security	828,343	
State Retirement	878,127	
Life Insurance	11,530	
Medical Insurance	2,280,608	
Dental Insurance	113,813	
Unemployment Compensation	8,112	
Employer Medicare	195,821	
Other Fringe Benefits	388,890	
Maintenance and Repair Services - Equipment	10,752	
Other Contracted Services	20,000	
Instructional Supplies and Materials	456,329	
Textbooks	447,920	
Other Supplies and Materials	13,950	
Other Charges	33,106	
Regular Instruction Equipment	453,537	
Total Regular Instruction Program		\$ 19,963,954

Alternative Instruction Program

Teachers	\$ 79,961	
Career Ladder Program	1,000	
Educational Assistants	5,569	
Social Security	5,001	
State Retirement	5,198	
Life Insurance	48	
Medical Insurance	13,280	
Dental Insurance	461	
Unemployment Compensation	71	
Employer Medicare	1,170	
Other Contracted Services	7,858	
Total Alternative Instruction Program		119,617

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	1,684,312	
Career Ladder Program		23,000	
Career Ladder Extended Contracts		2,200	
Homebound Teachers		22,718	
Educational Assistants		59,982	
Social Security		108,794	
State Retirement		118,326	
Life Insurance		1,235	
Medical Insurance		305,287	
Dental Insurance		11,737	
Unemployment Compensation		992	
Employer Medicare		25,444	
Other Fringe Benefits		3,913	
Other Contracted Services		30,950	
Instructional Supplies and Materials		22,743	
Other Supplies and Materials		10,127	
Other Charges		5,248	
Special Education Equipment		26,246	
Total Special Education Program			\$ 2,463,254

Vocational Education Program

Teachers	\$	974,754	
Career Ladder Program		14,000	
Career Ladder Extended Contracts		18,700	
Educational Assistants		21,659	
Social Security		62,105	
State Retirement		67,045	
Life Insurance		650	
Medical Insurance		152,824	
Dental Insurance		6,256	
Unemployment Compensation		499	
Employer Medicare		14,524	
Maintenance and Repair Services - Equipment		2,801	
Other Contracted Services		3,032	
Instructional Supplies and Materials		73,386	
Textbooks		4,818	
Other Supplies and Materials		4,045	
Vocational Instruction Equipment		16,364	
Total Vocational Education Program			1,437,462

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	8,802	
Social Security		546	
Unemployment Compensation		21	
Employer Medicare		128	
Instructional Supplies and Materials		1,447	
Other Charges		200	
Total Adult Education Program			\$ 11,144

Support Services

Health Services

Medical Personnel	\$	193,302	
Social Security		11,953	
State Retirement		23,102	
Life Insurance		227	
Medical Insurance		50,218	
Dental Insurance		2,182	
Unemployment Compensation		170	
Employer Medicare		2,795	
Travel		8,744	
Drugs and Medical Supplies		29,632	
Other Charges		2,000	
Total Health Services			324,325

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		533,441	
Career Ladder Extended Contracts		8,800	
Attendants		24,695	
Social Security		34,283	
State Retirement		36,390	
Life Insurance		328	
Medical Insurance		85,586	
Dental Insurance		3,152	
Unemployment Compensation		295	
Employer Medicare		8,019	
Other Fringe Benefits		2,869	
Contracts with Government Agencies		77,135	
Evaluation and Testing		37,141	
Other Charges		25	
Total Other Student Support			855,159

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	387,530	
Career Ladder Program		24,000	
Career Ladder Extended Contracts		19,800	
Librarians		524,185	
Other Salaries and Wages		83,378	
Social Security		64,438	
State Retirement		67,706	
Life Insurance		529	
Medical Insurance		127,889	
Dental Insurance		5,100	
Unemployment Compensation		402	
Employer Medicare		15,070	
Maintenance and Repair Services - Equipment		89,955	
Travel		20,143	
Penalties		248	
Other Contracted Services		203,251	
Library Books/Media		81,999	
Office Supplies		7,790	
Other Supplies and Materials		30,107	
In Service/Staff Development		46,211	
Other Charges		5,172	
Other Equipment		403	
Total Regular Instruction Program			\$ 1,805,306

Alternative Instruction Program

Supervisor/Director	\$	48,516	
Career Ladder Program		1,000	
Secretary(ies)		12,655	
Other Salaries and Wages		29,106	
Social Security		5,659	
State Retirement		4,875	
Life Insurance		50	
Medical Insurance		8,547	
Dental Insurance		485	
Unemployment Compensation		76	
Employer Medicare		1,324	
Other Contracted Services		400	
Other Charges		498	
Total Alternative Instruction Program			113,191

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	72,842	
Career Ladder Program		7,000	
Psychological Personnel		47,572	
Career Ladder Extended Contracts		6,600	
Assessment Personnel		40,099	
Clerical Personnel		27,309	
Social Security		12,181	
State Retirement		14,545	
Life Insurance		96	
Medical Insurance		21,986	
Dental Insurance		970	
Unemployment Compensation		82	
Employer Medicare		2,887	
Travel		22,316	
Other Contracted Services		14,170	
Instructional Supplies and Materials		373	
Other Supplies and Materials		5,961	
In Service/Staff Development		13,428	
Other Charges		29,814	
Special Education Equipment		2,091	
Other Equipment		1,266	
Total Special Education Program			\$ 343,588

Vocational Education Program

Supervisor/Director	\$	55,887	
Career Ladder Program		1,000	
Secretary(ies)		25,185	
Social Security		5,117	
State Retirement		7,461	
Life Insurance		50	
Medical Insurance		14,236	
Dental Insurance		485	
Unemployment Compensation		46	
Employer Medicare		1,197	
Maintenance and Repair Services - Equipment		1,978	
Travel		18,143	
Other Supplies and Materials		2,134	
In Service/Staff Development		3,280	
Other Charges		14,210	
Total Vocational Education Program			150,409

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	20,160	
Other Salaries and Wages		39,324	
Social Security		2,438	
State Retirement		5,290	
Life Insurance		48	
Medical Insurance		10,499	
Dental Insurance		461	
Unemployment Compensation		38	
Employer Medicare		570	
Other Charges		597	
Total Adult Programs			\$ 79,425

Other Programs

On-Behalf Payments to OPEB	\$	403,082	
Total Other Programs			403,082

Board of Education

Board and Committee Members Fees	\$	9,900	
Social Security		614	
State Retirement		812	
Employer Medicare		144	
Audit Services		67,350	
Dues and Memberships		11,805	
Legal Services		8,758	
Travel		16,324	
Other Supplies and Materials		357	
Liability Insurance		228,804	
Trustee's Commission		217,501	
Workers' Compensation Insurance		193,197	
In Service/Staff Development		300	
Other Charges		3,042	
Total Board of Education			758,908

Director of Schools

County Official/Administrative Officer	\$	106,962	
Secretary(ies)		102,225	
Clerical Personnel		36,691	
In-Service Training		154	
Social Security		14,394	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

State Retirement	\$	24,615	
Life Insurance		151	
Medical Insurance		36,474	
Dental Insurance		1,212	
Unemployment Compensation		113	
Employer Medicare		3,367	
Other Fringe Benefits		16,296	
Communication		80,013	
Dues and Memberships		815	
Maintenance and Repair Services - Equipment		4,271	
Postal Charges		3,428	
Travel		2,132	
Other Contracted Services		15,081	
Office Supplies		6,949	
Other Supplies and Materials		298	
In Service/Staff Development		1,200	
Other Charges		7,857	
Administration Equipment		1,100	
Total Director of Schools			\$ 465,798

Office of the Principal

Principals	\$	782,259	
Career Ladder Program		27,000	
Career Ladder Extended Contracts		19,800	
Assistant Principals		194,715	
Secretary(ies)		218,400	
Clerical Personnel		69,990	
Other Salaries and Wages		377,317	
Social Security		104,934	
State Retirement		127,966	
Life Insurance		1,184	
Medical Insurance		291,741	
Dental Insurance		11,398	
Unemployment Compensation		876	
Employer Medicare		23,758	
Other Fringe Benefits		5,540	
Other Contracted Services		15,462	
Office Supplies		1,439	
Total Office of the Principal			2,273,779

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Other Contracted Services	\$ 144,758	
Total Fiscal Services		\$ 144,758

Operation of Plant

Custodial Personnel	\$ 779,301	
Other Salaries and Wages	1,200	
Social Security	47,347	
State Retirement	81,169	
Life Insurance	978	
Medical Insurance	224,005	
Dental Insurance	9,166	
Unemployment Compensation	1,223	
Employer Medicare	11,273	
Other Fringe Benefits	16,602	
Rentals	18,333	
Disposal Fees	16,126	
Other Contracted Services	30,569	
Custodial Supplies	92,190	
Electricity	1,037,948	
Natural Gas	366,147	
Water and Sewer	56,119	
Total Operation of Plant		2,789,696

Maintenance of Plant

Supervisor/Director	\$ 42,129
Secretary(ies)	24,929
Maintenance Personnel	260,729
Social Security	20,613
State Retirement	43,209
Life Insurance	297
Medical Insurance	60,709
Dental Insurance	2,862
Unemployment Compensation	255
Employer Medicare	4,820
Other Fringe Benefits	5,693
Laundry Service	8,209
Maintenance and Repair Services - Buildings	73,750
Maintenance and Repair Services - Equipment	45,129
Travel	823

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Disposal Fees	\$	284	
Other Contracted Services		92,164	
Gasoline		18	
General Construction Materials		9,665	
Other Supplies and Materials		34,494	
Other Charges		9,022	
Total Maintenance of Plant			\$ 739,803

Transportation

Supervisor/Director	\$	42,129	
Mechanic(s)		157,586	
Bus Drivers		568,453	
Clerical Personnel		26,398	
Social Security		48,873	
State Retirement		100,162	
Life Insurance		1,603	
Medical Insurance		343,866	
Dental Insurance		14,865	
Unemployment Compensation		1,294	
Employer Medicare		11,425	
Other Fringe Benefits		22,311	
Contracts with Parents		6,813	
Laundry Service		6,134	
Maintenance and Repair Services - Vehicles		1,974	
Other Contracted Services		3,874	
Diesel Fuel		181,638	
Gasoline		84,876	
Lubricants		8,889	
Tires and Tubes		14,859	
Vehicle Parts		67,258	
Other Supplies and Materials		13,216	
Other Charges		11,573	
Transportation Equipment		501,448	
Total Transportation			2,241,517

Central and Other

Data Processing Personnel	\$	219,596	
Social Security		13,406	
State Retirement		29,468	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Life Insurance	\$	126	
Medical Insurance		24,196	
Dental Insurance		1,212	
Unemployment Compensation		94	
Employer Medicare		3,135	
Maintenance and Repair Services - Equipment		8,468	
Travel		14,821	
Data Processing Supplies		1,196	
Office Supplies		499	
In Service/Staff Development		1,731	
Total Central and Other			\$ 317,948

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	48,242	
Part-time Personnel		525,175	
Other Salaries and Wages		92,205	
Social Security		40,443	
State Retirement		26,487	
Life Insurance		26	
Medical Insurance		8,950	
Dental Insurance		251	
Unemployment Compensation		1,081	
Employer Medicare		9,505	
Travel		7,940	
Food Supplies		52,546	
Instructional Supplies and Materials		12,982	
Other Supplies and Materials		2,125	
In Service/Staff Development		5,124	
Other Charges		47,727	
Total Community Services			880,809

Early Childhood Education

Supervisor/Director	\$	35,000	
Teachers		106,821	
Clerical Personnel		3,831	
Educational Assistants		37,036	
Certified Substitute Teachers		4,564	
Social Security		8,968	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	12,337	
Life Insurance		151	
Medical Insurance		28,850	
Dental Insurance		1,455	
Unemployment Compensation		143	
Employer Medicare		2,605	
Travel		1,774	
Instructional Supplies and Materials		25,263	
In Service/Staff Development		2,484	
Other Charges		3,387	
Total Early Childhood Education			\$ 274,669

Capital Outlay

Regular Capital Outlay

Architects	\$	15,178	
Other Contracted Services		169,314	
Building Improvements		672,851	
Other Capital Outlay		314,486	
Total Regular Capital Outlay			1,171,829

Principal on Debt

Education

Principal on Capital Leases	\$	215,750	
Total Education			215,750

Interest on Debt

Education

Interest on Capital Leases	\$	118,581	
Total Education			118,581

Total General Purpose School Fund \$ 40,463,761

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,036,963	
Educational Assistants		226,499	
Social Security		73,966	
State Retirement		67,827	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	696	
Medical Insurance		178,873	
Dental Insurance		6,742	
Unemployment Compensation		1,109	
Employer Medicare		17,822	
Maintenance and Repair Services - Equipment		713	
Other Contracted Services		5,661	
Instructional Supplies and Materials		423,470	
Other Supplies and Materials		525,349	
Regular Instruction Equipment		2,832	
Total Regular Instruction Program			\$ 2,568,522

Special Education Program

Teachers	\$	70,094	
Homebound Teachers		21,834	
Educational Assistants		719,492	
Speech Pathologist		124,818	
Other Salaries and Wages		93,321	
Social Security		61,928	
State Retirement		115,116	
Life Insurance		1,835	
Medical Insurance		410,794	
Dental Insurance		17,460	
Unemployment Compensation		1,522	
Employer Medicare		14,557	
Other Contracted Services		80,258	
Instructional Supplies and Materials		118,915	
Other Supplies and Materials		8,300	
Other Charges		27,783	
Special Education Equipment		92,977	
Total Special Education Program			1,981,004

Vocational Education Program

Other Contracted Services	\$	1,800	
Instructional Supplies and Materials		17,851	
Vocational Instruction Equipment		81,387	
Total Vocational Education Program			101,038

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Medical Personnel	\$	54,315	
Social Security		3,342	
State Retirement		7,247	
Life Insurance		50	
Medical Insurance		11,058	
Dental Insurance		485	
Unemployment Compensation		38	
Employer Medicare		782	
Total Health Services			\$ 77,317

Other Student Support

Social Workers	\$	21,834	
Clerical Personnel		32,772	
Attendants		39,658	
Other Salaries and Wages		45,850	
Social Security		8,328	
State Retirement		7,387	
Life Insurance		78	
Medical Insurance		14,076	
Dental Insurance		752	
Unemployment Compensation		206	
Employer Medicare		2,034	
Contracts with Government Agencies		9,379	
Travel		21,911	
Other Supplies and Materials		27,689	
In Service/Staff Development		6,467	
Other Charges		12,891	
Total Other Student Support			251,312

Regular Instruction Program

Supervisor/Director	\$	47,857	
Other Salaries and Wages		172,597	
Social Security		8,077	
State Retirement		9,914	
Life Insurance		70	
Medical Insurance		17,381	
Dental Insurance		679	
Unemployment Compensation		75	
Employer Medicare		3,195	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Communication	\$	1,365	
Maintenance and Repair Services - Equipment		2,175	
Travel		51,844	
Other Supplies and Materials		35,892	
In Service/Staff Development		33,332	
Other Charges		1,064	
Other Equipment		13,290	
Total Regular Instruction Program			\$ 398,807

Special Education Program

Psychological Personnel	\$	1,189	
Secretary(ies)		22,327	
Other Salaries and Wages		93,161	
Social Security		7,161	
State Retirement		12,256	
Life Insurance		106	
Medical Insurance		24,972	
Dental Insurance		970	
Unemployment Compensation		73	
Employer Medicare		1,639	
Travel		8,340	
Other Supplies and Materials		6,539	
In Service/Staff Development		19,562	
Other Equipment		3,622	
Total Special Education Program			201,917

Vocational Education Program

Travel	\$	2,614	
Total Vocational Education Program			2,614

Transportation

Bus Drivers	\$	19,913	
Other Salaries and Wages		6,358	
Social Security		1,629	
State Retirement		2,664	
Life Insurance		45	
Medical Insurance		9,639	
Dental Insurance		436	
Unemployment Compensation		55	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$	381	
Transportation Equipment		109,000	
Total Transportation			\$ 150,120

Total School Federal Projects Fund \$ 5,732,651

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	52,412	
Clerical Personnel		20,471	
Cafeteria Personnel		780,989	
Other Salaries and Wages		30,021	
Social Security		54,520	
State Retirement		79,380	
Life Insurance		1,232	
Medical Insurance		263,900	
Dental Insurance		11,910	
Unemployment Compensation		338	
Employer Medicare		12,762	
Other Fringe Benefits		32,576	
Communication		4,851	
Maintenance and Repair Services - Equipment		37,590	
Travel		2,368	
Other Contracted Services		67,774	
Food Preparation Supplies		85,262	
Food Supplies		944,793	
Office Supplies		947	
Uniforms		3,950	
Other Supplies and Materials		19,110	
In Service/Staff Development		2,880	
Other Charges		135	
Food Service Equipment		70,999	
Total Food Service			\$ 2,581,170

Total Central Cafeteria Fund 2,581,170

(Continued)

Exhibit J-8

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

<u>Other Education Special Revenue Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Early Childhood Education</u>		
Supervisor/Director	\$	44,924
Teachers		265,302
Clerical Personnel		27,309
Educational Assistants		100,933
Other Salaries and Wages		155,826
Non-certified Substitute Teachers		8,671
Social Security		35,122
State Retirement		52,004
Life Insurance		525
Medical Insurance		125,453
Dental Insurance		5,109
Unemployment Compensation		409
Employer Medicare		8,215
Operating Lease Payments		10,037
Travel		4,360
Food Supplies		93,035
Instructional Supplies and Materials		117,490
In Service/Staff Development		10,134
Other Charges		37,045
Total Early Childhood Education		<u>1,101,903</u>
	\$	1,101,903
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Other Capital Outlay	\$	140,711
Total Regular Capital Outlay		<u>140,711</u>
		140,711
Total Other Education Special Revenue Fund		<u>\$ 1,242,614</u>
Total Governmental Funds - Carter County School Department		<u>\$ 50,020,196</u>

Exhibit J-9

Carter County, Tennessee  
Schedule of Detailed Receipts, Disbursements, and Changes  
in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund	City School ADA - Elizabethton Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,786,324	\$ 1,786,324
Trustee's Collections - Prior Years	0	75,427	75,427
Trustee's Collections - Bankruptcy Circuit/Clerk and Master Collections - Prior Years	0	13	13
Interest and Penalty	0	18,848	18,848
Payments in-Lieu-of Taxes - Local Utilities	0	21,175	21,175
Payments in-Lieu-of Taxes - Other	0	52,033	52,033
Local Option Sales Tax	0	1,721	1,721
Bank Excise Tax	4,168,684	1,427,828	5,596,512
Interstate Telecommunications Tax	0	22,135	22,135
Marriage Licenses	0	1,297	1,297
Mixed Drink Tax	0	552	552
Donations	0	1,541	1,541
Donations	0	138	138
<b>Total Cash Receipts</b>	<b>\$ 4,168,684</b>	<b>\$ 3,409,032</b>	<b>\$ 7,577,716</b>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,126,997	\$ 3,300,842	\$ 7,427,839
Trustee's Commission	41,687	52,803	94,490
<b>Total Cash Disbursements</b>	<b>\$ 4,168,684</b>	<b>\$ 3,353,645</b>	<b>\$ 7,522,329</b>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 55,387	\$ 55,387
Cash Balance, July 1, 2009	0	125,809	125,809
<b>Cash Balance, June 30, 2010</b>	<b>\$ 0</b>	<b>\$ 181,196</b>	<b>\$ 181,196</b>

---

---

## **SINGLE AUDIT SECTION**

---

---



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

November 30, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Carter County's basic financial statements and have issued our report thereon dated November 30, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Carter County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carter County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carter County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01 and 10.04.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency: 10.08.

#### Compliance and Other Matters

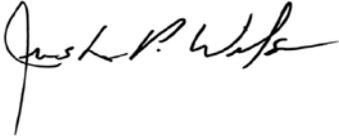
As part of obtaining reasonable assurance about whether Carter County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02, 10.03, 10.05, 10.06, and 10.07.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

November 30, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Carter County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Carter County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carter County's management. Our responsibility is to express an opinion on Carter County's compliance based on our audit.

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

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

In our opinion, Carter County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02 and 10.09.

#### Internal Control Over Compliance

The management of Carter County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Carter County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

#### Schedule of Expenditures of Federal Awards

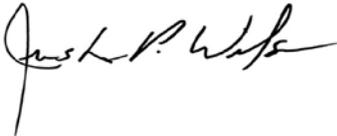
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carter County as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Carter County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Carter County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards

is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Carter County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 175,611
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	308,053 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	467,504
National School Lunch Program	10.555	N/A	1,421,741 (3)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	18,447
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	N/A	153,266
Total U.S. Department of Agriculture			\$ 2,544,622
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-12745-00	\$ 90,964
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-06-10	3,333
Total U.S. Department of Housing and Urban Development			\$ 94,297
U.S. Bureau of Land Management:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 28,449
Total U.S. Bureau of Land Management			\$ 28,449
U.S. Department of Justice:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,940
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-F3127-TN-SB	11,541
Total U.S. Department of Justice			\$ 14,481
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	2009-F3127-TN-SB	\$ 4,600
Total U.S. Department of Transportation			\$ 4,600
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,035,387
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	723,874
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,400,005
Special Education - Preschool Grants	84.173	N/A	59,341
Special Education - Grants to States, Recovery Act	84.391	N/A	944,136
Special Education - Preschool Grants, Recovery Act	84.392	N/A	23,007

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Passed-through State Department of Education (Cont.):			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 203,582
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	29,121
Funds for the Improvement of Education	84.215	N/A	249,873
Twenty-first Century Community Learning Centers	84.287	192-10-1-003	433,653
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	14,384
Education Technology State Grants, Recovery Act	84.386	(2)	40,038
English Language Acquisition Grants	84.365	N/A	230
Improving Teacher Quality State Grants	84.367	N/A	280,186
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,079,800
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(4)	193,611
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-218493-00	60,298
Total U.S. Department of Education			\$ 7,770,526
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	N/A	\$ 56,021
Total U.S. Department of Homeland Security			\$ 56,021
Total Expenditures of Federal Awards			\$ 10,512,996

State Grants		Contract Number	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 14,580
State Reappraisal - Comptroller of the Treasury	N/A	(2)	15,810
Litter Program - State Department of Transportation	N/A	(2)	7,135
Fast Track Infrastructure Development Program - State Department of Economic and Community Development	N/A	GG-09-28056-00	241,078
Health Department Program - State Department of Health	N/A	(2)	284,239
Adult Basic Education - State Department of Education	N/A	(2)	20,099
Connect TN - State Department of Education	N/A	(2)	3,985
Lottery for Education Afterschool Programs - State Department of Education	N/A	(2)	565,944
Coordinated School Health - State Department of Education	N/A	(2)	52,836
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	207,270
Railroad Authority Grant - State Department of Transportation	N/A	(2)	88,300
Total State Grants			\$ 1,501,276

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,729,794.
- (4) Multi-service contract.

Carter County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Carter County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

**OFFICE OF TRUSTEE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.02	199	The trustee's depository used an unauthorized method of paying county warrants

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.04	200	Deficiencies existed in the accounting records
09.05	201	Execution docket trial balances did not reconcile with general ledger accounts

---

---

**CARTER COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

---

---

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Carter County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Carter County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education Grants to States, Recovery Act, and Special Education - Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Twenty-first Century Community Learning Centers (CFDA No. 84.287), were determined to be major programs.
8. A \$315,390 threshold was used to distinguish between Type A and Type B federal programs.
9. Carter County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, director of finance, trustee, circuit court clerk, and sheriff are paraphrased in this report.

### CARTER COUNTY

FINDING 10.01      **CARTER COUNTY HAS MATERIAL RECURRING AUDIT FINDINGS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Carter County has material audit findings that have been reported in their annual financial reports for three or more consecutive years. These recurring material findings are listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.04, 09.04, 08.06	Deficiencies existed in the accounting records - Office of Circuit and General Sessions Courts Clerk
10.05, 09.05, 08.07	Execution docket trial balances did not reconcile with general ledger accounts - Office of Circuit and General Sessions Courts Clerk

The recurring nature of the above-noted findings indicates that management is either unwilling or unable to address the deficiencies. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

### RECOMMENDATION

Carter County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings

continue to recur, Carter County may be required to establish an Audit Committee in accordance with provisions of Section 9-3-405, TCA.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR AND DIRECTOR OF FINANCE

Although the Financial Management Committee has aggressively investigated every audit finding, the county concurs with the recommendation to establish an Audit Committee and will do so by February 2011.

---

#### OFFICE OF DIRECTOR OF SCHOOLS

##### FINDING 10.02      **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION FUNDS PROVIDED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

On April 27, 2010, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Grants to States, Recovery Act program (CFDA No. 84.391) in Carter County for the fiscal year 2010. The results of that monitoring disclosed the following deficiencies:

- A. The approved PART B budget included seven full-time equivalent (FTE) educational assistants; however, 8.35 FTE educational assistants were employed (in the summer program).
- B. Budgeted amounts in the Expenditure Budget Report do not accurately reflect total allocations or the amounts in the state approved budgets.
- C. Equipment items purchased with ARRA funds were used in enrichment.
- D. Freed-up funds were expended in line-items not included in the state approved budget.

These deficiencies resulted in questioned costs of \$4,656.61 in the Special Education – Grants to States, Recovery Act program. It should be noted that in accordance with actions recommended by the State of Tennessee, Department of Education, Division of Special Education, the Carter County School Department transferred \$4,656.61 on March 25, 2010, from the General Purpose School Fund to the School Federal Projects Fund to reimburse the Special Education – Grants to States, Recovery Act program for the questioned cost noted above. This monitoring report along with management's responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 7<sup>th</sup> floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

---

## **OFFICE OF TRUSTEE**

### **FINDING 10.03      **THE TRUSTEE’S DEPOSITORY USED AN UNAUTHORIZED METHOD OF PAYING COUNTY WARRANTS** (Noncompliance Under Government Auditing Standards)**

The office’s depository deducted warrants from the office’s bank account before the depository presented the warrants to the trustee for payment. Section 8-11-104(7), Tennessee Code Annotated (TCA), states that the trustee should “pay all just claims against the trustee’s county as they are presented, if the trustee has a sufficient sum of money ... not otherwise appropriated.” The depository’s practice did not provide a method for the trustee to verify the availability of funds for paying warrants. As a result, cash on deposit with the trustee in the discretely presented School Department’s Other Education Special Revenue Fund was overdrawn by \$11,367 on June 30, 2010.

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

### **RECOMMENDATION**

The office’s depository should not deduct warrants from the office’s bank account until the warrants have been presented to the trustee for payment. Warrants should not be paid in excess of available cash balances of each fund. As an alternative to this practice, the trustee should consider implementing a checking system for disbursing county funds as authorized by state statute.

### **MANAGEMENT’S RESPONSE – TRUSTEE**

The Office of Trustee is anticipating a change from the warrant system to a checking system to correct this finding. We will work with our Finance Department and also our local bank to implement this procedure.

---

## **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

### **FINDING 10.04      **DEFICIENCIES EXISTED IN THE MAINTENANCE OF ACCOUNTING RECORDS** (Internal Control – Material Weakness Under Government Auditing Standards)**

We noted the following deficiencies in the maintenance of accounting records. Similar deficiencies have been reported to management in the preceding four audit reports. We have provided management with adjustments and guidance to correct the deficiencies in

each of those years. It should be noted that management has made improvements during the current-year and subsequent to June 30, 2010, to correct many of the deficiencies, which we have brought to their attention in the past. However, the following deficiencies existed as of June 30, 2010:

- A. Activity related to trust accounts was not posted on a current basis. Deposits and interest of \$5,102 in Circuit Court, withdrawals of \$93,372 in Circuit Court, and withdrawals of \$1,500 in General Sessions Court had not been recorded on the general ledgers or the trust account subsidiary ledgers. We noted other posting errors totaling \$32,488 in Circuit Court and \$48 in General Sessions Court in those records. These errors and omissions would have been detected if the clerk had periodically reconciled the subsidiary records with the general ledgers.
- B. Bank statements for the checking accounts had been reconciled, and employees of the office had identified most of the reconciling items; however, numerous variances remain on the reconciliation from previous years that have not been corrected as of June 30, 2010.

Due to continued errors, management's general lack of oversight, and internal control weaknesses in the past, which allowed the deficiencies to persist for years, we were unable to satisfy ourselves concerning the propriety of all transactions of the Office of Circuit and General Sessions Courts Clerk. We once again provided management with audit adjustments and guidance to properly reflect these transactions in the financial statements of this report.

### RECOMMENDATION

All trust account activity should be posted currently to the general ledgers and the trust account subsidiary ledgers, and subsidiary records should be reconciled with general ledgers on a periodic basis. Bank statements should be reconciled with general ledger control accounts monthly, and any variances identified should be corrected promptly.

---

**FINDING 10.05      EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**  
(Material Noncompliance Under Government Auditing Standards)

At June 30, 2010, the circuit and general sessions courts clerk had prepared trial balances of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, these trial balances did not reconcile with general ledger accounts by \$58,862 and \$19,829, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to take corrective action for the finding reported in prior-year audit reports.

## RECOMMENDATION

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

## MANAGEMENT'S RESPONSE TO FINDINGS 10.04 AND 10.05 – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

We are taking steps to correct the deficiencies to the best of our ability. In the past year, we have made improvements and are continuing to do so.

---

### FINDING 10.06      **A FRAUD REPORTING FORM WAS NOT FILED PROMPTLY** (Noncompliance Under Government Auditing Standards)

In March 2010, three fraudulent checks totaling \$2,036.43 were paid by the bank from the General Sessions Court's checking account. These checks were generated by an unknown individual(s) using the General Sessions Court's bank routing and checking account numbers. This fraud was discovered by the bookkeeper during the reconciliation process in April 2010. However, the clerk did not file a Fraud Reporting Form with the state Comptroller's Office until June 15, 2010. Section 8-4-501, Tennessee Code Annotated (TCA), requires that a fraud reporting form be filed within five working days of the time the clerk has knowledge that suspected unlawful conduct has occurred. The bank refunded \$2,036.43 to the clerk on April 14, 2010.

## RECOMMENDATION

The clerk should file a Fraud Reporting Form in accordance with provisions of Section 8-4-501, et. seq., TCA, for any suspected fraud.

## MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Our office immediately took this to the Tennessee Bureau of Investigation upon finding the fraudulent checks. Our office was neither aware nor informed about filing a fraud report to the state when the checks were found. We were later notified by the auditor and immediately filed the Fraud Reporting Form. I do not feel this should be in our audit report. We know to file a report if this happens in the future and will do so in a timely manner.

## AUDITOR'S COMMENT

The Fraud Reporting Form has been required by Section 8-4-501, TCA since 2007.

---

## OFFICE OF SHERIFF

### FINDING 10.07      **A FRAUD REPORTING FORM WAS NOT FILED PROMPTLY** (Noncompliance Under Government Auditing Standards)

In the summer of 2009, a Sheriff's Department drug officer reported to his supervisor that undercover funds totaling \$800 had been stolen from him, and the officer immediately reimbursed the \$800 from personal funds. The sheriff advised us that he was not aware of this situation until March 15, 2010; however, the sheriff did not file a Fraud Reporting Form with the state Comptroller's Office. Section 8-4-501, Tennessee Code Annotated (TCA), requires that a fraud reporting form be filed within five working days of the time the sheriff has knowledge that suspected unlawful conduct has occurred. It should be noted that a Fraud Reporting Form was filed by the county finance director on April 13, 2010.

### RECOMMENDATION

The sheriff should file a Fraud Reporting Form in accordance with provisions of Section 8-4-501, TCA, for any suspected fraud.

### MANAGEMENT'S RESPONSE – SHERIFF

I would first object to the description of the finding for multiple reasons. First, this finding was not fraud; it was an outside agency theft, which was self-reported by the deputy. It should be noted, that the deputy discovered the theft, and could have chosen to never report it and simply replace the official funds with personal funds, thus no one ever knowing that the theft occurred. Instead, the deputy discovered the theft, reported it immediately to his supervisor, and replaced the funds since he accepted responsibility for ensuring the funds security. By issuing a finding to such an honest and truthful act sends a horrible message and punishes both the deputy and the agency. In government, but especially law enforcement, integrity is everything, and such a finding in a case like this, casts an undeserving shadow to those being honest and attempting to do the right thing. It should also be noted that the TBI and the District Attorney General's Office aggressively investigated the matter and cleared the deputy and the Sheriff's Office from any wrongdoing. It is suspected that a trusted relative of the deputy took the official funds. Protocols are now in place to minimize any opportunity for funds to be vulnerable to theft. Even though the sheriff and his administration are now fully aware of the requirement to file a Fraud Reporting Form, they were not at the time of this incident. And again, as defined, fraud would apply had the deputy actually been involved in the theft but in this case, there was no fraud, thus the finding of reporting fraud would not apply. Subsequently, the Fraud Reporting Report was filed on April 13, 2010 by the county's finance director, which was prior to this audit. I respectfully request that due to these many circumstances, this be removed as a finding against the Sheriff's Office.

### AUDITOR'S REBUTTAL

Section 8-4-503, Tennessee Code Annotated (TCA), requires public officials to report unlawful conduct. Unlawful conduct is defined by Section 8-4-502, TCA, and includes theft of public money.

FINDING 10.08

**DEFICIENCIES WERE NOTED IN ACCOUNTING FOR DRUG CONTROL FUNDS**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Drug control funds were not posted to the official cash journal; therefore, the cash journal did not accurately reflect the operations of the Sheriff's Department. These amounts were determined by substantive testing and alternative auditing procedures and were reviewed and approved by management for inclusion in the financial statements of this report. Also, bank statements used to account for drug control funds were not reconciled with the cash journal, and official prenumbered receipts were not issued for drug funds received from the Office of County Mayor in accordance with Section 9-2-103, Tennessee Code Annotated.

RECOMMENDATION

All drug control activity should be reflected on the official cash journal. Bank statements should be reconciled with the cash journal monthly. Official prenumbered receipts should be issued for all funds received.

MANAGEMENT'S RESPONSE – SHERIFF

I would object to this finding as this drug account in question was set up by the previous sheriff's administration, and numerous transactions had occurred on the drug account prior to this administration assuming responsibility in September 2006. Numerous audits have taken place, yet, no such finding had ever been previously reported or discussed. At no time were these accounting practices brought to the attention of this administration, who respectfully believes that any such practice would have been corrected prior to any such finding. Accounting practices should not be prejudicial as this is clearly an instance of a previously accepted practice and not an intentional act not to comply. An official cash journal was immediately put in place upon the auditor's discovery and at his direction. Immediate correction upon discussion, especially when previous practices have been acceptable, should be the actions taken versus a finding. The account in question is a checking account, and all transactions have been noted in the checkbook. I attest that the checkbook registry has served as an accurate account of all transactions, which is properly reconciled with the bank statements. I respectfully request that this finding be removed and properly reflected as a discussion item to be reviewed for next year's audit.

AUDITOR'S REBUTTAL

We believe that the conditions described in this finding, when considered in conjunction with the previous finding regarding the failure to report unlawful conduct, are significant deficiencies we are required to report.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Special Education Grants to States, Recovery Act	10.09	84.391	<u>Circular A-133, Compliance Supplement</u> Parts 3A., 3B., and 3G.	Noncompliance - See Finding 10.02 - the School Department had deficiencies in the use of Federal Special Education Funds provided by the American Recovery and Reinvestment Act	\$ 4,657

**CARTER COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2010**

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.

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 10.02 and 10.09**

Contact Persons: Jerome Kitchens, Director of Finance  
Dr. Shirley Ellis, Director of Schools

Corrective action taken: After the fiscal monitoring review and prior to the annual audit, the School Department transferred \$1,014.95 to reimburse federal ARRA funds for the additional 1.35 aides in the summer program above the budgeted seven full-time equivalent educational assistants.

Upon discussions with Tennessee Department of Education finance staff, the deficiency concerning the combination of two distinct fiscal year budgets was not addressed in as much as it appeared the correction required was not appropriate and resulted from the fiscal monitoring personnel misunderstanding of the correct accounting procedure.

After the fiscal monitoring review and prior to annual audit, the School Department transferred \$3,302.96 to reimburse federal ARRA funds for the purchase of equipment used in enrichment to correct the deficiency.

After the fiscal monitoring and prior to the annual audit, an amendment to the state approved budget was approved to correct expenditures in line items not included in the state approved budget.

The Division of Special Education responsible for the monitoring indicated to Carter County that all deficiencies had been corrected.

Anticipated completion date: Completed.