
ANNUAL FINANCIAL REPORT PICKETT COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



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

***DEPARTMENT OF AUDIT
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Comptroller of the Treasury***

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

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Audit Highlights

Annual Financial Report
Pickett County, Tennessee
For the Year Ended June 30, 2010

Scope

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

Results

Our report on Pickett County's financial statements was unqualified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Pickett County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practices

The following are summaries of the audit findings and best practices:

OFFICE OF ROAD SUPERINTENDENT

- ◆ The Highway Department did not maintain adequate controls over fuel.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ Deficiencies were noted in the maintenance of capital asset records.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Traffic school collections were not reported and paid to the county in compliance with state statute.
- ◆ The office did not deposit collections of Circuit and General Sessions Courts to official bank accounts within three days of collection as required by state statute.
- ◆ Bank statements for General Sessions Court were not accurately reconciled with the general ledger.
- ◆ The execution docket trial balance for General Sessions Court did not reconcile with general ledger accounts.

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The state Division of Property Assessments noted deficiencies in the maintenance of various records by the assessor of property.

OTHER FINDINGS

- ◆ The general sessions judge ordered contributions to charitable or civic organizations contrary to a state attorney general's opinion.
 - ◆ Duties were not segregated adequately in the Offices of County Executive, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
-

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Pickett County.

- A central system of accounting, budgeting, and purchasing has not been adopted.
- Pickett County does not have an Audit Committee.

INTRODUCTORY SECTION

Pickett County Officials

June 30, 2010

Officials

Stephen Bilbrey, County Executive
Jimmy Cope, Road Superintendent
Diane Elder, Director of Schools
Jennifer Anderson, Trustee
Larry Anderson, Assessor of Property
Robert Lee, County Clerk
Larry Brown, Circuit and General Sessions Courts Clerk
Sue Whited, Clerk and Master
Jeff Ford, Register
Clois Brown, Sheriff

Board of County Commissioners

Stephen Bilbrey, County Executive, Chairman
David Beaty
Wayne Clayborn
Danny Dennis
Misty Dowdy
Deborah Garrett
William Gibson
Eddie Holt
Colan Huddleston
Penny Russell
Alice Storie
Kenny Tompkins
Evan Wright

Board of Education

Jerry Mitchell, Chairman
Terrell Garner
John Reagan
Jimmy Storie

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

October 28, 2010

Pickett County Executive and
Board of County Commissioners
Pickett County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Pickett County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pickett 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County, Tennessee, as of June 30, 2010,

and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2010, on our consideration of Pickett 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., Pickett 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.

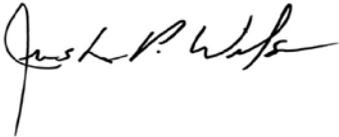
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 59 through 64 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 Pickett 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 Pickett 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 Pickett 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 extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit Pickett County School Department
	Governmental	Business-type	Total	
	Activities	Activities		
<u>ASSETS</u>				
Cash	\$ 7,169	\$ 9,428	\$ 16,597	\$ 0
Equity in Pooled Cash and Investments	1,006,070	981,668	1,987,738	544,997
Accounts Receivable	261,988	15,944	277,932	0
Allowance for Uncollectibles	(79,342)	0	(79,342)	0
Due from Other Governments	349,188	180	349,368	313,316
Prepaid Items	14,750	0	14,750	0
Property Taxes Receivable	1,034,261	193,924	1,228,185	607,628
Allowance for Uncollectible Property Taxes	(48,201)	(9,038)	(57,239)	(28,318)
Deferred Charges - Debt Issuance Costs	0	0	0	105,133
Capital Assets:				
Assets Not Depreciated:				
Land	222,805	110,900	333,705	22,955
Assets Net of Accumulated Depreciation:				
Landfill Facilities and Development	0	133,916	133,916	0
Buildings and Improvements	2,334,998	118,925	2,453,923	4,770,134
Other Capital Assets	890,975	296,070	1,187,045	167,655
Infrastructure	10,192,035	0	10,192,035	0
Total Assets	\$ 16,186,696	\$ 1,851,917	\$ 18,038,613	\$ 6,503,500
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 1,609	\$ 27	\$ 1,636	\$ 6,543
Accounts Payable	57,358	0	57,358	25,715
Claims and Judgments Payable	6,559	0	6,559	0
Due to State of Tennessee	0	882	882	0
Accrued Interest Payable	17,491	0	17,491	11,807
Deferred Revenue - Current Property Taxes	941,133	0	941,133	552,915
Noncurrent Liabilities:				
Due Within One Year	258,440	19,904	278,344	222,484
Due in More Than One Year (net of deferred amount on refunding and unamortized debt premium)	1,894,694	1,193,460	3,088,154	3,707,602
Total Liabilities	\$ 3,177,284	\$ 1,214,273	\$ 4,391,557	\$ 4,527,066
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 11,487,679	\$ 649,378	\$ 12,137,057	\$ 1,251,248
Restricted for:				
Drug Control	6,732	0	6,732	0
Highway/Public Works	202,005	0	202,005	0
School Federal Projects	0	0	0	4,764
Central Cafeteria	0	0	0	117,577
General Debt Service	347,035	0	347,035	0
Capital Outlay	236,708	0	236,708	0
Basic Education Program	0	0	0	287,940
Other Purposes	31,191	0	31,191	6,139
Unrestricted	698,062	(11,734)	686,328	308,766
Total Net Assets	\$ 13,009,412	\$ 637,644	\$ 13,647,056	\$ 1,976,434

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

Exhibit B

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

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	Total	
Primary Government:										
Governmental Activities:										
General Government	\$ 474,656	\$ 165,649	\$ 21,380	\$ 0	\$ (287,627)	\$ 0	\$ (287,627)	\$ 0	\$ 0	\$ 0
Finance	216,926	136,975	1,401	0	(78,550)	0	(78,550)	0	(78,550)	0
Administration of Justice	264,037	88,821	9,000	0	(166,216)	0	(166,216)	0	(166,216)	0
Public Safety	916,581	66,464	30,265	121,015	(698,837)	0	(698,837)	0	(698,837)	0
Public Health and Welfare	625,468	492,338	53,900	0	(79,230)	0	(79,230)	0	(79,230)	0
Social, Cultural, and Recreational Services	102,645	1,474	15,709	0	(85,462)	0	(85,462)	0	(85,462)	0
Agriculture and Natural Resources	48,139	0	1,503	0	(46,636)	0	(46,636)	0	(46,636)	0
Other Operations	521,891	0	0	0	(521,891)	0	(521,891)	0	(521,891)	0
Highways/Public Works	1,355,432	6,674	1,187,102	0	(161,656)	0	(161,656)	0	(161,656)	0
Interest on Long-term Debt	107,135	0	0	0	(107,135)	0	(107,135)	0	(107,135)	0
Other Debt Service	1,451	0	0	0	(1,451)	0	(1,451)	0	(1,451)	0
Total Governmental Activities	\$ 4,634,361	\$ 958,395	\$ 1,320,260	\$ 121,015	\$ (2,234,691)	\$ 0	\$ (2,234,691)	\$ 0	\$ (2,234,691)	\$ 0
Business-type Activities:										
Landfill	\$ 380,111	\$ 103,483	\$ 1,400	\$ 0	\$ 0	\$ (275,228)	\$ (275,228)	\$ 0	(275,228)	\$ 0
Total Business-type Activities	\$ 380,111	\$ 103,483	\$ 1,400	\$ 0	\$ 0	\$ (275,228)	\$ (275,228)	\$ 0	(275,228)	\$ 0
Total Primary Government	\$ 5,014,472	\$ 1,061,878	\$ 1,321,660	\$ 121,015	\$ (2,234,691)	\$ (275,228)	\$ (2,509,919)	\$ 0	(2,509,919)	\$ 0
Component Unit:										
School Department	\$ 6,448,230	\$ 122,838	\$ 946,854	\$ 5,814	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,372,724)	\$ (5,372,724)
Total Component Unit	\$ 6,448,230	\$ 122,838	\$ 946,854	\$ 5,814	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,372,724)	\$ (5,372,724)

(Continued)

Exhibit B

Pickett County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues		Primary Government Business-type Activities			Total	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Department		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				214,040	\$	1,064,849	\$ 540,356
Property Taxes Levied for Debt Service				0		68,984	0
Local Option Sales Taxes				0		217,529	387,040
Wheel Tax				0		59,865	0
Wholesale Beer Tax				0		290,024	0
Other Local Taxes				0		21,496	19,059
Grants and Contributions Not Restricted to Specific Programs				0		445,088	4,249,688
Unrestricted Investment Income				3,255		12,194	9,269
Miscellaneous				0		13,736	29,426
Total General Revenues				217,295	\$	2,193,765	\$ 5,234,838
Insurance Recovery				0	\$	0	\$ 41,517
Change in Net Assets				(57,933)	\$	(316,154)	\$ (96,369)
Prior-period Adjustment				0		0	49,238
Net Assets, July 1, 2009				695,577		13,963,210	2,023,565
Net Assets, June 30, 2010				637,644	\$	13,647,056	\$ 1,976,434

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 7,169	\$ 7,169
Equity in Pooled Cash and Investments	604,973	41,477	346,407	13,213	1,006,070
Accounts Receivable	261,880	0	0	108	261,988
Allowance for Uncollectibles	(79,342)	0	0	0	(79,342)
Due from Other Governments	132,340	216,848	0	0	349,188
Due from Other Funds	7,277	0	0	0	7,277
Property Taxes Receivable	956,692	0	77,569	0	1,034,261
Allowance for Uncollectible Property Taxes	(44,586)	0	(3,615)	0	(48,201)
Prepaid Items	0	0	14,750	0	14,750
Total Assets	<u>\$ 1,839,234</u>	<u>\$ 258,325</u>	<u>\$ 435,111</u>	<u>\$ 20,490</u>	<u>\$ 2,553,160</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 1,080	\$ 56,278	\$ 0	\$ 0	\$ 57,358
Payroll Deductions Payable	1,567	42	0	0	1,609
Claims and Judgments Payable	6,559	0	0	0	6,559
Due to Other Funds	0	0	0	7,277	7,277
Deferred Revenue - Current Property Taxes	870,548	0	70,585	0	941,133
Deferred Revenue - Delinquent Property Taxes	40,331	0	3,270	0	43,601
Other Deferred Revenues	212,670	104,204	0	0	316,874
Total Liabilities	<u>\$ 1,132,755</u>	<u>\$ 160,524</u>	<u>\$ 73,855</u>	<u>\$ 7,277</u>	<u>\$ 1,374,411</u>
<u>Fund Balances</u>					
Reserved for Sexual Offender Registration	\$ 750	\$ 0	\$ 0	\$ 0	\$ 750
Reserved for Computer System - Register	30,441	0	0	0	30,441
Reserved for Capital Outlay	230,227	0	0	0	230,227
Unreserved, Reported In:					
General Fund	445,061	0	0	0	445,061
Special Revenue Funds	0	97,801	0	6,732	104,533
Debt Service Funds	0	0	361,256	0	361,256
Capital Projects Funds	0	0	0	6,481	6,481
Total Fund Balances	<u>\$ 706,479</u>	<u>\$ 97,801</u>	<u>\$ 361,256</u>	<u>\$ 13,213</u>	<u>\$ 1,178,749</u>
Total Liabilities and Fund Balances	<u>\$ 1,839,234</u>	<u>\$ 258,325</u>	<u>\$ 435,111</u>	<u>\$ 20,490</u>	<u>\$ 2,553,160</u>

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

Exhibit C-2

Pickett 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)		\$ 1,178,749
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 222,805	
Add: infrastructure net of accumulated depreciation	10,192,035	
Add: buildings and improvements net of accumulated depreciation	2,334,998	
Add: other capital assets net of accumulated depreciation	<u>890,975</u>	13,640,813
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (1,140,494)	
Less: notes payable	(1,012,640)	
Less: accrued interest on bonds, notes, other loans, and capital leases	<u>(17,491)</u>	(2,170,625)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>360,475</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 13,009,412</u></u>

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

Exhibit C-3

Pickett 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	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 1,455,489	\$ 0	\$ 130,992	\$ 0	\$ 1,586,481
Licenses and Permits	3,567	0	0	0	3,567
Fines, Forfeitures, and Penalties	22,561	0	0	3,942	26,503
Charges for Current Services	525,143	0	0	0	525,143
Other Local Revenues	30,078	34,291	120,071	2	184,442
Fees Received from County Officials	199,300	0	0	0	199,300
State of Tennessee	467,071	1,176,729	0	0	1,643,800
Federal Government	189,594	0	0	0	189,594
Other Governments and Citizens Groups	44,625	0	0	0	44,625
Total Revenues	\$ 2,937,428	\$ 1,211,020	\$ 251,063	\$ 3,944	\$ 4,403,455
<u>Expenditures</u>					
Current:					
General Government	\$ 464,857	\$ 0	\$ 0	\$ 0	\$ 464,857
Finance	216,926	0	0	0	216,926
Administration of Justice	264,037	0	0	0	264,037
Public Safety	833,220	0	0	1,500	834,720
Public Health and Welfare	553,316	0	0	0	553,316
Social, Cultural, and Recreational Services	92,912	0	0	0	92,912
Agriculture and Natural Resources	48,139	0	0	0	48,139
Other Operations	521,891	0	0	0	521,891
Highways	0	1,205,197	0	0	1,205,197
Debt Service:					
Principal on Debt	0	71,495	251,363	0	322,858
Interest on Debt	0	34,152	74,793	0	108,945
Other Debt Service	0	0	1,451	0	1,451
Total Expenditures	\$ 2,995,298	\$ 1,310,844	\$ 327,607	\$ 1,500	\$ 4,635,249
Excess (Deficiency) of Revenues Over Expenditures	\$ (57,870)	\$ (99,824)	\$ (76,544)	\$ 2,444	\$ (231,794)
Net Change in Fund Balances	\$ (57,870)	\$ (99,824)	\$ (76,544)	\$ 2,444	\$ (231,794)
Fund Balance, July 1, 2009	764,349	197,625	437,800	10,769	1,410,543
Fund Balance, June 30, 2010	\$ 706,479	\$ 97,801	\$ 361,256	\$ 13,213	\$ 1,178,749

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

Exhibit C-4

Pickett 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)		\$ (231,794)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 55,125	
Less: current year depreciation expense	<u>(364,907)</u>	(309,782)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: loss on disposal of capital assets	\$ (13,998)	
Less: proceeds from the sale of capital assets	<u>(21,900)</u>	(35,898)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 360,475	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(365,890)</u>	(5,415)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on notes	\$ 261,920	
Add: principal payments on bonds	<u>60,938</u>	322,858
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable		<u>1,810</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (258,221)</u>

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

Exhibit D-1

Pickett County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Business-type Activities
	<u>Major Fund</u>
	Solid Waste <u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 9,428
Equity in Pooled Cash and Investments	981,668
Accounts Receivable	15,944
Due from Other Governments	180
Property Taxes Receivable	193,924
Allowance for Uncollectible Property Taxes	(9,038)
Total Current Assets	<u>\$ 1,192,106</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 110,900
Landfill Facilities and Development	133,916
Buildings and Improvements	118,925
Machinery and Equipment	296,070
Total Noncurrent Assets	<u>\$ 659,811</u>
Total Assets	<u>\$ 1,851,917</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 27
Due to State of Tennessee	882
Total Current Liabilities	<u>\$ 909</u>
Noncurrent Liabilities:	
Due Within One Year	\$ 19,904
Due in More Than One Year	1,193,460
Total Noncurrent Liabilities	<u>\$ 1,213,364</u>
Total Liabilities	<u>\$ 1,214,273</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 649,378
Unrestricted	<u>(11,734)</u>
Total Net Assets	<u>\$ 637,644</u>

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

Exhibit D-2

Pickett County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities
	<u>Major Fund</u>
	<u>Solid Waste Disposal Fund</u>
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 88,237
Other Local Revenues	15,246
Total Operating Revenues	<u>\$ 103,483</u>
<u>Operating Expenses</u>	
Landfill Operation and Maintenance	\$ 336,430
Depreciation	42,756
Total Operating Expenses	<u>\$ 379,186</u>
Operating Income (Loss)	<u>\$ (275,703)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Local Taxes	\$ 214,040
Investment Income	3,255
Interest on Bonds	(925)
Solid Waste Grants	1,400
Total Nonoperating Revenues (Expenses)	<u>\$ 217,770</u>
Net Income	\$ (57,933)
Net Assets, July 1, 2009	<u>695,577</u>
Net Assets, June 30, 2010	<u>\$ 637,644</u>

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

Exhibit D-3

Pickett County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities
	Major Fund
	Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 102,974
Payments to Suppliers	(75,947)
Payments to Employees	(131,554)
Other Payments	(25,516)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (130,043)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 2,001
Local Taxes	218,917
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 220,918</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Paid on Debt	\$ (9,763)
Interest Paid on Debt	(925)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (10,688)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 3,255
Net Cash Provided By (Used In) Investing Activities	<u>\$ 3,255</u>
Net Increase (Decrease) in Cash	\$ 83,442
Cash, July 1, 2009	<u>907,654</u>
Cash, June 30, 2010	<u><u>\$ 991,096</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (275,703)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	42,756
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(510)
Increase (Decrease) in Accounts Payable	(835)
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>104,249</u>
Net Cash Provided By Operating Activities	<u><u>\$ (130,043)</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 9,428
Equity in Pooled Cash and Investments per Net Assets	<u>981,668</u>
Cash, June 30, 2010	<u><u>\$ 991,096</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 71,656
Due from Other Governments	<u>21,920</u>
Total Assets	<u>\$ 93,576</u>
<u>LIABILITIES</u>	
Due to Litigants, Heirs, and Others	\$ 71,656
Due to Other Taxing Units	<u>21,920</u>
Total Liabilities	<u>\$ 93,576</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pickett 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 Pickett County:

A. Reporting Entity

Pickett County is a public municipal corporation governed by an elected 12-member board. As required by GAAP, these financial statements present Pickett 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 relationship with the county.

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

The Pickett County School Department operates the public school system in the county, and the voters of Pickett 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 Industrial Development Board of the County of Pickett, Tennessee, provides assistance in industrial recruitment in Pickett County, and the Pickett County Commission appoints all of the members. The board acted as a decision-making board and did not have any financial activity during the year.

The Pickett 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.

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

Pickett County issues all debt for the discretely presented Pickett County School Department.

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

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

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

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

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

Pickett 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.

Pickett County reports the following major enterprise fund:

Solid Waste Disposal Fund – This fund accounts for the county’s solid waste landfill operations.

Additionally, Pickett County reports the following fund types:

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

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

The discretely presented Pickett 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 the general operations of the School Department.

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

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

private-sector guidance for their enterprise funds, subject to this same limitation. Pickett County has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund used to account for the operations of the landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are tipping fees.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on hand, demand deposits, and cash on deposit with the county trustee.

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 Pickett County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund and the School Department's General Purpose School Fund. Pickett 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.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.53 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in fund financial statements.

4. Capital Assets

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

Primary Government

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column and the business-type column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 to \$25,000 or more. 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 are depreciated using the straight-line method over the following estimated useful lives with salvage values of 25 percent for buildings and improvements, five percent for other capital assets, and 50 percent for infrastructure (roads):

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	50 - 75
Bridges	75

Discretely Presented Pickett County School Department

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School Department as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment of the School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 15

5. Compensated Absences

Primary Government

The county does not permit employees to accumulate earned but unused vacation and sick leave benefits beyond the fiscal year end.

Discretely Presented Pickett County School Department

The general policy of the School Department does not allow for the accumulation of vacation days beyond year-end for professional personnel. However, the School Department's policy does permit 12-month support personnel to accumulate earned but unused vacation benefits not to exceed 40 days. All professional personnel

(teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment provision, and therefore, is not required to be accrued or recorded. Support personnel are compensated for any sick days not used each year, and any accumulated leave has no guaranteed payment upon termination. All support personnel vacation pay is accrued when incurred in the government-wide financial statements for the School Department. 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.

6. Long-term Obligations

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

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

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

7. Net Assets and Fund Equity

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

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

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 School Federal Projects Fund reported a designation of \$50,000 at June 30, 2010, for funds transferred from the General Purpose School Fund for cash flow purposes.

8. Prior-period Adjustment

Long-term debt on the discretely presented Pickett County School Department’s Statement of Activities was increased \$49,238 because the prior year bond refunding and related costs were omitted.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Pickett County School Department

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

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

Primary Government

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

Discretely Presented Pickett County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 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. Unrestricted Net Assets Deficit/Unreserved Fund Balance Deficit

The Solid Waste Disposal Fund (enterprise fund) had a deficit in unrestricted net assets of \$11,734 at June 30, 2010. This deficit primarily resulted from the recognition of a liability of \$1,202,931 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Pickett County had no pooled or nonpooled investments at 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	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 222,805	\$ 0	\$ 0	\$ 222,805
Total Capital Assets Not Depreciated	<u>\$ 222,805</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 222,805</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,892,682	\$ 0	\$ 0	\$ 3,892,682
Roads and Bridges	12,653,542	55,125	(7,144)	12,701,523
Other Capital Assets	2,436,254	0	(171,100)	2,265,154
Total Capital Assets Depreciated	<u>\$ 18,982,478</u>	<u>\$ 55,125</u>	<u>\$ (178,244)</u>	<u>\$ 18,859,359</u>

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,488,626	\$ 69,058	\$ 0	\$ 1,557,684
Roads and Bridges	2,392,298	118,676	(1,486)	2,509,488
Other Capital Assets	1,337,866	177,173	(140,860)	1,374,179
Total Accumulated Depreciation	\$ 5,218,790	\$ 364,907	\$ (142,346)	\$ 5,441,351
Total Capital Assets Depreciated, Net	\$ 13,763,688	\$ (309,782)	\$ (35,898)	\$ 13,418,008
Governmental Activities Capital Assets, Net	\$ 13,986,493	\$ (309,782)	\$ (35,898)	\$ 13,640,813

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

Governmental Activities:

General Government	\$ 9,799
Public Safety	81,861
Public Health and Welfare	72,152
Social, Cultural, and Recreational Services	9,733
Highways/Public Works	191,362
Total Depreciation Expense - Governmental Activities	\$ 364,907

Business-type Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 110,900	\$ 0	\$ 110,900
Total Capital Assets Not Depreciated	\$ 110,900	\$ 0	\$ 110,900

Business-type Activities (Cont.):

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Depreciated:			
Buildings and Improvements	\$ 233,635	\$ 0	\$ 233,635
Landfill Facilities and Development	203,954	0	203,954
Machinery and Equipment	762,544	0	762,544
Total Capital Assets Depreciated	\$ 1,200,133	\$ 0	\$ 1,200,133
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 107,590	\$ 7,120	\$ 114,710
Landfill Facilities and Development	63,300	6,738	70,038
Machinery and Equipment	437,576	28,898	466,474
Total Accumulated Depreciation	\$ 608,466	\$ 42,756	\$ 651,222
Total Capital Assets Depreciated, Net	\$ 591,667	\$ (42,756)	\$ 548,911
Business-type Activities Capital Assets, Net	\$ 702,567	\$ (42,756)	\$ 659,811

Depreciation expense of \$42,756 was recorded by the Solid Waste Disposal Fund.

Discretely Presented Pickett County School Department**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 22,955	\$ 0	\$ 22,955
Total Capital Assets Not Depreciated	\$ 22,955	\$ 0	\$ 22,955
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,958,662	\$ 0	\$ 6,958,662
Other Capital Assets	661,872	0	661,872
Total Capital Assets Depreciated	\$ 7,620,534	\$ 0	\$ 7,620,534

Governmental Activities (Cont.):

	Balance 7-1-09	Increases	Balance 6-30-10
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,014,693	\$ 173,835	\$ 2,188,528
Other Capital Assets	460,569	33,648	494,217
Total Accumulated Depreciation	<u>\$ 2,475,262</u>	<u>\$ 207,483</u>	<u>\$ 2,682,745</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,145,272</u>	<u>\$ (207,483)</u>	<u>\$ 4,937,789</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,168,227</u>	<u>\$ (207,483)</u>	<u>\$ 4,960,744</u>

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

Governmental Activities:

Instruction	\$ 142,534
Support Services	42,501
Operation of Non-Instructional Services	<u>22,448</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 207,483</u>

C. Interfund Receivable, 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	\$ 7,277
Discretely Presented School Department:		
General Purpose School	School Federal Projects	8,966
General Purpose School	School Federal Projects	48

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

The receivable in the General Purpose School Fund (\$48) was in transit from the School Federal Projects fund at June 30, 2010.

Interfund Transfers:

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

Discretely Presented Pickett County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
School Federal Projects Fund	\$ 9,744	\$ 0
General Purpose School Fund	0	50,000

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.

The discretely presented Pickett County School Department made a one-time transfer of \$50,000 from the General Purpose School Fund to the School Federal Projects Fund for cash flow purposes. Since most federal grants are on a reimbursement basis, these funds will allow the School Department to make disbursements from the School Federal Projects Fund prior to receiving grant revenues.

D. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes were issued for original terms of up to 39 years for

bonds and up to seven years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund. Notes included in long-term debt as of June 30, 2010, will be retired from the General Debt Service and the Highway/Public Works funds.

General obligation bonds and capital outlay notes outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	4.125 to 6 %	\$ 2,015,000	\$ 1,140,494
Capital Outlay Notes	4 to 5.05	1,566,825	1,012,640

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2010, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 196,372	\$ 38,643	\$ 235,015
2012	174,343	30,446	204,789
2013	80,836	24,811	105,647
2014	84,213	21,434	105,647
2015	87,732	17,915	105,647
2016-2019	389,144	33,445	422,589
Total	\$ 1,012,640	\$ 166,694	\$ 1,179,334

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 62,068	\$ 57,530	\$ 119,598
2012	68,259	54,339	122,598
2013	69,518	50,830	120,348
2014	75,846	47,252	123,098
2015	77,248	43,349	120,597
2016-2020	450,174	153,065	603,239
2021-2025	215,895	48,641	264,536
2026-2030	81,184	20,636	101,820
2031-2033	40,302	3,726	44,028
Total	\$ 1,140,494	\$ 479,368	\$ 1,619,862

There is \$361,256 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$231, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$275, 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:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2009	\$ 1,201,432	\$ 1,274,560
Deductions	<u>(60,938)</u>	<u>(261,920)</u>
Balance, June 30, 2010	<u>\$ 1,140,494</u>	<u>\$ 1,012,640</u>
Balance Due Within One Year	<u>\$ 62,068</u>	<u>\$ 196,372</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,153,134
Less: Balance Due Within One Year	<u>(258,440)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,894,694</u>

Pickett County Solid Waste Disposal Fund (enterprise fund)

Revenue bonds outstanding as of June 30, 2010, for business-type activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
Revenue Bonds	5.25% %	\$ 110,000	\$ 10,433

The annual requirements to amortize the revenue bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 6,956	\$ 270	\$ 7,226
2012	3,477	134	3,611
Total	\$ 10,433	\$ 404	\$ 10,837

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2010, was as follows:

Business-type Activities:

	Bonds	Closure/ Postclosure Care Costs
Balance, July 1, 2009	\$ 20,196	\$ 1,098,682
Additions	0	116,162
Deductions	(9,763)	(11,913)
Balance, June 30, 2010	\$ 10,433	\$ 1,202,931
Balance Due Within One Year	\$ 6,956	\$ 12,948

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 1,213,364
Less: Balance Due Within One Year	<u>(19,904)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,193,460</u>

Discretely Presented Pickett County School Department

General Obligation Bonds

Pickett County issues general obligation bonds for the School Department to refund other general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The general obligation bonds were originally issued for 15 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the

term of the debt. The bonds included in long-term debt as of June 30, 2010, will be retired from the General Purpose School Fund.

The general obligation bonds outstanding as of June 30, 2010, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds - Refunding	3 to 4.2 %	\$ 4,100,000	\$ 3,840,000

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 220,000	\$ 141,685	\$ 361,685
2012	225,000	135,085	360,085
2013	230,000	128,335	358,335
2014	240,000	121,435	361,435
2015	245,000	114,235	359,235
2016-2020	1,370,000	431,900	1,801,900
2021-2024	1,310,000	137,805	1,447,805
Total	<u>\$ 3,840,000</u>	<u>\$ 1,210,480</u>	<u>\$ 5,050,480</u>

Debt per capita from bonds, totaled \$777, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 4,050,000	\$ 9,826	\$ 66,662
Additions	0	2,674	62,159
Deductions	(210,000)	(2,279)	(23,585)
Balance, June 30, 2010	<u>\$ 3,840,000</u>	<u>\$ 10,221</u>	<u>\$ 105,236</u>
Balance Due Within One Year	<u>\$ 220,000</u>	<u>\$ 2,484</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 3,955,457
Less: Balance Due Within One Year	(222,484)
Add: Unamortized Premium on Debt	59,794
Less: Deferred Amount on Refunding	<u>(85,165)</u>

Noncurrent Liabilities - Due in
More Than One Year - Exhibit A \$ 3,707,602

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

Advance Refunding

On March 31, 2009, Pickett County advance refunded the discretely presented School Department's general obligation bond with a separate general obligation bond issue. The county issued \$4,100,000 of general obligation refunding bonds for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the School Department's long-term debt. As a result of the advance refunding, total debt service payments over the next 15 years will be reduced by \$243,344, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$188,234 was obtained.

E. On-Behalf Payments – Discretely Presented Pickett County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Pickett 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 \$311,642 and \$6,604, 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

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county's risk of loss relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund (LWCF), which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to these pools for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF and LWCF reinsure through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Pickett County does not provide health insurance for its employees.

Discretely Presented Pickett County School Department

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

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 this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Risk Financing Activities

Pickett County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for their 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 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 December 2009, the LOGIC board of directors made a second assessment of its members. Pickett County's share of this second assessment totaled \$10,248.

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. Pickett County and the Pickett County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Pickett 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 Pickett County’s derivative transactions. GASB Statements 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. Pickett County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Pickett County may enter into derivative transactions in subsequent years.

D. Subsequent Events

The following table lists officials who left office on August 31, 2010, and their successors:

<u>Official</u>	<u>Office</u>	<u>Successor</u>
Stephen Bilbery	County Executive	Johnie Neal
Jeff Ford	Register	Letha McCurdy
Clois Brown	Sheriff	Dana Dowdy

On July 16, 2010, the county issued capital outlay notes of \$425,000 for the Highway Department to repair flood damage that is expected to be reimbursed by the Federal Emergency Management Agency.

E. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county’s financial statements. The discretely presented Pickett County School Department advised us that there are no pending or threatened claims against the School Department.

F. Landfill Closure/Postclosure Care Costs

Pickett County has two active permits on file with the state Department of Environment and Conservation for sanitary landfills. 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 Pickett County to place a final cover on the Highway 325 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. The \$1,202,931 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 23 percent of the estimated capacity of the Highway 325 landfill (\$1,015,338) and for the landfill closed in 1994 (\$187,593). The \$1,202,931 reported as closure and postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all closure/postclosure care in 2010. The county will recognize the remaining estimated costs of closure and postclosure care of \$3,046,015 on the Highway 325 landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Jointly Governed Organization

The Pickett County Emergency Communications District merged with the Overton County Emergency Communications District to form the Overton/Pickett County Emergency Communications District (OPCECD). The merger was adopted by both boards with an effective date of February 1, 2002. The board of the OPCECD includes 13 members; four are appointed by the Pickett County Commission, and the remaining nine are appointed by the Overton County Commission. Pickett County does not have any ongoing financial interest or responsibility for the entity. Complete financial statements for the Overton/Pickett Emergency Communications District can be obtained from its administrative office at 255 Industrial Drive, Livingston, TN 38570.

H. Retirement Commitments

Plan Description

Employees of Pickett 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 Pickett 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

Pickett County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 6.56 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, Pickett County's annual pension cost of \$182,981 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 11 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	\$ 182,981	100%	\$0
6-30-09	176,049	100	0
6-30-08	198,509	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 92.23 percent funded. The actuarial accrued liability for benefits was \$5.56 million, and the actuarial value of assets was \$5.13 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.43 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.42 million, and the ratio of the UAAL to the covered payroll was 17.83 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 Pickett 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.

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 \$196,656, \$200,617, and \$192,754, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

The discretely presented Pickett County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated. 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 plan is reported in the State of Tennessee

Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a 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. During the year, the discretely presented Pickett County School Department contributed \$23,585 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 62,000
Interest on the NPO	3,000
Adjustment to the ARC	(2,841)
Annual OPEB cost	<hr/> \$ 62,159
Amount of contribution	(23,585)
Increase/decrease in NPO	\$ 38,574
Net OPEB obligation, 7-1-09	<hr/> 66,662
	<hr/>
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 105,236

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 51,733	34 %	\$ 34,353
6-30-09	"	45,882	30	66,662
6-30-10	"	62,159	38	105,236

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 696,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 696,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 2,143,236
UAAL as a % of covered payroll	32%

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, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Group Plan was 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.

J. Purchasing Laws

Office of County Executive

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), provide for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Purchasing procedures for the Road Department were governed by Chapter 104, Private Acts of 1957, and provisions of the Uniform Road Law, Section 54-7-113, TCA, which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,455,489	\$ 1,504,523	\$ 1,511,827	\$ (56,338)
Licenses and Permits	3,567	3,047	3,149	418
Fines, Forfeitures, and Penalties	22,561	25,801	26,451	(3,890)
Charges for Current Services	525,143	572,190	572,279	(47,136)
Other Local Revenues	30,078	30,549	36,721	(6,643)
Fees Received from County Officials	199,300	210,864	211,161	(11,861)
State of Tennessee	467,071	457,531	468,451	(1,380)
Federal Government	189,594	327,353	480,147	(290,553)
Other Governments and Citizens Groups	44,625	44,625	44,625	0
Total Revenues	<u>\$ 2,937,428</u>	<u>\$ 3,176,483</u>	<u>\$ 3,354,811</u>	<u>\$ (417,383)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 27,107	\$ 31,882	\$ 31,882	\$ 4,775
Board of Equalization	160	200	200	40
Beer Board	3,636	4,100	4,100	464
County Mayor/Executive	118,884	117,018	118,894	10
County Attorney	1,793	1,000	1,794	1
Election Commission	96,457	99,571	102,495	6,038
Register of Deeds	76,628	75,744	78,754	2,126
Planning	2,875	2,875	2,875	0
County Buildings	137,317	141,092	152,647	15,330
<u>Finance</u>				
Property Assessor's Office	59,549	59,901	60,777	1,228
County Trustee's Office	78,942	75,743	79,172	230
County Clerk's Office	78,435	78,204	78,846	411
<u>Administration of Justice</u>				
Circuit Court	84,176	92,638	93,163	8,987
General Sessions Judge	70,147	70,197	70,348	201
Chancery Court	56,424	57,201	57,350	926
Juvenile Court	11,379	11,538	11,570	191
Judicial Commissioners	5,973	6,103	6,103	130
Probation Services	35,938	36,449	36,449	511
<u>Public Safety</u>				
Sheriff's Department	450,634	447,762	469,136	18,502
Drug Enforcement	858	1,000	1,000	142
Jail	202,658	204,833	211,739	9,081
Fire Prevention and Control	161,014	40,000	161,015	1
Rescue Squad	3,000	3,000	3,000	0
Other Emergency Management	3,844	3,844	3,844	0
County Coroner/Medical Examiner	2,600	7,500	7,500	4,900
Other Public Safety	8,612	8,612	8,612	0

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 21,365	\$ 21,017	\$ 22,716	\$ 1,351
Ambulance/Emergency Medical Services	491,238	528,963	529,680	38,442
Regional Mental Health Center	1,706	2,274	2,274	568
Appropriation to State	7,582	7,582	7,582	0
Sanitation Management	29,240	29,237	29,237	(3)
Other Public Health and Welfare	2,185	24,100	3,483	1,298
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	10,726	18,000	18,000	7,274
Libraries	47,485	47,559	48,262	777
Other Social, Cultural, and Recreational	34,701	33,957	34,795	94
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	26,189	37,788	37,788	11,599
Soil Conservation	21,950	19,011	22,245	295
<u>Other Operations</u>				
Tourism	20,000	20,000	20,000	0
Industrial Development	578	1,000	1,000	422
Other Economic and Community Development	0	347,000	326,987	326,987
Veterans' Services	16,760	16,822	16,828	68
Other Charges	123,447	114,316	120,076	(3,371)
Contributions to Other Agencies	7,850	9,850	9,850	2,000
Employee Benefits	313,549	319,273	318,084	4,535
ARRA Grant # 1	18,345	0	29,614	11,269
Miscellaneous	21,362	15,000	17,317	(4,045)
Total Expenditures	\$ 2,995,298	\$ 3,290,756	\$ 3,469,083	\$ 473,785
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (57,870)	\$ (114,273)	\$ (114,272)	\$ 56,402
Net Change in Fund Balance				
Fund Balance, July 1, 2009	\$ 764,349	\$ 768,312	\$ 768,312	\$ (3,963)
Fund Balance, June 30, 2010				
	\$ 706,479	\$ 654,039	\$ 654,040	\$ 52,439

Exhibit F-2

Pickett 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>				
Other Local Revenues	\$ 34,291	\$ 5,500	\$ 34,949	\$ (658)
State of Tennessee	1,176,729	1,148,920	1,179,910	(3,181)
Other Governments and Citizens Groups	0	0	1,100	(1,100)
Total Revenues	<u>\$ 1,211,020</u>	<u>\$ 1,154,420</u>	<u>\$ 1,215,959</u>	<u>\$ (4,939)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 79,637	\$ 81,774	\$ 80,440	\$ 803
Highway and Bridge Maintenance	693,172	617,825	708,458	15,286
Operation and Maintenance of Equipment	256,907	288,500	267,754	10,847
Quarry Operations	1,200	1,200	1,200	0
Other Charges	56,055	46,821	57,399	1,344
Employee Benefits	118,226	126,504	115,882	(2,344)
<u>Principal on Debt</u>				
General Government	0	105,647	0	0
Highways and Streets	71,495	0	71,518	23
<u>Interest on Debt</u>				
Highways and Streets	34,152	0	34,389	237
Total Expenditures	<u>\$ 1,310,844</u>	<u>\$ 1,268,271</u>	<u>\$ 1,337,040</u>	<u>\$ 26,196</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (99,824)</u>	<u>\$ (113,851)</u>	<u>\$ (121,081)</u>	<u>\$ 21,257</u>
Net Change in Fund Balance	\$ (99,824)	\$ (113,851)	\$ (121,081)	\$ 21,257
Fund Balance, July 1, 2009	<u>197,625</u>	<u>190,395</u>	<u>190,395</u>	<u>7,230</u>
Fund Balance, June 30, 2010	<u>\$ 97,801</u>	<u>\$ 76,544</u>	<u>\$ 69,314</u>	<u>\$ 28,487</u>

Exhibit F-3

Pickett County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Pickett 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)
6-30-09	\$ 5,127	\$ 5,559	\$ 432	92.23 %	\$ 2,423	17.83 %
6-30-07	4,703	4,921	218	95.57	2,361	9.23

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 2007 year; therefore, only the two most recent valuations are presented.

Exhibit F-4

Pickett County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Pickett County School Department
June 30, 2010

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 519	\$ 519	0 %	\$ 2,285	23 %
"	7-1-09	0	696	696	0	2,143	32

*Data for three actuarial valuations will be presented when available.

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

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 Pickett 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 Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Pickett 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.

**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.

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

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

Capital Projects Funds

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

Industrial Park Projects Fund – The Industrial Park Projects Fund is used to account for revenues received from the State of Tennessee to be used for industrial park projects.

Health Department Projects Fund – The Health Department Projects Fund is used to account for revenues received from the State of Tennessee to be used for Health Department projects.

Exhibit G-1

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

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	Industrial Park Projects	Health Department Projects	Total	
\$	0 \$	7,169 \$	7,169 \$	0 \$	0 \$	0 \$	7,169
	6,732	0	6,732	5,570	911	6,481	13,213
	0	108	108	0	0	0	108
\$	6,732 \$	7,277 \$	14,009 \$	5,570 \$	911 \$	6,481 \$	20,490

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to Other Funds
 Total Liabilities

Fund Balances

Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0 \$	7,277 \$	7,277 \$	0 \$	0 \$	0 \$	7,277
\$	0 \$	7,277 \$	7,277 \$	0 \$	0 \$	0 \$	7,277
\$	6,732 \$	0 \$	6,732 \$	5,570 \$	911 \$	6,481 \$	13,213
\$	6,732 \$	0 \$	6,732 \$	5,570 \$	911 \$	6,481 \$	13,213
\$	6,732 \$	7,277 \$	14,009 \$	5,570 \$	911 \$	6,481 \$	20,490

Exhibit G-2

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

	Special Revenue Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
		Industrial Park Projects	Health Department Projects	Total	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 3,942 \$	0 \$	0 \$	0 \$	3,942
Other Local Revenues	0	0	2	2	2
Total Revenues	\$ 3,942 \$	0 \$	2 \$	2 \$	3,944
<u>Expenditures</u>					
Current:					
Public Safety	\$ 1,500 \$	0 \$	0 \$	0 \$	1,500
Total Expenditures	\$ 1,500 \$	0 \$	0 \$	0 \$	1,500
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,442 \$	0 \$	2 \$	2 \$	2,444
Net Change in Fund Balances	\$ 2,442 \$	0 \$	2 \$	2 \$	2,444
Fund Balance, July 1, 2009	4,290	5,570	909	6,479	10,769
Fund Balance, June 30, 2010	\$ 6,732 \$	5,570 \$	911 \$	6,481 \$	13,213

Exhibit G-3

Pickett 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	\$ 3,942	\$ 3,500	\$ 4,000	\$ (58)
Other Local Revenues	0	500	500	(500)
Total Revenues	<u>\$ 3,942</u>	<u>\$ 4,000</u>	<u>\$ 4,500</u>	<u>\$ (558)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 1,500	\$ 3,500	\$ 4,000	\$ 2,500
Total Expenditures	<u>\$ 1,500</u>	<u>\$ 3,500</u>	<u>\$ 4,000</u>	<u>\$ 2,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,442</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 1,942</u>
Net Change in Fund Balance	\$ 2,442	\$ 500	\$ 500	\$ 1,942
Fund Balance, July 1, 2009	<u>4,290</u>	<u>4,302</u>	<u>4,302</u>	<u>(12)</u>
Fund Balance, June 30, 2010	<u><u>\$ 6,732</u></u>	<u><u>\$ 4,802</u></u>	<u><u>\$ 4,802</u></u>	<u><u>\$ 1,930</u></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 H

Pickett 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	\$ 130,992	\$ 131,551	\$ 131,551	\$ (559)
Other Local Revenues	120,071	120,000	120,000	71
Total Revenues	<u>\$ 251,063</u>	<u>\$ 251,551</u>	<u>\$ 251,551</u>	<u>\$ (488)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 251,363	\$ 250,712	\$ 251,845	\$ 482
<u>Interest on Debt</u>				
General Government	74,793	76,449	75,216	423
<u>Other Debt Service</u>				
General Government	1,451	1,500	1,600	149
Total Expenditures	<u>\$ 327,607</u>	<u>\$ 328,661</u>	<u>\$ 328,661</u>	<u>\$ 1,054</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (76,544)</u>	<u>\$ (77,110)</u>	<u>\$ (77,110)</u>	<u>\$ 566</u>
Net Change in Fund Balance	\$ (76,544)	\$ (77,110)	\$ (77,110)	566
Fund Balance, July 1, 2009	<u>437,800</u>	<u>410,796</u>	<u>410,796</u>	<u>27,004</u>
Fund Balance, June 30, 2010	<u>\$ 361,256</u>	<u>\$ 333,686</u>	<u>\$ 333,686</u>	<u>\$ 27,570</u>

Fiduciary Funds

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

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

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

Exhibit I-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 71,656	\$ 71,656
Due from Other Governments	21,920	0	21,920
Total Assets	<u>\$ 21,920</u>	<u>\$ 71,656</u>	<u>\$ 93,576</u>
<u>LIABILITIES</u>			
Due to Litigants, Heirs, and Others	\$ 0	\$ 71,656	\$ 71,656
Due to Other Taxing Units	21,920	0	21,920
Total Liabilities	<u>\$ 21,920</u>	<u>\$ 71,656</u>	<u>\$ 93,576</u>

Exhibit I-2

Pickett 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	\$ 133,206	\$ 133,206	\$ 0
Due from Other Governments	21,096	21,920	21,096	21,920
Total Assets	\$ 21,096	\$ 155,126	\$ 154,302	\$ 21,920
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 21,096	\$ 155,126	\$ 154,302	\$ 21,920
Total Liabilities	\$ 21,096	\$ 155,126	\$ 154,302	\$ 21,920
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 76,528	\$ 2,979,865	\$ 2,984,737	\$ 71,656
Total Assets	\$ 76,528	\$ 2,979,865	\$ 2,984,737	\$ 71,656
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 76,528	\$ 2,979,865	\$ 2,984,737	\$ 71,656
Total Liabilities	\$ 76,528	\$ 2,979,865	\$ 2,984,737	\$ 71,656
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 76,528	\$ 2,979,865	\$ 2,984,737	\$ 71,656
Equity in Pooled Cash and Investments	0	133,206	133,206	0
Due from Other Governments	21,096	21,920	21,096	21,920
Total Assets	\$ 97,624	\$ 3,134,991	\$ 3,139,039	\$ 93,576
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 76,528	\$ 2,979,865	\$ 2,984,737	\$ 71,656
Due to Other Taxing Units	21,096	155,126	154,302	21,920
Total Liabilities	\$ 97,624	\$ 3,134,991	\$ 3,139,039	\$ 93,576

Pickett County School Department

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

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.

Exhibit J-1

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

Functions/Programs	Program Revenues			Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Operating Grants and Contributions	Capital Grants and Contributions	Total					
Governmental Activities:								
Instruction	\$ 3,495,037	\$ 0	\$ 387,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,107,175)
Support Services	2,205,818	480	40,350	0	0	0	0	(2,164,988)
Operation of Non-Instructional Services	591,427	122,358	518,642	5,814	5,814	5,814	5,814	55,387
Interest on Long-term Debt	143,003	0	0	0	0	0	0	(143,003)
Other Debt Service	12,945	0	0	0	0	0	0	(12,945)
Total Governmental Activities	\$ 6,448,230	\$ 122,838	\$ 946,854	\$ 5,814	\$ 5,814	\$ 5,814	\$ 5,814	\$ (5,372,724)
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes								\$ 540,356
Local Option Sales Taxes								387,040
Other Local Taxes								19,059
Grants and Contributions Not Restricted to Specific Programs								4,249,688
Unrestricted Investment Income								9,269
Miscellaneous								29,426
Total General Revenues								\$ 5,234,838
Insurance Recovery								\$ 41,517
Change in Net Assets								\$ (96,369)
Prior-period Adjustment								49,238
Net Assets, July 1, 2009								2,023,565
Net Assets, June 30, 2010								\$ 1,976,434

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Governmental</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Fund Central Cafeteria Fund</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 462,142	\$ 2,568	\$ 80,239	\$ 544,949
Due from Other Governments	183,865	77,452	51,999	313,316
Due from Other Funds	9,014	0	0	9,014
Property Taxes Receivable	607,628	0	0	607,628
Allowance for Uncollectible Property Taxes	(28,318)	0	0	(28,318)
Total Assets	<u>\$ 1,234,331</u>	<u>\$ 80,020</u>	<u>\$ 132,238</u>	<u>\$ 1,446,589</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 1,307	\$ 9,747	\$ 14,661	\$ 25,715
Payroll Deductions Payable	0	6,543	0	6,543
Due to Other Funds	0	8,966	0	8,966
Deferred Revenue - Current Property Taxes	552,915	0	0	552,915
Deferred Revenue - Delinquent Property Taxes	25,571	0	0	25,571
Other Deferred Revenues	47,359	0	0	47,359
Total Liabilities	<u>\$ 627,152</u>	<u>\$ 25,256</u>	<u>\$ 14,661</u>	<u>\$ 667,069</u>
<u>Fund Balances</u>				
Reserved for Career Ladder - Extended Contract	\$ 917	\$ 0	\$ 0	\$ 917
Reserved for Career Ladder Program	5,222	0	0	5,222
Reserved for Basic Education Program	287,940	0	0	287,940
Reserved for Title I Grants to Local Education Agencies	0	779	0	779
Reserved for Special Education - Grants to States	0	3,985	0	3,985
Unreserved, Reported In:				
General Fund	313,100	0	0	313,100
Special Revenue Funds	0	50,000	117,577	167,577
Total Fund Balances	<u>\$ 607,179</u>	<u>\$ 54,764</u>	<u>\$ 117,577</u>	<u>\$ 779,520</u>
Total Liabilities and Fund Balances	<u>\$ 1,234,331</u>	<u>\$ 80,020</u>	<u>\$ 132,238</u>	<u>\$ 1,446,589</u>

Exhibit J-3

Pickett County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Pickett 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 J-2)		\$	779,520
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	22,955	
Add: buildings and improvements net of accumulated depreciation		4,770,134	
Add: other capital assets net of accumulated depreciation		<u>167,655</u>	4,960,744
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(3,840,000)	
Less: accrued interest on bonds		(11,807)	
Less: compensated absences payable		(10,221)	
Less: other postemployment benefits liability		(105,236)	
Less: other deferred revenue - premium on debt		(59,794)	
Add: deferred amount on refunding		85,165	
Add: deferred charges - debt issuance costs		<u>105,133</u>	(3,836,760)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>72,930</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>1,976,434</u></u>

Exhibit J-4

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria Fund	
<u>Revenues</u>				
Local Taxes	\$ 960,248	\$ 0	\$ 0	\$ 960,248
Licenses and Permits	242	0	0	242
Charges for Current Services	480	0	122,358	122,838
Other Local Revenues	33,975	0	267	34,242
State of Tennessee	4,217,658	0	3,731	4,221,389
Federal Government	48,606	631,157	284,145	963,908
Total Revenues	<u>\$ 5,261,209</u>	<u>\$ 631,157</u>	<u>\$ 410,501</u>	<u>\$ 6,302,867</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 2,802,596	\$ 517,762	\$ 0	\$ 3,320,358
Support Services	2,047,820	108,673	0	2,156,493
Operation of Non-Instructional Services	147,401	0	405,136	552,537
Debt Service:				
Principal on Debt	210,000	0	0	210,000
Interest on Debt	147,223	0	0	147,223
Total Expenditures	<u>\$ 5,355,040</u>	<u>\$ 626,435</u>	<u>\$ 405,136</u>	<u>\$ 6,386,611</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (93,831)</u>	<u>\$ 4,722</u>	<u>\$ 5,365</u>	<u>\$ (83,744)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 41,517	\$ 0	\$ 0	\$ 41,517
Transfers In	9,774	50,000	0	59,774
Transfers Out	(50,000)	(9,774)	0	(59,774)
Total Other Financing Sources (Uses)	<u>\$ 1,291</u>	<u>\$ 40,226</u>	<u>\$ 0</u>	<u>\$ 41,517</u>
Net Change in Fund Balances	\$ (92,540)	\$ 44,948	\$ 5,365	\$ (42,227)
Fund Balance, July 1, 2009	699,719	9,816	112,212	821,747
Fund Balance, June 30, 2010	<u>\$ 607,179</u>	<u>\$ 54,764</u>	<u>\$ 117,577</u>	<u>\$ 779,520</u>

Exhibit J-5

Pickett County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Pickett 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 J-4)			\$ (42,227)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Less: current year depreciation expense			(207,483)
(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	\$	72,930	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(86,106)</u>	(13,176)
(3) The issuance of long-term debt (e.g., notes, other loans) 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 affect on net assets.			
Add: principal payments on bonds	\$	210,000	
Less: change in deferred debt issuance costs		(7,404)	
Add: change in premium on debt issuances		4,211	
Less: change in deferred amount on refunding debt		<u>(5,541)</u>	201,266
(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	\$	4,220	
Change in compensated absences payable		(395)	
Change in other postemployment benefits liability		<u>(38,574)</u>	<u>(34,749)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (96,369)</u>

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 960,248	\$ 979,910	\$ 991,785	\$ (31,537)
Licenses and Permits	242	300	300	(58)
Charges for Current Services	480	900	900	(420)
Other Local Revenues	33,975	66,000	67,800	(33,825)
State of Tennessee	4,217,658	3,899,620	4,217,866	(208)
Federal Government	48,606	57,000	57,000	(8,394)
Total Revenues	<u>\$ 5,261,209</u>	<u>\$ 5,003,730</u>	<u>\$ 5,335,651</u>	<u>\$ (74,442)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,366,630	\$ 2,445,950	\$ 2,445,950	\$ 79,320
Special Education Program	193,739	200,885	200,885	7,146
Vocational Education Program	242,227	248,795	248,795	6,568
<u>Support Services</u>				
Attendance	33,045	34,460	34,460	1,415
Health Services	130,941	134,340	136,140	5,199
Other Student Support	107,088	108,060	108,060	972
Regular Instruction Program	207,935	209,860	209,860	1,925
Special Education Program	24,396	25,045	25,045	649
Vocational Education Program	11,623	19,730	19,730	8,107
Other Programs	318,246	0	318,246	0
Board of Education	76,486	93,745	93,745	17,259
Director of Schools	94,037	96,815	96,815	2,778
Office of the Principal	191,830	196,970	196,970	5,140
Fiscal Services	55,528	57,085	57,085	1,557
Operation of Plant	374,199	405,840	405,840	31,641
Maintenance of Plant	198,300	218,430	218,430	20,130
Transportation	218,356	261,750	261,750	43,394
Central and Other	5,810	7,220	7,220	1,410
<u>Operation of Non-Instructional Services</u>				
Community Services	50,562	51,000	51,000	438
Early Childhood Education	96,839	96,839	96,839	0
<u>Principal on Debt</u>				
Education	210,000	210,000	210,000	0
<u>Interest on Debt</u>				
Education	147,223	147,985	147,985	762
Total Expenditures	<u>\$ 5,355,040</u>	<u>\$ 5,270,804</u>	<u>\$ 5,590,850</u>	<u>\$ 235,810</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (93,831)</u>	<u>\$ (267,074)</u>	<u>\$ (255,199)</u>	<u>\$ 161,368</u>

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 41,517	\$ 0	\$ 0	\$ 41,517
Transfers In	9,774	0	0	9,774
Transfers Out	(50,000)	0	50,000	0
Total Other Financing Sources (Uses)	\$ 1,291	\$ 0	\$ 50,000	\$ 51,291
Net Change in Fund Balance	\$ (92,540)	\$ (267,074)	\$ (305,199)	\$ 212,659
Fund Balance, July 1, 2009	699,719	715,990	715,990	(16,271)
Fund Balance, June 30, 2010	\$ 607,179	\$ 448,916	\$ 410,791	\$ 196,388

Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 631,157	\$ 908,943	\$ 908,930	\$ (277,773)
Total Revenues	\$ 631,157	\$ 908,943	\$ 908,930	\$ (277,773)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 221,570	\$ 243,337	\$ 243,324	\$ 21,754
Special Education Program	229,442	329,789	326,561	97,119
Vocational Education Program	66,750	64,718	66,437	(313)
<u>Support Services</u>				
Health Services	0	11,949	0	0
Other Student Support	4,080	140,878	139,159	135,079
Regular Instruction Program	82,125	93,402	93,402	11,277
Special Education Program	17,420	7,000	22,390	4,970
Vocational Education Program	688	1,488	1,488	800
Transportation	4,360	4,333	4,333	(27)
Total Expenditures	\$ 626,435	\$ 896,894	\$ 897,094	\$ 270,659
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,722	\$ 12,049	\$ 11,836	\$ (7,114)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 25,821	\$ 50,000	\$ 0
Transfers Out	(9,774)	(37,870)	(11,836)	2,062
Total Other Financing Sources (Uses)	\$ 40,226	\$ (12,049)	\$ 38,164	\$ 2,062
Net Change in Fund Balance	\$ 44,948	\$ 0	\$ 50,000	\$ (5,052)
Fund Balance, July 1, 2009	9,816	0	0	9,816
Fund Balance, June 30, 2010	\$ 54,764	\$ 0	\$ 50,000	\$ 4,764

Exhibit J-8

Pickett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Pickett 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	\$ 122,358	\$ 120,500	\$ 120,500	\$ 1,858
Other Local Revenues	267	314	314	(47)
State of Tennessee	3,731	3,600	3,600	131
Federal Government	284,145	254,000	281,000	3,145
Total Revenues	<u>\$ 410,501</u>	<u>\$ 378,414</u>	<u>\$ 405,414</u>	<u>\$ 5,087</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 405,136	\$ 381,044	\$ 408,044	\$ 2,908
Total Expenditures	<u>\$ 405,136</u>	<u>\$ 381,044</u>	<u>\$ 408,044</u>	<u>\$ 2,908</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,365</u>	<u>\$ (2,630)</u>	<u>\$ (2,630)</u>	<u>\$ 7,995</u>
Net Change in Fund Balance	\$ 5,365	\$ (2,630)	\$ (2,630)	\$ 7,995
Fund Balance, July 1, 2009	<u>112,212</u>	<u>95,377</u>	<u>95,377</u>	<u>16,835</u>
Fund Balance, June 30, 2010	<u>\$ 117,577</u>	<u>\$ 92,747</u>	<u>\$ 92,747</u>	<u>\$ 24,830</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Pickett County, Tennessee
 Schedule of Changes in Long-term Notes and Bonds
 Primary Government and Discretely Presented Pickett 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	Restated Outstanding 7-1-09	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
NOTES PAYABLE							
Payable through General Debt Service Fund							
EMS Building Expansion	\$ 175,000	5.05 %	6-24-04	6-1-11	\$ 56,000	\$ 27,000	\$ 29,000
Sheriff's Cars and Ambulance	212,000	4.29	11-28-06	11-1-09	74,000	74,000	0
Highway Equipment	300,000	4.1	6-8-07	6-15-12	187,239	59,953	127,286
Ambulance	91,825	4	5-12-09	6-5-12	91,825	29,472	62,353
Total Payable through General Debt Service Fund					\$ 409,064	\$ 190,425	\$ 218,639
Payable through Highway/Public Works Fund							
Highway, Street, Road Improvements, and Refunding	1,000,000	4.1	4-20-07	6-10-19	\$ 865,496	\$ 71,495	\$ 794,001
Total Payable through Highway/Public Works Fund					\$ 865,496	\$ 71,495	\$ 794,001
Total Notes Payable					\$ 1,274,560	\$ 261,920	\$ 1,012,640
BONDS PAYABLE							
Payable through General Debt Service Fund							
Nursing Home	1,200,000	5	8-31-1982	1-1-21	\$ 630,000	\$ 40,000	\$ 590,000
Nursing Home Addition - FHA	425,000	6	5-18-1990	5-18-23	278,591	13,214	265,377
Public Library	390,000	4.125	11-1-06	6-1-33	292,841	7,724	285,117
Total Bonds Payable					\$ 1,201,432	\$ 60,938	\$ 1,140,494
BUSINESS-TYPE ACTIVITIES							
BONDS PAYABLE							
Payable through Solid Waste Disposal Fund							
Solid Waste Expansion	110,000	5.25	6-2-1995	12-19-11	\$ 20,196	\$ 9,763	\$ 10,433
DISCRETELY PRESENTED PICKETT COUNTY SCHOOL DEPARTMENT							
BONDS PAYABLE							
Payable through General Purpose School Fund							
School Refunding Bond, Series 2009	4,100,000	3 to 4.2	3-31-09	6-1-24	\$ 4,050,000	\$ 210,000	\$ 3,840,000

Exhibit K-2

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

PRIMARY GOVERNMENT

Governmental Activities:

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 196,372	\$ 38,643	\$ 235,014
2012	174,343	30,446	204,789
2013	80,836	24,811	105,647
2014	84,213	21,434	105,647
2015	87,732	17,915	105,647
2016	91,397	14,250	105,647
2017	95,215	10,432	105,647
2018	99,194	6,454	105,648
2019	103,338	2,309	105,647
Total	\$ 1,012,640	\$ 166,694	\$ 1,179,334

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 62,068	\$ 57,530	119,598
2012	68,259	54,339	122,598
2013	69,518	50,830	120,348
2014	75,846	47,252	123,098
2015	77,248	43,349	120,597
2016	78,729	39,369	118,098
2017	85,292	35,306	120,598
2018	91,942	30,906	122,848
2019	93,685	26,163	119,848
2020	100,526	21,321	121,847
2021	107,469	17,004	124,473
2022	39,522	10,576	50,098
2023	40,831	8,406	49,237
2024	13,748	6,616	20,364
2025	14,325	6,039	20,364
2026	14,928	5,436	20,364
2027	15,555	4,809	20,364
2028	16,209	4,155	20,364
2029	16,891	3,473	20,364
2030	17,601	2,763	20,364
2031	18,341	2,023	20,364
2032	19,112	1,252	20,364
2033	2,849	451	3,300
Total	\$ 1,140,494	\$ 479,368	\$ 1,619,862

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Business-type Activities:

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 6,956	\$ 270	\$ 7,226
2012	3,477	134	3,611
Total	\$ 10,433	\$ 404	\$ 10,837

DISCRETELY PRESENTED PICKETT
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 220,000	\$ 141,685	\$ 361,685
2012	225,000	135,085	360,085
2013	230,000	128,335	358,335
2014	240,000	121,435	361,435
2015	245,000	114,235	359,235
2016	255,000	105,660	360,660
2017	260,000	96,735	356,735
2018	275,000	87,635	362,635
2019	285,000	76,635	361,635
2020	295,000	65,235	360,235
2021	305,000	53,435	358,435
2022	320,000	41,235	361,235
2023	335,000	28,435	363,435
2024	350,000	14,700	364,700
Total	\$ 3,840,000	\$ 1,210,480	\$ 5,050,480

Exhibit K-3

Pickett County, Tennessee
Schedule of Transfers
Discretely Presented Pickett County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 9,744
General Purpose School	School Federal Projects	Cash flow	50,000
Total Transfers Discretely Presented Pickett County School Department			<u>\$ 59,744</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 60,350	\$ 25,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u> , and Chapter 104, Private Acts of 1957	57,477 (1)	100,000	"
Director of Schools	State Board of Education and Pickett County Board of Education	73,500 (2)	(5)	"
Trustee	Section 8-24-102, <u>TCA</u>	52,251	276,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,251	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	52,251	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	52,251	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	52,251 (3)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	52,251	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	57,477 (4)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Does not include monthly travel payments totaling \$1,800 approved by private act.
- (2) Includes \$1,000 for a chief executive officer training supplement.
- (3) Does not include special commissioner fees of \$29,450.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered by the \$150,000 employee blanket bond.

Exhibit K-5

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works	General	Debt	Health	Department Projects		
							Debt Service	Health	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 808,363	\$ 0	\$ 0	\$ 65,553	\$ 0	\$ 0	\$ 0	\$ 873,916	
Trustee's Collections - Prior Year	50,118	0	0	4,213	0	0	0	54,331	
Circuit/Clerk & Master Collections - Prior Years	5,920	0	0	488	0	0	0	6,408	
Interest and Penalty	9,472	0	0	794	0	0	0	10,266	
Payments in-Lieu-of Taxes - Other	44,458	0	0	79	0	0	0	44,537	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	212,164	0	0	0	0	0	0	212,164	
Wheel Tax	0	0	0	59,865	0	0	0	59,865	
Litigation Tax - General	7,924	0	0	0	0	0	0	7,924	
Litigation Tax - Special Purpose	1,494	0	0	0	0	0	0	1,494	
Business Tax	1,529	0	0	0	0	0	0	1,529	
Mineral Severance Tax	10,242	0	0	0	0	0	0	10,242	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	13,474	0	0	0	0	0	0	13,474	
Wholesale Beer Tax	290,024	0	0	0	0	0	0	290,024	
Interstate Telecommunications Tax	307	0	0	0	0	0	0	307	
Total Local Taxes	\$ 1,455,489	\$ 0	\$ 0	\$ 130,992	\$ 0	\$ 0	\$ 0	\$ 1,586,481	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Marriage Licenses	\$ 242	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 242	
<u>Permits</u>									
Beer Permits	3,325	0	0	0	0	0	0	3,325	
Total Licenses and Permits	\$ 3,567	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,567	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 2,380	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,380	
Officers Costs	976	0	0	0	0	0	0	976	
Drug Control Fines	0	3,199	0	0	0	0	0	3,199	

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	General	Drug Control	Highway / Public Works	Debt Service	Debt Service Fund		Capital Projects Fund		
					General	Debt Service	Health Department	Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Drug Court Fees	332 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	332
Jail Fees	802	0	0	0	0	0	0	0	802
DUI Treatment Fines	190	0	0	0	0	0	0	0	190
Data Entry Fee - Circuit Court	116	0	0	0	0	0	0	0	116
<u>General Sessions Court</u>									
Fines	6,809	0	0	0	0	0	0	0	6,809
Officers Costs	4,049	0	0	0	0	0	0	0	4,049
Game and Fish Fines	169	0	0	0	0	0	0	0	169
Drug Control Fines	855	743	0	0	0	0	0	0	1,598
Drug Court Fees	784	0	0	0	0	0	0	0	784
Jail Fees	3,317	0	0	0	0	0	0	0	3,317
DUI Treatment Fines	570	0	0	0	0	0	0	0	570
Data Entry Fee - General Sessions Court	632	0	0	0	0	0	0	0	632
<u>Chancery Court</u>									
Officers Costs	540	0	0	0	0	0	0	0	540
Data Entry Fee - Chancery Court	40	0	0	0	0	0	0	0	40
Total Fines, Forfeitures, and Penalties	\$ 22,561 \$	\$ 3,942 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 26,503
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	491,968 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	491,968
Other General Service Charges	3,292	0	0	0	0	0	0	0	3,292
<u>Fees</u>									
Copy Fees	1,195	0	0	0	0	0	0	0	1,195
Data Processing Fee - Register	2,358	0	0	0	0	0	0	0	2,358
Probation Fees	25,831	0	0	0	0	0	0	0	25,831
Data Processing Fee - Sheriff	349	0	0	0	0	0	0	0	349
Sexual Offender Registration Fees - Sheriff	150	0	0	0	0	0	0	0	150
Total Charges for Current Services	\$ 525,143 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 0 \$	\$ 525,143

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		Drug Control	Highway / Public Works	General	Debt Service	Health	Department		
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	8,937	0	0	0	0	0	2	0	8,939
Lease/Rentals	11,523	0	0	120,000	0	0	0	0	131,523
Sale of Recycled Materials	0	0	284	0	0	0	0	0	284
Miscellaneous Refunds	5,763	0	2,333	71	0	0	0	0	8,167
<u>Nonrecurring Items</u>									
Sale of Equipment	1,943	0	25,000	0	0	0	0	0	26,943
Contributions and Gifts	438	0	1,100	0	0	0	0	0	1,538
<u>Other Local Revenues</u>									
Other Local Revenues	1,474	0	5,574	0	0	0	0	0	7,048
Total Other Local Revenues	\$ 30,078	\$ 0	\$ 34,291	\$ 120,071	\$ 0	\$ 2	\$ 0	\$ 0	\$ 184,442
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	60,532	0	0	0	0	0	0	0	60,532
Circuit Court Clerk	12,171	0	0	0	0	0	0	0	12,171
General Sessions Court Clerk	19,866	0	0	0	0	0	0	0	19,866
Clerk and Master	4,130	0	0	0	0	0	0	0	4,130
Register	27,344	0	0	0	0	0	0	0	27,344
Sheriff	2,106	0	0	0	0	0	0	0	2,106
Trustee	73,151	0	0	0	0	0	0	0	73,151
Total Fees Received from County Officials	\$ 199,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,300
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	9,000	0	0	0	0	0	0	0	9,000
Aging Programs	7,574	0	0	0	0	0	0	0	7,574
State Reappraisal Grant	1,401	0	0	0	0	0	0	0	1,401
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	5,400	0	0	0	0	0	0	0	5,400

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	General	Drug Control	Highway / Public Works		General Debt Service	Health Department Projects			
<u>State of Tennessee (Cont.)</u>									
<u>Health and Welfare Grants</u>									
Other Health and Welfare Grants	\$ 6,318	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,318
<u>Public Works Grants</u>									
Litter Program	29,237	0	0	0	0	0	0	0	29,237
<u>Other State Revenues</u>									
Flood Control	149,548	0	0	0	0	0	0	0	149,548
Income Tax	24,062	0	0	0	0	0	0	0	24,062
Beer Tax	17,778	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	12,453	0	0	0	0	0	0	0	12,453
State Revenue Sharing - T.V.A.	177,361	0	0	0	0	0	0	0	177,361
Contracted Prisoner Boarding	7,000	0	0	0	0	0	0	0	7,000
Gasoline and Motor Fuel Tax	0	0	1,172,754	0	0	0	0	0	1,172,754
Petroleum Special Tax	0	0	3,975	0	0	0	0	0	3,975
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	1,500	0	0	0	0	0	0	0	1,500
Other State Revenues	2,059	0	0	0	0	0	0	0	2,059
<u>Total State of Tennessee</u>	\$ 467,071	\$ 0	\$ 1,176,729	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,643,800
<u>Federal Government</u>									
Federal Through State									
Homeland Security Grants	\$ 121,842	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,842
ARRA Grant # 1	18,345	0	0	0	0	0	0	0	18,345
Other Federal through State	37,173	0	0	0	0	0	0	0	37,173
<u>Direct Federal Revenue</u>									
Police Service (Lake Area)	12,234	0	0	0	0	0	0	0	12,234
<u>Total Federal Government</u>	\$ 189,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 189,594
<u>Other Governments and Citizens Groups</u>									
Other Governments									
Contracted Services	\$ 44,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,625
<u>Total Other Governments and Citizens Groups</u>	\$ 44,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,625
<u>Total</u>	\$ 2,937,428	\$ 3,942	\$ 1,211,020	\$ 251,063	\$ 2	\$ 4,403,455			

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 514,243	\$ 0	\$ 0	\$ 514,243
Trustee's Collections - Prior Year	30,350	0	0	30,350
Circuit/Clerk & Master Collections - Prior Years	3,779	0	0	3,779
Interest and Penalty	6,075	0	0	6,075
Payments in-Lieu-of Taxes - Other	617	0	0	617
<u>County Local Option Taxes</u>				
Local Option Sales Tax	210,612	0	0	210,612
Local Amusement Tax	97	0	0	97
Business Tax	18,587	0	0	18,587
Other County Local Option Taxes	175,513	0	0	175,513
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	375	0	0	375
Total Local Taxes	\$ 960,248	\$ 0	\$ 0	\$ 960,248
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 242	\$ 0	\$ 0	\$ 242
Total Licenses and Permits	\$ 242	\$ 0	\$ 0	\$ 242
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 39,221	\$ 39,221
Lunch Payments - Adults	0	0	18,637	18,637
Income from Breakfast	0	0	30,457	30,457
A la carte Sales	0	0	34,043	34,043
TBI Criminal Background Fees	480	0	0	480
Total Charges for Current Services	\$ 480	\$ 0	\$ 122,358	\$ 122,838
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 9,002	\$ 0	\$ 267	\$ 9,269
Miscellaneous Refunds	24,973	0	0	24,973
Total Other Local Revenues	\$ 33,975	\$ 0	\$ 267	\$ 34,242
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 318,246	\$ 0	\$ 0	\$ 318,246
<u>State Education Funds</u>				
Basic Education Program	3,468,451	0	0	3,468,451
Basic Education Program - ARRA	120,100	0	0	120,100
School Food Service	0	0	3,731	3,731
Driver Education	3,075	0	0	3,075
Other State Education Funds	97,537	0	0	97,537
Coordinated School Health - ARRA	90,000	0	0	90,000
Internet Connectivity - ARRA	1,918	0	0	1,918
Family Resource Centers - ARRA	33,300	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	1,658	0	0	1,658
Career Ladder Program	51,902	0	0	51,902

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder - Extended Contract - ARRA	\$ 17,396	\$ 0	\$ 0	\$ 17,396
<u>Other State Revenues</u>				
Safe Schools - ARRA	2,200	0	0	2,200
Other State Revenues	11,875	0	0	11,875
Total State of Tennessee	\$ 4,217,658	\$ 0	\$ 3,731	\$ 4,221,389
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 171,113	\$ 171,113
Breakfast	0	0	66,095	66,095
USDA - Other	0	0	41,123	41,123
USDA Food Service Equipment Grant - ARRA	0	0	5,814	5,814
Vocational Education - Basic Grants to States	0	13,776	0	13,776
Other Vocational	0	56,014	0	56,014
Title I Grants to Local Education Agencies	0	188,588	0	188,588
Special Education - Grants to States	0	251,223	0	251,223
Special Education Preschool Grants	0	1,476	0	1,476
Safe and Drug-free Schools - State Grants	0	45,708	0	45,708
Rural Education	0	13,708	0	13,708
Eisenhower Professional Development State Grants	0	53,172	0	53,172
Job Training Partnership Act	15,000	0	0	15,000
Other Federal through State	0	7,492	0	7,492
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	33,606	0	0	33,606
Total Federal Government	\$ 48,606	\$ 631,157	\$ 284,145	\$ 963,908
Total	\$ 5,261,209	\$ 631,157	\$ 410,501	\$ 6,302,867

Exhibit K-7

Pickett 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	\$ 22,725	
Audit Services	1,634	
Dues and Memberships	1,748	
Legal Notices, Recording, and Court Costs	1,000	
Total County Commission		\$ 27,107

Board of Equalization

Board and Committee Members Fees	\$ 160	
Total Board of Equalization		160

Beer Board

Board and Committee Members Fees	\$ 3,420	
Legal Services	216	
Total Beer Board		3,636

County Mayor/Executive

County Official/Administrative Officer	\$ 60,350	
Accountants/Bookkeepers	26,155	
Secretary(ies)	14,265	
Communication	4,305	
Data Processing Services	7,747	
Dues and Memberships	800	
Postal Charges	496	
Printing, Stationery, and Forms	216	
Office Supplies	4,253	
Other Supplies and Materials	297	
Total County Mayor/Executive		118,884

County Attorney

Legal Services	\$ 1,793	
Total County Attorney		1,793

Election Commission

County Official/Administrative Officer	\$ 42,585	
Secretary(ies)	18,507	
Election Commission	4,800	
Election Workers	6,369	
Communication	1,668	
Data Processing Services	11,107	
Dues and Memberships	175	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$ 1,128	
Postal Charges	776	
Printing, Stationery, and Forms	4,124	
Travel	4,118	
Office Supplies	1,100	
Total Election Commission		\$ 96,457

Register of Deeds

County Official/Administrative Officer	\$ 52,251	
Other Salaries and Wages	16,542	
Communication	1,124	
Dues and Memberships	351	
Maintenance Agreements	252	
Postal Charges	9	
Other Contracted Services	4,904	
Duplicating Supplies	580	
Office Supplies	615	
Total Register of Deeds		76,628

Planning

Contracts with Government Agencies	\$ 2,875	
Total Planning		2,875

County Buildings

Custodial Personnel	\$ 32,369	
Communication	4,632	
Maintenance and Repair Services - Buildings	37,298	
Maintenance and Repair Services - Vehicles	317	
Custodial Supplies	7,552	
Electricity	45,746	
Gasoline	524	
Water and Sewer	7,834	
Other Supplies and Materials	1,045	
Total County Buildings		137,317

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 52,251	
Communication	480	
Postal Charges	185	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Travel	\$ 2,752	
Other Contracted Services	3,875	
Office Supplies	6	
Total Property Assessor's Office		\$ 59,549

County Trustee's Office

County Official/Administrative Officer	\$ 52,251	
Deputy(ies)	8,376	
Communication	1,495	
Data Processing Services	5,144	
Dues and Memberships	271	
Legal Notices, Recording, and Court Costs	480	
Postal Charges	2,273	
Printing, Stationery, and Forms	468	
Other Contracted Services	2,937	
Office Supplies	1,060	
Refunds	4,187	
Total County Trustee's Office		78,942

County Clerk's Office

County Official/Administrative Officer	\$ 52,251	
Deputy(ies)	20,574	
Communication	936	
Dues and Memberships	346	
Postal Charges	1,230	
Office Supplies	2,258	
Other Supplies and Materials	840	
Total County Clerk's Office		78,435

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 52,251
Deputy(ies)	10,701
Jury and Witness Expense	5,296
Communication	3,470
Data Processing Services	7,082
Dues and Memberships	431
Legal Notices, Recording, and Court Costs	144
Postal Charges	406
Remittance of Revenue Collected	466

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$ 3,180	
Other Supplies and Materials	749	
Total Circuit Court		\$ 84,176

General Sessions Judge

Judge(s)	\$ 62,197	
Legal Services	7,950	
Total General Sessions Judge		70,147

Chancery Court

County Official/Administrative Officer	\$ 52,251	
Communication	1,633	
Dues and Memberships	391	
Postal Charges	644	
Office Supplies	1,269	
Periodicals	236	
Total Chancery Court		56,424

Juvenile Court

Youth Service Officer(s)	\$ 10,938	
Communication	109	
Travel	281	
Office Supplies	51	
Total Juvenile Court		11,379

Judicial Commissioners

Other Per Diem and Fees	\$ 5,928	
Office Supplies	45	
Total Judicial Commissioners		5,973

Probation Services

Probation Officer(s)	\$ 22,298	
Other Salaries and Wages	13,400	
Other Supplies and Materials	240	
Total Probation Services		35,938

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 57,477	
Deputy(ies)	316,609	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Salary Supplements	\$ 5,400	
In-Service Training	2,469	
Maintenance and Repair Services - Equipment	2,007	
Maintenance and Repair Services - Vehicles	11,462	
Postal Charges	490	
Tow-in Services	410	
Gasoline	35,564	
Office Supplies	5,164	
Tires and Tubes	4,818	
Uniforms	8,764	
Total Sheriff's Department		\$ 450,634

Drug Enforcement

Animal Food and Supplies	\$ 858	
Total Drug Enforcement		858

Jail

Deputy(ies)	\$ 113,951	
Communication	8,892	
Contracts with Government Agencies	23,725	
Laundry Service	148	
Maintenance and Repair Services - Buildings	8,230	
Medical and Dental Services	20,232	
Custodial Supplies	1,056	
Food Supplies	26,424	
Total Jail		202,658

Fire Prevention and Control

Contributions	\$ 40,000	
Other Supplies and Materials	121,014	
Total Fire Prevention and Control		161,014

Rescue Squad

Contributions	\$ 3,000	
Total Rescue Squad		3,000

Other Emergency Management

Contributions	\$ 3,000	
Other Equipment	844	
Total Other Emergency Management		3,844

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical and Dental Services	\$ 2,600	
Total County Coroner/Medical Examiner		\$ 2,600

Other Public Safety

Supervisor/Director	\$ 8,612	
Total Other Public Safety		8,612

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$ 9,235	
Communication	1,767	
Dues and Memberships	200	
Custodial Supplies	270	
Electricity	6,145	
Office Supplies	1,048	
Water and Sewer	469	
Other Supplies and Materials	278	
Building Improvements	1,953	
Total Local Health Center		21,365

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 35,402
Medical Personnel	368,903
In-Service Training	3,148
Communication	4,869
Dues and Memberships	240
Licenses	1,500
Maintenance and Repair Services - Buildings	1,702
Maintenance and Repair Services - Equipment	737
Maintenance and Repair Services - Vehicles	8,876
Postal Charges	704
Tow-in Services	150
Other Contracted Services	3,400
Custodial Supplies	924
Drugs and Medical Supplies	15,453
Electricity	10,145
Gasoline	16,601
Office Supplies	2,983
Tires and Tubes	408
Uniforms	4,317

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Water and Sewer	\$ 1,312	
Refunds	3,664	
Data Processing Equipment	5,800	
Total Ambulance/Emergency Medical Services		\$ 491,238

Regional Mental Health Center

Contributions	\$ 1,706	
Total Regional Mental Health Center		1,706

Appropriation to State

Contributions	\$ 7,582	
Total Appropriation to State		7,582

Sanitation Management

Other Contracted Services	\$ 29,240	
Total Sanitation Management		29,240

Other Public Health and Welfare

Other Salaries and Wages	\$ 1,136	
Travel	250	
Other Contracted Services	799	
Total Other Public Health and Welfare		2,185

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 10,726	
Total Senior Citizens Assistance		10,726

Libraries

County Official/Administrative Officer	\$ 21,944	
Assistant(s)	18,845	
Communication	1,564	
Postal Charges	264	
Office Supplies	1,939	
Other Supplies and Materials	322	
Data Processing Equipment	1,405	
Office Equipment	1,202	
Total Libraries		47,485

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational

Supervisor/Director	\$ 24,607	
Other Salaries and Wages	7,701	
Communication	482	
Postal Charges	44	
Travel	986	
Office Supplies	454	
Other Supplies and Materials	427	
Total Other Social, Cultural, and Recreational		\$ 34,701

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 1,558	
Contributions	3,800	
Other Contracted Services	18,842	
Other Supplies and Materials	1,989	
Total Agriculture Extension Service		26,189

Soil Conservation

Secretary(ies)	\$ 16,740	
Other Salaries and Wages	3,234	
Communication	976	
Contributions	1,000	
Total Soil Conservation		21,950

Other Operations

Tourism

Contributions	\$ 20,000	
Total Tourism		20,000

Industrial Development

Contributions	\$ 578	
Total Industrial Development		578

Veterans' Services

Other Salaries and Wages	\$ 15,522	
Communication	483	
Office Supplies	755	
Total Veterans' Services		16,760

(Continued)

Exhibit K-7

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

General Fund (Cont.)Other Operations (Cont.)Other Charges

Travel	\$ 5,924	
Building and Contents Insurance	13,827	
Liability Insurance	34,671	
Premiums on Corporate Surety Bonds	4,184	
Trustee's Commission	27,279	
Vehicle and Equipment Insurance	23,668	
Liability Claims	13,894	
Total Other Charges		\$ 123,447

Contributions to Other Agencies

Contributions	\$ 7,850	
Total Contributions to Other Agencies		7,850

Employee Benefits

Social Security	\$ 134,273	
State Retirement	101,116	
Unemployment Compensation	16,099	
Workers' Compensation Insurance	62,061	
Total Employee Benefits		313,549

ARRA Grant # 1

Other Salaries and Wages	\$ 14,423	
Social Security	1,103	
State Retirement	946	
Unemployment Compensation	265	
Travel	1,461	
Workers' Compensation Insurance	147	
Total ARRA Grant # 1		18,345

Miscellaneous

Other Supplies and Materials	\$ 4,046	
Other Capital Outlay	17,316	
Total Miscellaneous		21,362

Total General Fund \$ 2,995,298

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$ 1,000	
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(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Supplies and Materials	\$ 500	
Total Drug Enforcement		\$ 1,500

Total Drug Control Fund \$ 1,500

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 57,477	
Accountants/Bookkeepers	9,698	
Advertising	207	
Data Processing Services	4,430	
Dues and Memberships	1,867	
Maintenance and Repair Services - Office Equipment	99	
Postal Charges	252	
Printing, Stationery, and Forms	398	
Travel	1,800	
Drugs and Medical Supplies	300	
Office Supplies	1,110	
Other Charges	1,999	
Total Administration		\$ 79,637

Highway and Bridge Maintenance

Foremen	\$ 26,340	
Laborers	473,070	
Asphalt	17,916	
Crushed Stone	156,044	
Pipe	9,261	
Road Signs	605	
Salt	7,465	
Other Charges	2,471	
Total Highway and Bridge Maintenance		693,172

Operation and Maintenance of Equipment

Mechanic(s)	\$ 92,352	
Maintenance and Repair Services - Vehicles	27,055	
Diesel Fuel	54,281	
Equipment and Machinery Parts	36,276	
Gasoline	32,074	
Lubricants	2,898	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Propane Gas	\$ 914	
Tires and Tubes	2,076	
Other Supplies and Materials	2,754	
Other Charges	6,227	
Total Operation and Maintenance of Equipment		\$ 256,907

Quarry Operations

Operating Lease Payments	\$ 1,200	
Total Quarry Operations		1,200

Other Charges

Communication	\$ 5,087	
Contributions	2,600	
Utilities	4,180	
Building and Contents Insurance	652	
Liability Insurance	4,978	
Premiums on Corporate Surety Bonds	203	
Trustee's Commission	11,716	
Vehicle and Equipment Insurance	26,639	
Total Other Charges		56,055

Employee Benefits

Social Security	\$ 50,409	
State Retirement	37,403	
Unemployment Compensation	11,055	
Workers' Compensation Insurance	19,359	
Total Employee Benefits		118,226

Principal on Debt

Highways and Streets

Principal on Notes	\$ 71,495	
Total Highways and Streets		71,495

Interest on Debt

Highways and Streets

Interest on Notes	\$ 34,152	
Total Highways and Streets		34,152

Total Highway/Public Works Fund \$ 1,310,844

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 60,938	
Principal on Notes	<u>190,425</u>	
Total General Government		\$ 251,363
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 60,660	
Interest on Notes	<u>14,133</u>	
Total General Government		74,793
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ <u>1,451</u>	
Total General Government		<u>1,451</u>
Total General Debt Service Fund		<u>\$ 327,607</u>
Total Governmental Funds - Primary Government		<u><u>\$ 4,635,249</u></u>

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,737,236	
Career Ladder Program	30,000	
Career Ladder Extended Contracts	14,250	
Certified Substitute Teachers	11,460	
Non-certified Substitute Teachers	22,712	
Social Security	103,306	
State Retirement	114,407	
Medical Insurance	122,884	
Employer Medicare	24,160	
Maintenance and Repair Services - Equipment	290	
Other Contracted Services	11,650	
Instructional Supplies and Materials	16,206	
Textbooks	60,622	
Regular Instruction Equipment	97,447	
Total Regular Instruction Program		\$ 2,366,630

Special Education Program

Teachers	\$ 150,355	
Career Ladder Program	4,000	
Homebound Teachers	988	
Social Security	8,191	
State Retirement	9,910	
Medical Insurance	17,579	
Employer Medicare	1,916	
Instructional Supplies and Materials	800	
Total Special Education Program		193,739

Vocational Education Program

Teachers	\$ 176,417	
Career Ladder Program	5,000	
Other Salaries and Wages	13,000	
Social Security	10,855	
State Retirement	12,482	
Medical Insurance	15,667	
Employer Medicare	2,539	
Instructional Supplies and Materials	800	
Other Charges	5,467	
Total Vocational Education Program		242,227

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	28,668	
Social Security		1,542	
State Retirement		1,841	
Employer Medicare		361	
Travel		633	
Total Attendance			\$ 33,045

Health Services

Medical Personnel	\$	20,306	
Other Salaries and Wages		59,250	
Social Security		4,885	
State Retirement		4,789	
Medical Insurance		87	
Employer Medicare		1,142	
Communication		462	
Postal Charges		588	
Travel		4,008	
Other Contracted Services		2,650	
Other Supplies and Materials		31,962	
Other Charges		812	
Total Health Services			130,941

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		59,860	
Psychological Personnel		23,895	
Social Security		4,760	
State Retirement		5,441	
Medical Insurance		5,860	
Employer Medicare		1,113	
Evaluation and Testing		5,120	
Travel		39	
Total Other Student Support			107,088

Regular Instruction Program

Supervisor/Director	\$	60,394	
Career Ladder Program		3,000	
Librarians		81,830	
Instructional Computer Personnel		28,668	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	10,416	
State Retirement		11,100	
Medical Insurance		8,170	
Employer Medicare		2,421	
Travel		1,936	
Total Regular Instruction Program			\$ 207,935

Special Education Program

Supervisor/Director	\$	21,596	
Social Security		1,080	
State Retirement		1,386	
Employer Medicare		253	
Travel		81	
Total Special Education Program			24,396

Vocational Education Program

Supervisor/Director	\$	9,822	
Social Security		529	
State Retirement		631	
Medical Insurance		517	
Employer Medicare		124	
Total Vocational Education Program			11,623

Other Programs

On-Behalf Payments to OPEB	\$	318,246	
Total Other Programs			318,246

Board of Education

Secretary to Board	\$	1,200	
Board and Committee Members Fees		6,000	
Social Security		447	
State Retirement		79	
Life Insurance		4,372	
Unemployment Compensation		3,212	
Employer Medicare		104	
Audit Services		2,200	
Dues and Memberships		2,769	
Legal Services		478	
Travel		1,160	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	\$	27,403	
Workers' Compensation Insurance		21,858	
In Service/Staff Development		1,119	
Criminal Investigation of Applicants - TBI		480	
Other Charges		<u>3,605</u>	
Total Board of Education	\$		76,486

Director of Schools

County Official/Administrative Officer	\$	72,500	
Career Ladder Program		1,000	
Social Security		4,113	
State Retirement		4,719	
Medical Insurance		5,822	
Employer Medicare		962	
Communication		3,352	
Dues and Memberships		763	
Postal Charges		88	
Travel		693	
Office Supplies		<u>25</u>	
Total Director of Schools			94,037

Office of the Principal

Principals	\$	104,327	
Career Ladder Program		2,000	
Secretary(ies)		48,294	
Social Security		8,473	
State Retirement		9,994	
Medical Insurance		16,225	
Employer Medicare		1,982	
Communication		447	
Postal Charges		<u>88</u>	
Total Office of the Principal			191,830

Fiscal Services

Accountants/Bookkeepers	\$	47,242	
Social Security		2,929	
State Retirement		3,099	
Medical Insurance		1,573	
Employer Medicare		<u>685</u>	
Total Fiscal Services			55,528

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	93,715	
Social Security		5,178	
State Retirement		5,030	
Employer Medicare		1,211	
Other Contracted Services		5,830	
Electricity		130,370	
Natural Gas		37,655	
Water and Sewer		21,188	
Other Supplies and Materials		38,742	
Building and Contents Insurance		35,280	
Total Operation of Plant			\$ 374,199

Maintenance of Plant

Supervisor/Director	\$	29,697	
Maintenance Personnel		35,820	
Social Security		3,789	
State Retirement		4,256	
Employer Medicare		886	
Maintenance and Repair Services - Buildings		84,765	
Maintenance and Repair Services - Equipment		22,747	
Other Contracted Services		11,108	
Other Supplies and Materials		5,232	
Total Maintenance of Plant			198,300

Transportation

Mechanic(s)	\$	35,881	
Bus Drivers		87,085	
Social Security		7,724	
State Retirement		8,015	
Medical Insurance		8,192	
Employer Medicare		1,807	
Communication		445	
Diesel Fuel		30,114	
Garage Supplies		1,276	
Gasoline		4,980	
Lubricants		1,208	
Tires and Tubes		1,267	
Vehicle Parts		23,356	
Other Charges		7,006	
Total Transportation			218,356

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Data Processing Services	\$ 5,718	
Office Supplies	92	
Total Central and Other		\$ 5,810

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 33,300	
Clerical Personnel	4,705	
Social Security	2,153	
State Retirement	2,447	
Medical Insurance	3,285	
Employer Medicare	504	
Other Charges	4,168	
Total Community Services		50,562

Early Childhood Education

Supervisor/Director	\$ 18,000	
Teachers	46,150	
Educational Assistants	12,713	
Social Security	4,550	
State Retirement	4,942	
Medical Insurance	5,946	
Employer Medicare	1,064	
Travel	39	
Instructional Supplies and Materials	3,435	
Total Early Childhood Education		96,839

Principal on Debt

Education

Principal on Bonds	\$ 210,000	
Total Education		210,000

Interest on Debt

Education

Interest on Bonds	\$ 147,223	
Total Education		147,223

Total General Purpose School Fund \$ 5,355,040

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	145,899	
Educational Assistants		16,239	
Social Security		9,699	
State Retirement		10,432	
Medical Insurance		16,099	
Employer Medicare		2,268	
Maintenance and Repair Services - Equipment		2,122	
Instructional Supplies and Materials		6,979	
Other Supplies and Materials		593	
Other Charges		5,202	
Regular Instruction Equipment		6,038	
Total Regular Instruction Program			\$ 221,570

Special Education Program

Teachers	\$	65,560	
Educational Assistants		102,468	
Other Salaries and Wages		1,500	
Social Security		9,616	
State Retirement		10,946	
Medical Insurance		23,264	
Employer Medicare		2,249	
Other Contracted Services		3,311	
Instructional Supplies and Materials		8,528	
Special Education Equipment		2,000	
Total Special Education Program			229,442

Vocational Education Program

Other Contracted Services	\$	6,827	
Instructional Supplies and Materials		1,500	
Textbooks		3,433	
Other Supplies and Materials		500	
Vocational Instruction Equipment		54,490	
Total Vocational Education Program			66,750

Support Services

Other Student Support

Bus Drivers	\$	500	
Social Security		31	
State Retirement		32	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	7	
Travel		1,781	
Other Charges		1,729	
Total Other Student Support			\$ 4,080

Regular Instruction Program

Supervisor/Director	\$	26,436	
Career Ladder Extended Contracts		16,038	
Clerical Personnel		4,926	
Other Salaries and Wages		111	
Social Security		2,946	
State Retirement		3,055	
Employer Medicare		689	
Travel		3,823	
Instructional Supplies and Materials		630	
In Service/Staff Development		13,094	
Other Equipment		10,377	
Total Regular Instruction Program			82,125

Special Education Program

Travel	\$	3,457	
Other Supplies and Materials		3,023	
In Service/Staff Development		250	
Other Equipment		10,690	
Total Special Education Program			17,420

Vocational Education Program

Travel	\$	344	
In Service/Staff Development		344	
Total Vocational Education Program			688

Transportation

Bus Drivers	\$	3,818	
Social Security		237	
State Retirement		250	
Employer Medicare		55	
Total Transportation			4,360

Total School Federal Projects Fund \$ 626,435

(Continued)

Exhibit K-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 114,260	
Social Security	7,066	
State Retirement	4,079	
Employer Medicare	1,652	
Communication	1,083	
Maintenance and Repair Services - Equipment	7,033	
Travel	845	
Other Contracted Services	8,992	
Food Preparation Supplies	16,814	
Food Supplies	201,900	
Office Supplies	3,045	
Other Supplies and Materials	8,265	
Food Service Equipment	<u>30,102</u>	
Total Food Service		<u>\$ 405,136</u>

Total Central Cafeteria Fund \$ 405,136

Total Governmental Funds - Pickett County School Department \$ 6,386,611

Exhibit K-9

Pickett County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2010

	Business-type Activities
	Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Tipping Fees	\$ 88,237
<u>Other Local Revenues</u>	
Sale of Recycled Materials	15,246
Total Operating Revenues	<u>\$ 103,483</u>
<u>Nonoperating Revenues</u>	
Local Taxes	\$ 214,040
Investment Income	3,255
Solid Waste Grants	1,400
Total Nonoperating Revenues	<u>\$ 218,695</u>
Total Revenues	<u>\$ 322,178</u>
<u>Operating Expenses</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 31,304
Clerical Personnel	17,801
Part-time Personnel	8,247
Other Salaries and Wages	56,990
Social Security	8,747
State Retirement	6,819
Unemployment Compensation	1,646
Communication	3,428
Contracts with Government Agencies	3,440
Contract with Private Agencies	5,883
Data Processing Services	3,768
Evaluation and Testing	6,206
Licenses	3,555
Maintenance and Repair - Buildings	2,770
Maintenance and Repair - Equipment	18,551
Maintenance and Repair - Vehicles	1,989
Medical and Dental Services	25
Postal Charges	176
Travel	2,203
Other Contracted Services	708

(Continued)

Exhibit K-9

Pickett County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Enterprise Fund</u>
	<u>Solid Waste Disposal Fund</u>
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance (Cont.)</u>	
Crushed Stone	\$ 85
Custodial Supplies	907
Electricity	10,211
Gasoline	9,429
Office Supplies	1,303
Tires and Tubes	1,040
Uniforms	1,408
Water and Sewer	601
Wire	5,731
Other Supplies and Materials	1,245
Trustee's Commission	4,052
Depreciation	42,756
Landfill Closure/Postclosure Care Costs	116,162
Total Operating Expenses	<u>\$ 379,186</u>
<u>Nonoperating Expenses</u>	
Interest on Bonds	<u>\$ 925</u>
Total Expenses	<u>\$ 380,111</u>

Exhibit K-10

Pickett County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 133,206
Total Cash Receipts	<u>\$ 133,206</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 131,874
Trustee's Commission	<u>1,332</u>
Total Cash Disbursements	<u>\$ 133,206</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <u><u>\$ 0</u></u>

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

October 28, 2010

Pickett County Executive and
Board of County Commissioners
Pickett County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Pickett County's basic financial statements and have issued our report thereon dated October 28, 2010. 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 Pickett 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 Pickett County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pickett County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.01, 10.02(A,B), 10.03, 10.06, and 10.10. 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.

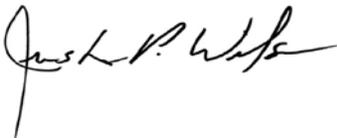
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pickett 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(C), 10.04, 10.05, 10.07, 10.08, and 10.09.

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

This report is intended solely for the information and use of management, the county executive, road superintendent, director of schools, County Commission, Board of Education, others within Pickett 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,



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

October 28, 2010

Pickett County Executive and
Board of County Commissioners
Pickett County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Pickett 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. Pickett 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 Pickett County's management. Our responsibility is to express an opinion on Pickett 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 Pickett 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 Pickett County's compliance with those requirements.

In our opinion, Pickett 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.

Internal Control Over Compliance

The management of Pickett 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 Pickett 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 Pickett 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.

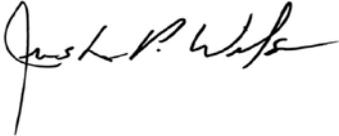
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pickett County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 28, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Pickett 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.

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Pickett 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. Office of National Drug Control Policy: Passed-through Laurel County, Kentucky Fiscal Court: Appalachian High Intensity Drug Traffic Area Program	07.XXX	(3)	\$ 11,802
U.S. Department of Agriculture: Passed-through State Department of Agriculture: National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 16,442 (4)
Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program	10.553	N/A	66,095
National School Lunch Program	10.555	N/A	171,733 (4)
Summer Food Service Program for Children	10.559	N/A	27,716 (5)
Child Nutrition Discretionary Grants Limited Availability (ARRA)	10.579	N/A	5,814
Passed-through State Department of Human Services: Summer Food Service Program for Children	10.559	N/A	12,787 (5)
Total U.S. Department of Agriculture			\$ 300,587
U.S. Department of Interior: Direct Program: Payments in-Lieu-of Taxes	15.226	N/A	\$ 43,487
U.S. Department of Labor: Passed-through Upper Cumberland Human Resource Agency: Workforce Investment Act	17.259	09-07-137-007-09-82	\$ 15,000
U.S. Department of Transportation: Passed-through State Department of Transportation: Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	Z-10-220061-00	\$ 3,041
Alcohol Open Container Requirements	20.607	Z-09-214649-00	9,195
Total U.S. Department of Transportation			\$ 12,236
Appalachian Regional Commission: Passed-through East Tennessee State University: Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	270122-03	\$ 5,000
U.S. Department of Education: Direct Programs: Impact Aid	84.041	N/A	\$ 33,606
Passed-through State Department of Education: Title I Grants to Local Education Agencies	84.010	N/A	190,503
Special Education Cluster: Special Education - Grants to States	84.027	N/A	157,949
Special Education - Preschool Grants	84.173	N/A	2,808
Special Education - Grants to States, Recovery Act	84.391	N/A	94,140
Career and Technical Education - Basic Grants to States	84.048	N/A	69,790
Safe and Drug-free Schools and Communities - State Grant	84.186	GG-08-20881-00	3,714
Twenty-first Century Community Learning Centers	84.287	192-10-1-026	42,198
Education Technology State Grants	84.318	(2)	2,166
Rural Education	84.358	N/A	13,708
Improving Teacher Quality State Grants	84.367	N/A	53,907
Education Technology State Grants, Recovery Act	84.386	N/A	5,326
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	120,100
State Fiscal Stabilization Fund (SFSF) - Governmental Services, Recovery Act	84.397	(6)	146,472
Total U.S. Department of Education			\$ 936,387

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 8,135
ARRA - Health Center Integrated Services Development Initiative	93.703	(7)	18,345
Total U.S. Department of Health and Human Services			<u>\$ 26,480</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 121,015
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-08-24137-00	827
Total U.S. Department of Homeland Security			<u>\$ 121,842</u>
Total Expenditures of Federal Awards			<u>\$ 1,472,821</u>
		<u>Contract Number</u>	
<u>State Grants</u>			
Aging Program - Upper Cumberland Development District	N/A	(2)	\$ 7,574
Juvenile Justice State Supplement Grant - State Children's Services Commission	N/A	GG-10-29952-00	9,000
Law Enforcement Training - State Department of Safety	N/A	(2)	5,400
Litter Program - State Department of Transportation	N/A	Z-09-212787-00	29,237
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	1,401
Three-Star Energy Education Program - State Department of Economic and Community Development	N/A	Z-09-217146-00	1,500
Drug Abuse Resistance Education Training Grant - State Department of Safety	N/A	(2)	11,875
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	96,838
Rural Health Services - State Department of Health	N/A	(8)	6,318
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,400
Total State Grants			<u>\$ 170,543</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) G09AP0001A: \$6,207; G10AP0001A: \$5,595.
- (4) Total for CFDA No. 10.555 is \$188,175.
- (5) Total for CFDA No. 10.559 is \$40,503.
- (6) Coordinated School Health: \$90,000; Internet Connectivity: \$1,918; Statewide Student Management System: \$1,658; Career Ladder - Extended Contract: \$17,396; Safe Schools: \$2,200; Family Resource Center: \$33,300.
- (7) Z-10-219816-00: \$5,717; Z-10-219816-01: \$12,628.
- (8) Z-10-219816-00: \$484; Z-10-219816-01: \$5,834.

Pickett 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 of Pickett County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

OFFICE OF ROAD SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	156	The office did not maintain adequate controls over fuel
09.02(A,B,D)	156	The office had deficiencies in purchasing procedures

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	157	Traffic school collections were not reported and paid to the county in compliance with state statutes
09.04	158	The office did not deposit funds within three days of collection
09.05	158	Bank statements for General Sessions Court were not accurately reconciled with the general ledger
09.06	159	Execution docket trial balances for General Sessions Court did not reconcile with the general ledger accounts

OTHER FINDINGS

Finding Number	Page Number	Subject
09.07	159	The general sessions judge ordered contributions to charitable or civic organizations contrary to the state attorney general's opinion
09.09	160	Duties were not segregated adequately in the Offices of County Executive, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

PICKETT 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 financial statements of Pickett County is unqualified.
2. The audit of the financial statements of Pickett County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Pickett County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, and Special Education – Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); and the State Fiscal Stabilization Fund Cluster: Education State Grants, Recovery Act and Government Service, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Pickett 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; however, management did not offer responses for inclusion in this report.

OFFICE OF ROAD SUPERINTENDENT

FINDING 10.01 THE HIGHWAY DEPARTMENT DID NOT MAINTAIN ADEQUATE CONTROLS OVER FUEL
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Highway Department dispensed fuel from pumps that did not have meters to measure the amounts dispensed. Therefore, the department did not reconcile amounts used with amounts purchased and on hand. Generally accepted accounting principles require accountability of consumable assets. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The failure to maintain adequate records of consumable assets weakens controls over these assets and increases the risk of inventory loss.

RECOMMENDATION

The Highway Department should reconcile fuel usage with fuel purchased and on hand, as well as with gallons pumped.

FINDING 10.02 THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES
(A. and B. – Internal Control – Significant Deficiency Under Government Auditing Standards; C. – Noncompliance Under Government Auditing Standards)

Our examination of purchasing procedures revealed the following purchasing deficiencies. These deficiencies were the result of management's failure to correct the finding noted in the prior-year audit report.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. Also, in some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

- B. In some instances, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.
- C. Competitive bids were not solicited for the purchase of crushed stone totaling \$156,044. Section 54-7-113, Tennessee Code Annotated, requires competitive bids to be solicited through public advertisement for purchases exceeding \$10,000. The road superintendent advised that he purchased crushed stone from the quarry closest to the road being repaired because of transportation costs; however, he did not have any documentation supporting the additional costs for transportation. The failure to solicit competitive bids could result in the county paying more than the competitive price.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before the purchase is made. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Also, competitive bids should be solicited for all purchases exceeding \$10,000.

FINDING 10.03 DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the capital asset records revealed the following deficiencies:

- A. During the year, seven new roads were added to the capital asset records; however, the Highway Department did not have documentation to support the amounts posted to the capital asset records for these roads.
- B. The Highway Department valued bridges at \$65 per square foot on the capital asset records. However, the department did not have documentation to support the \$65 per square footage charge.
- C. Asphalt roads were overstated by \$130,670 due to calculation errors by the Highway Department. The value of the asphalt records reflected in this report has been adjusted to correct these calculation errors.
- D. Land of the Highway Department has a historical value of \$17,500; however, the land was not included in the capital asset records. We have included land in the financial statements of this report.

RECOMMENDATION

Management should maintain adequate documentation for all capital assets and should ensure that calculations are correct. Furthermore, land of the Highway Department should be included in the capital asset records.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 10.04 **TRAFFIC SCHOOL COLLECTIONS WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE**

(Noncompliance Under Government Auditing Standards)

The general sessions court clerk did not report and pay traffic school tuition to the county as required by Section 5-8-105, Tennessee Code Annotated (TCA). Instead, the clerk disbursed traffic school collections of \$13,967. The majority of these disbursements (\$13,200) were to pay the clerk's bookkeeper for her duties at the traffic school. These payments were reported to the Internal Revenue Service on a Form 1099. The remainder of the disbursements (\$767) were for community service programs. Section 5-9-401, TCA, requires all funds to be appropriated by the County Commission. On June 30, 2010, the office had traffic school collections of \$4,395 in the bank that had not been remitted to the county. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All traffic school collections should be remitted to the county trustee monthly and deposited in the General Fund. All disbursements of traffic school collections should be made from the General Fund through the budgetary process. In addition, county officials should review the payments made to the clerk's bookkeeper to determine additional liabilities, such as overtime pay and retirement contributions. Employees should not receive both Forms W-2 and 1099 from the same employer.

FINDING 10.05 **THE OFFICE DID NOT DEPOSIT FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under Government Auditing Standards)

The office did not deposit collections of Circuit and General Sessions Courts to official bank accounts within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. Collections tested were deposited to the office checking accounts from four to 11 days after receipt. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All collections should be deposited to the office bank accounts within three days of collection as required by state statute.

FINDING 10.06 **BANK STATEMENTS FOR GENERAL SESSIONS COURT WERE NOT ACCURATELY RECONCILED WITH THE GENERAL LEDGER**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Bank statements were not accurately reconciled with the general ledger in General Sessions Court. The clerk had not identified variances between the bank statements and the general ledger balances. These unidentified variances totaled \$2,356 at June 30, 2010. Auditors identified these variances and presented adjustments to the clerk. These variances were from the years ending June 30, 2007, and June 30, 2008. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Bank statements should be accurately reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

FINDING 10.07 **THE EXECUTION DOCKET TRIAL BALANCE FOR GENERAL SESSIONS COURT DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**

(Noncompliance Under Government Auditing Standards)

As of June 30, 2010, the clerk had prepared a trial balance of execution docket cause balances for General Sessions Court as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, the trial balance failed to reconcile with general ledger accounts by \$19,024. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, TCA. This statute provides that any funds held by the court for more than 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 is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The clerk should reconcile the trial balance of execution docket cause balances with general ledger accounts. To comply with state statutes, the clerk should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 10.08

THE STATE DIVISION OF PROPERTY ASSESSMENTS NOTED DEFICIENCIES IN THE MAINTENANCE OF VARIOUS RECORDS BY THE ASSESSOR OF PROPERTY

(Noncompliance Under Government Auditing Standards)

A monitoring report prepared by the state Division of Property Assessments disclosed the following deficiencies in the maintenance of records by the assessor of property.

- A. The assessor of property did not adequately perform visual inspections required to maintain assessment maps. The Division of Property Assessments noted several errors related to structural changes and new construction that were not corrected by the assessor. Section 67-5-1601, Tennessee Code Annotated (TCA), requires the assessor to complete an on-site review of each parcel of real property over a five-year cycle. The review of property is reported to the state Division of Property Assessments who tests inspection compliance. Subsequent to June 30, 2010, the state Division of Property Assessments began an on-site review of the maps in question and will update the county's assessment records. The county will be required to reimburse the state Division of Property Assessments for the cost of the review and updating.
- B. Mobile home owners, for one mobile home park in the county, received tax bills for each of their individual mobile homes. Section 67-5-802, TCA, requires the assessor of property to bill the land owner for all mobile homes assessed in a mobile home park. The mobile home owner is responsible for the additional taxes, but the land owner is charged with collecting the tax by virtue of being granted a lien against the mobile home to secure the payment of the tax.

RECOMMENDATION

The assessor of property should complete visual inspections of real property and update assessment records in compliance with state statutes. Taxes on mobile homes located in mobile home parks should be billed to the land owner of the mobile home park.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.09

THE GENERAL SESSIONS JUDGE ORDERED CONTRIBUTIONS TO CHARITABLE OR CIVIC ORGANIZATIONS CONTRARY TO A STATE ATTORNEY GENERAL'S OPINION

(Noncompliance Under Government Auditing Standards)

The general sessions judge ordered defendants to make contributions to charitable or civic organizations in addition to fines and costs on certain General Sessions Court cases. The

contributions were collected from defendants by the general sessions court clerk and paid to the charitable or civic organization designated by the judge. The state attorney general opined in opinion number U91-80 that the general sessions judge does not have the authority to order a defendant to make a contribution to a designated charitable or civic organization in addition to a fine or as an alternative to incarceration. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All General Sessions Court cases should be adjudicated in accordance with provisions specifically authorized by state statutes or other legal authority.

FINDING 10.10 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of County Executive, Road Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Pickett County.

ITEM 1.

A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED

Pickett County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2.

PICKETT COUNTY HAS NOT ESTABLISHED AN AUDIT COMMITTEE

Pickett County does not have an Audit Committee. Audit committees can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks. County officials should establish an audit committee as a best practice.

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

There were no findings and questioned costs for federal awards.

PICKETT 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- or current-years' Schedules of Findings and Questioned Costs.