
ANNUAL FINANCIAL REPORT CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



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

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

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Audit Highlights

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

Scope

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

Results

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

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

Findings and Best Practice

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

CARROLL COUNTY AND CARROLL COUNTY SCHOOL DEPARTMENT

- ◆ Carroll County and the Carroll County School Department do not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY MAYOR

- ◆ Government-wide financial statements do not include other postemployment benefits as required by generally accepted accounting principles.
 - ◆ Premiums paid by the county for employee health insurance exceeded authorized amounts.
-

OFFICE OF HIGHWAY COMMISSION

- ◆ The office had payroll related accounting deficiencies.
 - ◆ The office failed to comply with state statutes when entering into a lease-purchase agreement.
 - ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.
 - ◆ Some purchase orders were not issued properly.
-

OFFICE OF CLERK AND MASTER

- ◆ The docket trial balance failed to reconcile with cash control records by \$3,245.
-

OTHER FINDINGS

- ◆ Carroll County has a material recurring audit finding.
 - ◆ Duties were not segregated adequately among the officials and employees in the Offices of Highway Commission; Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
-

BEST PRACTICE

Carroll County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice 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 Carroll County.

INTRODUCTORY SECTION

Carroll County Officials
June 30, 2010

Officials

Kenny McBride, County Mayor
Charlotte Tucker, Director of Schools
Patricia Rich, Trustee
Johnny Radford, Assessor of Property
Carolyn Halter Lutz, County Clerk
Bertha Taylor, Circuit, General Sessions, and Juvenile Courts Clerk
Kenneth Todd, Clerk and Master
Natalie Porter, Register
Bendell Bartholomew, Sheriff

Board of County Commissioners

Kenny McBride, County Mayor, Chairman	John Mann
Bobby Argo	Ronnie Murphy
Harold Baker	Steve Parker
Marsha Bunn Barger	John Mark Robinson
Johnny Blount	LaRenda Scarbrough
Walter Butler	Larry Spencer
Richard Goodwin	Ben Surber
Bill Kirk	Gaylon Sydnor
Wayne Kirk	Harold Vinson
Randy Long	Joel Washburn
Jimmy McClure	Jerry White

Highway Commission

Kenny McBride, County Mayor, Chairman
Scotty Bailey
Dennis Parker
Nolan Robinson
Ricky Scott

Board of Education

Harold McLain, Jr., Chairman
Gina Atkins
James Knolton
Jimmy Simmons
Antoinette Stokes
Tonya Stepp

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 25, 2010

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

To the County Mayor 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 Carroll County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Carroll County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carroll County Board of Public Utilities, a major fund and the entire business-type activities. Also, we did not audit the financial statements of the Carroll County Indigent Care Board (a fiduciary fund), which represent 28.49 percent and 53.06 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carroll County Board of Public Utilities and Carroll County Indigent Care Board, is based on the reports of other auditors.

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

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

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

Additionally, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll 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 25, 2010, on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

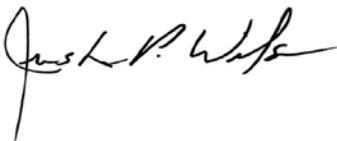
As described in Note V.B., Carroll County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the 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 76 through 84 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 Carroll 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 Carroll 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 Carroll County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Carroll County School Department
<u>ASSETS</u>				
Cash	\$ 66,694	\$ 2,583,935	\$ 2,650,629	\$ 0
Equity in Pooled Cash and Investments	1,945,424	0	1,945,424	5,237,685
Inventories	0	500,138	500,138	0
Investments	0	5,294,047	5,294,047	0
Accounts Receivable	23,483	3,179,714	3,203,197	16,447
Due from Other Governments	676,012	0	676,012	68,087
Property Taxes Receivable	3,971,811	0	3,971,811	541,414
Allowance for Uncollectible Property Taxes	(249,299)	0	(249,299)	(33,995)
Prepaid Items	0	346,676	346,676	0
Accrued Interest Receivable	9,158	0	9,158	0
Other Restricted Assets	0	371,196	371,196	0
Deferred Charges - Debt Issuance Costs	11,791	11,732	23,523	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,747,068	253,775	2,000,843	176,489
Construction in Progress	297,146	126,823	423,969	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,267,622	579,775	5,847,397	1,435,259
Infrastructure	5,516,603	0	5,516,603	0
Other Capital Assets	1,056,871	19,148,104	20,204,975	1,712,804
Total Assets	\$ 20,340,384	\$ 32,395,915	\$ 52,736,299	\$ 9,154,190
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 3,483,186	\$ 3,483,186	\$ 0
Payroll Deductions Payable	36,123	0	36,123	9,822
Accrued Leave	0	1,055,599	1,055,599	0
Contracts Payable	6,426	0	6,426	0
Retainage Payable	18,511	0	18,511	0
Accrued Interest Payable	3,135	0	3,135	0
Due to State of Tennessee	12,068	0	12,068	0
Customer Deposits Payable	0	909,722	909,722	0
Current Liabilities Payable from				
Restricted Assets	0	7,362	7,362	0
Deferred Revenue - Current Property Taxes	3,595,296	0	3,595,296	490,019
Noncurrent Liabilities:				
Due Within One Year	143,248	140,000	283,248	0
Due in More Than One Year (net of unamortized discount on debt)	1,982,221	793,554	2,775,775	30,810
Total Liabilities	\$ 5,797,028	\$ 6,389,423	\$ 12,186,451	\$ 530,651

(Continued)

Exhibit A

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

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>	<u>Unit</u>
	<u>Activities</u>	<u>type</u>		<u>Carroll</u>
		<u>Activities</u>		<u>County</u>
				<u>School</u>
				<u>Department</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 12,020,550	\$ 19,186,655	\$ 31,207,205	\$ 0
Invested in Capital Assets	0	0	0	3,324,552
Restricted for:				
Alcohol and Drug Treatment	111,232	0	111,232	0
Computer System - Register	44,767	0	44,767	0
Solid Waste/Sanitation	41,354	0	41,354	0
Drug Control	84,245	0	84,245	0
Highway/Public Works	470,450	0	470,450	0
School Transportation	0	0	0	1,046,439
Debt Service	573,477	363,834	937,311	0
Other Purposes	79,929	0	79,929	7,566
Unrestricted	1,117,352	6,456,003	7,573,355	4,244,982
Total Net Assets	\$ 14,543,356	\$ 26,006,492	\$ 40,549,848	\$ 8,623,539

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Primary Government					Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Governmental Activities	Business-type Activities	Total	Carroll County School Department		
Primary Government:											
Governmental Activities:											
General Government	\$ 965,069	\$ 106,006	\$ 16,380	\$ 0	\$ 0	\$ (842,683)	\$ 0	\$ (842,683)	\$ 0	0	
Finance	681,316	532,812	9,109	0	0	(139,395)	0	(139,395)	0	0	
Administration of Justice	1,016,526	643,377	0	0	0	(373,149)	0	(373,149)	0	0	
Public Safety	4,331,533	568,628	760,922	0	0	(3,001,983)	0	(3,001,983)	0	0	
Public Health and Welfare	1,951,594	1,086,931	183,320	0	0	(681,343)	0	(681,343)	0	0	
Social, Cultural, and Recreational Services	560,558	37,795	74,582	0	0	(448,181)	0	(448,181)	0	0	
Agriculture and Natural Resources	116,327	0	0	0	0	(116,327)	0	(116,327)	0	0	
Other Operations	372,031	110,653	12,180	677,114	0	427,916	0	427,916	0	0	
Highways/Public Works	3,731,451	2,297	1,878,944	490,065	0	(1,360,145)	0	(1,360,145)	0	0	
Interest on Long-term Debt	27,727	0	0	0	0	(27,727)	0	(27,727)	0	0	
Other Debt Service	8,685	0	0	0	0	(8,685)	0	(8,685)	0	0	
Total Governmental Activities	\$ 13,762,817	\$ 3,088,499	\$ 2,935,437	\$ 1,167,179	\$ (6,571,702)	\$ 0	\$ (6,571,702)	\$ 0	\$ (6,571,702)	\$ 0	
Business-type Activities:											
Public Utility	\$ 34,218,026	\$ 34,927,656	\$ 0	\$ 0	\$ 0	\$ 709,630	\$ 709,630	\$ 709,630	\$ 0	0	
Total Business-type Activities	\$ 34,218,026	\$ 34,927,656	\$ 0	\$ 0	\$ 0	\$ 709,630	\$ 709,630	\$ 709,630	\$ 0	0	
Total Primary Government	\$ 47,980,843	\$ 38,016,155	\$ 2,935,437	\$ 1,167,179	\$ (6,571,702)	\$ (5,862,072)	\$ 709,630	\$ (5,862,072)	\$ 0	0	
Component Unit:											
Carroll County School Department	\$ 3,672,245	\$ 683,311	\$ 237,781	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,751,153)	0	
Total Component Unit	\$ 3,672,245	\$ 683,311	\$ 237,781	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,751,153)	0	

(Continued)

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary Government			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,392,612	\$ 0	\$ 3,392,612	\$ 507,379
Property Taxes Levied for Debt Service				306,442	0	306,442	0
Local Option Sales Taxes				149,444	0	149,444	66,008
Wheel Tax				1,239,594	0	1,239,594	0
Litigation Taxes				275,964	0	275,964	0
Business Tax				185,500	0	185,500	0
Other Local Taxes				83,345	0	83,345	76
Grants and Contributions Not Restricted to Specific Programs				265,910	0	265,910	2,742,783
Unrestricted Investment Income				114,138	123,893	238,031	0
Miscellaneous				82,424	0	82,424	22,980
Total General Revenues				\$ 6,095,373	\$ 123,893	\$ 6,219,266	\$ 3,339,226
Transfers				\$ 310,929	\$ (310,929)	\$ 0	\$ 0
Change in Net Assets				\$ (165,400)	\$ 522,594	\$ 357,194	\$ 588,073
Net Assets, July 1, 2009				14,708,756	25,483,898	40,192,654	8,035,466
Net Assets, June 30, 2010				\$ 14,543,356	\$ 26,006,492	\$ 40,549,848	\$ 8,623,539

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

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	250	400	0	0	0	66,044	\$ 66,694
Equity in Pooled Cash and Investments	1,089,514	20,522	163,707	562,837	108,844		1,945,424
Accounts Receivable	22,808	180	295	200	0		23,483
Due from Other Governments	302,840	14,362	357,745	0	1,065		676,012
Due from Other Funds	508	0	0	0	60		568
Property Taxes Receivable	3,033,359	288,754	324,849	324,849	0		3,971,811
Allowance for Uncollectible Property Taxes	(190,375)	(18,130)	(20,397)	(20,397)	0		(249,299)
Accrued Interest Receivable	9,158	0	0	0	0		9,158
Total Assets	\$ 4,268,062	\$ 306,088	\$ 826,199	\$ 867,489	\$ 176,013		\$ 6,443,851

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

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

Fund Balances

Reserved for Encumbrances
 Reserved for Alcohol and Drug Treatment
 Reserved for Sexual Offender Registration
 Reserved for Courtroom Security
 Reserved for Computer System - Register
 Reserved for Automation Purposes - Circuit Court

\$	33,188	2,935	0	0	0	0	\$ 36,123
	6,426	0	0	0	0	0	6,426
	18,511	0	0	0	0	0	18,511
	0	0	0	0	0	568	568
	6,703	0	5,365	0	0	0	12,068
	2,745,928	261,344	294,012	294,012	0	0	3,595,296
	87,010	8,323	9,363	9,364	0	0	114,060
	80,750	0	178,873	0	0	0	259,623
\$	2,978,516	\$ 272,602	\$ 487,613	\$ 303,376	\$ 568	\$ 4,042,675	
\$	10,414	0	0	0	0	0	10,414
	111,232	0	0	0	0	0	111,232
	8,505	0	0	0	0	0	8,505
	386	0	0	0	0	0	386
	44,767	0	0	0	0	0	44,767
	1,089	0	0	0	0	0	1,089

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	28,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	28,985
	2,888	0	0	0	0	0	2,888
	12,412	0	0	0	0	0	12,412
	1,068,868	0	0	0	0	0	1,068,868
	0	33,486	338,586	0	175,445	0	547,517
	0	0	0	564,113	0	0	564,113
	<u>1,289,546</u>	<u>33,486</u>	<u>338,586</u>	<u>564,113</u>	<u>175,445</u>	<u>\$</u>	<u>2,401,176</u>
	<u>\$ 4,268,062</u>	<u>\$ 306,088</u>	<u>\$ 826,199</u>	<u>\$ 867,489</u>	<u>\$ 176,013</u>	<u>\$</u>	<u>6,443,851</u>

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Reserved for Automation Purposes - General Sessions Court
Reserved for Automation Purposes - Juvenile Court
Reserved for Automation Purposes - Chancery Court
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Fund
Total Fund Balances
Total Liabilities and Fund Balances

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

Exhibit C-2

Carroll 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)		\$ 2,401,176	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,747,068		
Add: construction in progress	297,146		
Add: buildings and improvements net of accumulated depreciation	5,267,622		
Add: infrastructure net of accumulated depreciation	5,516,603		
Add: other capital assets net of accumulated depreciation	<u>1,056,871</u>	13,885,310	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$ (38,000)		
Less: other loans payable	(1,759,000)		
Less: capital leases payable	(79,551)		
Add: deferred charges - debt issuance costs	11,791		
Less: accrued interest on notes and capital leases	(3,135)		
Less: compensated absences payable	<u>(248,918)</u>	(2,116,813)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>373,683</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 14,543,356</u>

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

Exhibit C-3

Carroll 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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other			
					Governmental Funds	Funds		
<u>Revenues</u>								
Local Taxes	\$ 4,261,369	\$ 278,756	\$ 818,528	\$ 426,076	\$ 0	\$ 0	\$ 5,784,729	
Licenses and Permits	1,045	0	0	0	0	0	1,045	
Fines, Forfeitures, and Penalties	125,317	0	0	0	36,467	0	161,784	
Charges for Current Services	268,338	1,000,168	6	0	298,778	0	1,567,290	
Other Local Revenues	453,377	87,845	9,860	0	358	0	551,440	
Fees Received from County Officials	758,007	0	0	0	0	0	758,007	
State of Tennessee	1,500,006	48,824	2,360,908	0	0	0	3,909,738	
Federal Government	515,036	0	0	0	0	0	515,036	
Other Governments and Citizens Groups	37,699	0	1,395	0	0	0	39,094	
Total Revenues	\$ 7,920,194	\$ 1,415,593	\$ 3,190,697	\$ 426,076	\$ 335,603	\$ 0	\$ 13,288,163	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,158,017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,158,017	
Finance	446,318	0	0	0	178,094	0	624,412	
Administration of Justice	827,997	0	0	0	108,247	0	936,244	
Public Safety	4,117,351	0	0	0	37,502	0	4,154,853	
Public Health and Welfare	301,795	1,482,441	0	0	0	0	1,784,236	
Social, Cultural, and Recreational Services	539,253	0	0	0	0	0	539,253	
Agriculture and Natural Resources	88,522	0	0	0	0	0	88,522	
Other Operations	1,381,484	0	0	0	0	0	1,381,484	
Highways	0	29,607	3,712,303	0	0	0	3,741,910	
Debt Service:								
Principal on Debt	0	11,000	61,866	289,267	0	0	362,133	
Interest on Debt	0	2,262	6,090	25,491	0	0	33,843	
Other Debt Service	0	0	0	7,468	0	0	7,468	
Total Expenditures	\$ 8,860,737	\$ 1,525,310	\$ 3,780,259	\$ 322,226	\$ 323,843	\$ 0	\$ 14,812,375	
Excess (Deficiency) of Revenues Over Expenditures	\$ (940,543)	\$ (109,717)	\$ (589,562)	\$ 103,850	\$ 11,760	\$ 0	\$ (1,524,212)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 0	\$ 0	\$ 41,440	\$ 0	\$ 0	\$ 0	\$ 41,440
Insurance Recovery	30,367	0	0	0	0	0	30,367
Transfers In	237,436	22,613	25,440	25,440	0	0	310,929
Total Other Financing Sources (Uses)	\$ 267,803	\$ 22,613	\$ 66,880	\$ 25,440	\$ 0	\$ 0	\$ 382,736
Net Change in Fund Balances	\$ (672,740)	\$ (87,104)	\$ (522,682)	\$ 129,290	\$ 11,760	\$ (1,141,476)	
Fund Balance, July 1, 2009	1,962,286	120,590	861,268	434,823	163,685	3,542,652	
Fund Balance, June 30, 2010	\$ 1,289,546	\$ 33,486	\$ 338,586	\$ 564,113	\$ 175,445	\$ 2,401,176	

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

Exhibit C-4

Carroll 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)		\$ (1,141,476)
<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	\$ 1,744,579	
Less: current year depreciation expense	<u>(1,087,073)</u>	657,506
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and disposals) is to decrease net assets.</p>		
Less: proceeds received from the disposal of capital assets	\$ (32,696)	
Add: gain on disposal of capital assets	<u>20,949</u>	(11,747)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 373,683	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(363,611)</u>	10,072
<p>(4) The issuance of long-term debt (e.g. notes, other loans, capital leases) provides current financial resources to governmental funds, while the repayment of the principal on 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>		
Less: capital lease proceeds	\$ (41,440)	
Less: change in deferred debt issuance costs	(1,217)	
Add: principal payments on notes	162,130	
Add: principal payments on other loans	72,000	
Add: principal payments on capital leases	<u>128,003</u>	319,476
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 6,116	
Change in compensated absences payable	<u>(5,347)</u>	769
Change in net assets of governmental activities (Exhibit B)		<u>\$ (165,400)</u>

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

Exhibit D-1

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

	Business-type Activities
	<u>Major Fund</u>
	Public Utility
	<u>Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 2,583,935
Inventories	500,138
Investments	5,294,047
Accounts Receivable	3,179,714
Prepaid Items and Other Current Assets	346,676
Total Current Assets	<u>\$ 11,904,510</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 371,196
Deferred Charges - Debt Issuance Costs	11,732
Capital Assets:	
Assets Not Depreciated:	
Land	253,775
Construction in Progress	126,823
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	579,775
Other Capital Assets	19,148,104
Total Noncurrent Assets	<u>\$ 20,491,405</u>
Total Assets	<u>\$ 32,395,915</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,483,186
Accrued Leave	1,055,599
Current Liabilities Payable from Restricted Assets (Includes Current Maturities of Long-term Debt)	147,362
Customer Deposits	909,722
Total Current Liabilities	<u>\$ 5,595,869</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 810,000
Unamortized Discount on Bonds Payable	(16,446)
Total Noncurrent Liabilities	<u>\$ 793,554</u>
Total Liabilities	<u>\$ 6,389,423</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service Unrestricted	\$ 19,186,655 363,834 <u>6,456,003</u>
Total Net Assets	<u>\$ 26,006,492</u>

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

Exhibit D-2

Carroll 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>
	Public
	<u>Utility</u>
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 34,248,070
Other Electric Revenue	679,586
Total Operating Revenues	<u>\$ 34,927,656</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 28,106,049
Operations Expense	2,053,806
Maintenance Expense	1,415,789
Administrative Expense	1,179,953
Depreciation and Amortization	1,062,501
Other Taxes	196,193
Tax Equivalents	150,518
Total Operating Expenses	<u>\$ 34,164,809</u>
Operating Income (Loss)	<u>\$ 762,847</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 123,893
Interest Expense	(49,064)
Amortization of Debt Expense	(4,153)
Total Nonoperating Revenues (Expenses)	<u>\$ 70,676</u>
Income Before Transfers	\$ 833,523
Transfers In (Out)	(310,929)
Change in Net Assets	\$ 522,594
Net Assets, July 1, 2009	<u>25,483,898</u>
Net Assets, June 30, 2010	<u>\$ 26,006,492</u>

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

Exhibit D-3

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

	Business-type Activities
	<u>Major Fund</u>
	Public <u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 34,866,844
Payments to Suppliers and Employees	<u>(32,759,360)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,107,484</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,204,386)
Plant Removal Cost	(136,164)
Materials Salvaged from Retirements	150,081
Principal Paid on Bonds	(135,000)
Interest Paid on Bonds	<u>(50,042)</u>
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,375,511)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (310,929)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (310,929)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (11,013,845)
Proceeds from Sale of Investments	10,996,154
Interest Earned	<u>123,893</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 106,202</u>
Net Increase (Decrease) in Cash	\$ 527,246
Cash, July 1, 2009	<u>2,176,617</u>
Cash, June 30, 2010	<u>\$ 2,703,863</u>
<u>Reconciliation of Net Operating Income to</u>	
<u>Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ 762,847
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	1,062,501
(Increase) Decrease in Accounts Receivable	(69,973)

(Continued)

Exhibit D-3

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Reconciliation of Net Operating Income to</u>	
<u>Net Cash Provided By (Used In) (Cont.)</u>	
<u>Operating Activities (Cont.)</u>	
(Increase) Decrease in Materials and Supplies	\$ (38,953)
(Increase) Decrease in Prepayments and Other Current Assets	79,170
(Increase) Decrease in Customer Deposits	29,631
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>282,261</u>
Net Cash Provided By Operating Activities	<u>\$ 2,107,484</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 2,583,935
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>119,928</u>
Cash, June 30, 2010	<u>\$ 2,703,863</u>

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

Exhibit E-1

Carroll County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Other Trust Funds</u>		<u>Total</u>	
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>	<u>Agency</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>	<u>Funds</u>
			<u>Funds</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 157,031	\$ 157,031	\$ 1,542,045
Equity in Pooled Cash and Investments	90,239	0	90,239	315,809
Investments	0	3,005,677	3,005,677	0
Accounts Receivable	0	0	0	1,832
Due from Other Governments	0	0	0	748,670
Taxes Receivable	0	0	0	5,438,422
Allowance for Uncollectible Taxes	0	0	0	(341,164)
Prepaid Items	0	454	454	0
Accrued Interest Receivable	285	12,588	12,873	0
Total Assets	<u>\$ 90,524</u>	<u>\$ 3,175,750</u>	<u>\$ 3,266,274</u>	<u>\$ 7,705,614</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 30,684	\$ 30,684	\$ 0
Due to Other Taxing Units	0	0	0	6,163,569
Due to Litigants, Heirs, and Others	0	0	0	1,542,045
Total Liabilities	<u>\$ 0</u>	<u>\$ 30,684</u>	<u>\$ 30,684</u>	<u>\$ 7,705,614</u>
<u>NET ASSETS</u>				
Held in Trust for Underprivileged Children	\$ 90,524	\$ 0	\$ 90,524	
Held in Trust for Indigent Care	0	3,145,066	3,145,066	
Total Net Assets	<u>\$ 90,524</u>	<u>\$ 3,145,066</u>	<u>\$ 3,235,590</u>	

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

Exhibit E-2

Carroll County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	<u>Other Trust Funds</u>		Total
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>
			<u>Funds</u>
<u>ADDITIONS</u>			
Investment Income:			
Interest	\$ 1,391	\$ 152,458	\$ 153,849
Net Increase (Decrease) in Fair Value of Investments	0	228,508	228,508
Net Investment Income	<u>\$ 1,391</u>	<u>\$ 380,966</u>	<u>\$ 382,357</u>
Total Additions	<u>\$ 1,391</u>	<u>\$ 380,966</u>	<u>\$ 382,357</u>
<u>DEDUCTIONS</u>			
Donations	\$ 2,000	\$ 0	\$ 2,000
Payments for Indigent Care	0	119,398	119,398
Safekeeping Fees and Service Charges	0	168	168
Audit Fees	0	2,150	2,150
Insurance	0	363	363
Total Deductions	<u>\$ 2,000</u>	<u>\$ 122,079</u>	<u>\$ 124,079</u>
Change in Net Assets	\$ (609)	\$ 258,887	\$ 258,278
Net Assets, July 1, 2009	<u>91,133</u>	<u>2,886,179</u>	<u>2,977,312</u>
Net Assets, June 30, 2010	<u>\$ 90,524</u>	<u>\$ 3,145,066</u>	<u>\$ 3,235,590</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll 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 Carroll County:

A. Reporting Entity

Carroll County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Carroll County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Carroll County School Department operates the Carroll County Vocational Center, the Carroll County Special Learning Center, and three adult and community education programs in the county. The School Department also operates the transportation program for all students in the county including students attending the special school districts. The School Department's board is elected by the voters of Carroll County. 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 Carroll County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Carroll County, and the Carroll County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Carroll County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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

Administrative Office:

Carroll County Emergency
Communications District
P.O. Box 523
Huntingdon, TN 38344

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund 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 Carroll 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. Carroll County reports only one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds 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. Carroll County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when

amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Carroll 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.

Solid Waste/Sanitation Fund – This fund is used to account for Carroll County’s garbage collection and recycling operations.

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.

Carroll County reports the following major proprietary fund:

Public Utility Fund – This fund is used to account for the operations of the Carroll County Board of Public Utilities.

Additionally, Carroll County reports the following fund types:

Private-purpose Trust Fund – The Endowment Principal Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned on the principal is to be expended to benefit Carroll County’s underprivileged children.

Other Trust Fund – The Indigent Care Trust Fund, established from contributions made from Baptist Memorial Hospital, is used to assist the medically indigent in paying for their in-patient and out-patient care and ambulance services rendered to them for not-for-profit hospital and ambulance facilities or entities in Carroll County. Funding is provided through interest income.

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 and special school districts in the 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 Carroll County School Department reports the following major governmental funds:

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

School Transportation Fund – This fund is used to account for transportation of all students in the county school system and the special school districts.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and

loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Carroll County Board of Public Utilities, enterprise fund) and the discretely presented Carroll 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. Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) 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, except in the Indigent Care Trust Fund (fiduciary fund).

2. Receivables and Payables

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

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.35 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.

Retainage payable in the primary government's General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column and the business-type column in the government-wide financial statements. Capital assets are defined by the government (excluding the Carroll County Board of Public Utilities, enterprise fund) as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5-15
Infrastructure:	
Roads	10-20
Bridges	15-30

4. Compensated Absences

The policy of Carroll County (with the exception of the Carroll County Board of Public Utilities) provides for employees to accumulate a limited amount of earned but unused vacation and sick leave benefits. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Accumulated vacation benefits will be paid to employees upon separation from county service. All vacation leave is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The general policy of the discretely presented Carroll County School Department permits the unlimited accumulation of unused sick leave days for all professional personnel (teachers) and the limited accumulation of sick leave days for noncertified employees. The granting of sick leave has no guaranteed payment attached, and therefore, requires no accrual or recording.

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements 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 following table reflects designations on June 30, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Library	\$ 113,641
RSVP Program	6,787
Carroll Academy	486,850
Highway/Public Works:	
Bridge construction	110,100

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 to the government-wide Statement of Net Assets.

Discretely Presented Carroll 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 to 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 changes in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Carroll 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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund), which are not budgeted. 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 Carroll 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, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the Carroll 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 the GAAP basis is presented on the face of each budgetary schedule.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Carroll County (excluding the Carroll County Board of Public Utilities, enterprise fund) and the Carroll 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 and investments

reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

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

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,747,068	\$ 0	\$ 0	\$ 1,747,068
Construction in Progress	2,392,392	297,146	2,392,392	297,146
Total Capital Assets Not Depreciated	<u>\$ 4,139,460</u>	<u>\$ 297,146</u>	<u>\$ 2,392,392</u>	<u>\$ 2,044,214</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,481,787	\$ 830,070	\$ 0	\$ 9,311,857
Infrastructure	9,082,758	2,608,658	0	11,691,416
Other Capital Assets	5,996,695	401,097	123,267	6,274,525
Total Capital Assets Depreciated	<u>\$ 23,561,240</u>	<u>\$ 3,839,825</u>	<u>\$ 123,267</u>	<u>\$ 27,277,798</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,778,013	\$ 266,222	\$ 0	\$ 4,044,235
Infrastructure	5,804,846	369,967	0	6,174,813
Other Capital Assets	4,878,290	450,884	111,520	5,217,654
Total Accumulated Depreciation	<u>\$ 14,461,149</u>	<u>\$ 1,087,073</u>	<u>\$ 111,520</u>	<u>\$ 15,436,702</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,100,091</u>	<u>\$ 2,752,752</u>	<u>\$ 11,747</u>	<u>\$ 11,841,096</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,239,551</u>	<u>\$ 3,049,898</u>	<u>\$ 2,404,139</u>	<u>\$ 13,885,310</u>

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

Governmental Activities:

General Government	\$	15,038
Finance		9,537
Administration of Justice		74,958
Public Safety		328,246
Public Health and Welfare		87,427
Social, Cultural, and Recreational Services		48,555
Agriculture and Natural Resources		5,333
Other Operations		150,996
Highway/Public Works		<u>366,983</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,087,073</u></u>

Discretely Presented Carroll County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 176,489	\$ 0	\$ 176,489
Total Capital Assets Not Depreciated	<u>\$ 176,489</u>	<u>\$ 0</u>	<u>\$ 176,489</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,866,594	\$ 0	\$ 2,866,594
Other Capital Assets	3,621,150	83,597	3,704,747
Total Capital Assets Depreciated	<u>\$ 6,487,744</u>	<u>\$ 83,597</u>	<u>\$ 6,571,341</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,322,597	\$ 108,738	\$ 1,431,335
Other Capital Assets	1,751,403	240,540	1,991,943
Total Accumulated Depreciation	<u>\$ 3,074,000</u>	<u>\$ 349,278</u>	<u>\$ 3,423,278</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,413,744</u>	<u>\$ (265,681)</u>	<u>\$ 3,148,063</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 3,590,233</u></u>	<u><u>\$ (265,681)</u></u>	<u><u>\$ 3,324,552</u></u>

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

Governmental Activities:

Instruction	\$ 94,075
Support Services	<u>255,203</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 349,278</u></u>

C. Construction Commitments

At June 30, 2010, the county had uncompleted construction contracts of approximately \$10,414 for an airport construction project. Funding for these future expenditures is expected to be received from state grants.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 508
Nonmajor governmental	Nonmajor governmental	60

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

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Solid Waste/ Sanitation Fund</u>	<u>Highway/ Public Works Fund</u>	<u>General Debt Service Fund</u>
Public Utility	\$ 237,436	\$ 22,613	\$ 25,440	\$ 25,440

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.

E. Capital Leases

On May 18, 2007, Carroll County entered into a four-year lease-purchase agreement for a front-end loader. The terms of the agreement require total lease payments of \$99,975 plus interest of 4.5 percent. Title to the front-end loader transfers to Carroll County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On February 15, 2008, Carroll County entered into a three-year lease-purchase agreement for a utility tractor. The terms of the agreement require total lease payments of \$44,721 plus interest of 4.95 percent. Title to the tractor transfers to Carroll County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On February 16, 2010, Carroll County entered into a two-year lease-purchase agreement for a utility tractor. The terms of the agreement require total lease payments of \$41,440 plus interest of 4.95 percent. Title to the tractor transfers to Carroll County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

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

Year Ending June 30	Governmental Funds
2011	\$ 48,434
2012	<u>36,414</u>
Total Minimum Lease Payments	\$ 84,848
Less: Amount Representing Interest	<u>(5,297)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 79,551</u></u>

F. Long-term Debt

Primary Government (excluding the Carroll County Board of Public Utilities, enterprise fund)

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to five years for notes and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes and other loans included in long-term debt as of June 30, 2010, will be retired from the General Debt Service or Solid Waste/Sanitation funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Note	5.2 %	\$ 60,000	\$ 38,000
Other Loans	variable	2,200,000	1,759,000
Capital Leases	4.5 to 4.95	186,136	79,551

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Carroll County for various capital projects. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (letter of credit, debt remarketing, administrative, etc.) in connection with this loan. At June 30, 2010, the variable interest rate was .44 percent based on the LIBOR rate and other fees totaled approximately .5 percent (letter of credit), .08 percent (debt remarketing), and .15 percent (administrative) of the outstanding loan principal.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 12,000	\$ 1,664	\$ 13,664
2012	13,000	1,014	14,014
2013	13,000	338	13,338
Total	\$ 38,000	\$ 3,016	\$ 41,016

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 74,000	\$ 7,740	\$ 12,841	\$ 94,581
2012	76,000	7,414	12,300	95,714
2013	79,000	7,079	11,746	97,825
2014	81,000	6,732	11,169	98,901
2015	84,000	6,376	10,578	100,954
2016-2020	460,000	26,114	43,325	529,439
2021-2025	539,000	15,321	25,419	579,740
2026-2028	366,000	3,256	5,402	374,658
Total	\$ 1,759,000	\$ 80,032	\$ 132,780	\$ 1,971,812

There is \$564,113 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes, other loans, and capital leases totaled \$64, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2009	\$ 200,130	\$ 1,831,000
Additions	0	0
Deductions	(162,130)	(72,000)
Balance, June 30, 2010	\$ 38,000	\$ 1,759,000
Balance Due Within One Year	\$ 12,000	\$ 74,000
	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 166,114	\$ 243,571
Additions	41,440	198,436
Deductions	(128,003)	(193,089)
Balance, June 30, 2010	\$ 79,551	\$ 248,918
Balance Due Within One Year	\$ 44,798	\$ 12,450

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,125,469
Less: Balance Due Within One Year	<u>(143,248)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,982,221</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Discretely Presented Carroll County School Department

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

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2009	\$ 23,900
Additions	18,056
Deductions	<u>(11,146)</u>
Balance, June 30, 2010	<u>\$ 30,810</u>
Balance Due Within One Year	<u>\$ 0</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carroll 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 \$10,667 and \$1,610, 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 (excluding the Carroll County Board of Public Utilities, enterprise fund)

Employee Health Insurance

Carroll County purchases commercial health insurance for employees.

Workers' Compensation Insurance

Carroll County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, Tennessee Code Annotated (TCA), by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. The county participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability insurance coverage. The creation of LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Discretely Presented Carroll County School Department

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

The discretely presented Carroll 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.

B. 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. Carroll County and the Carroll County School Department had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Carroll County 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 Carroll County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair

value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Carroll County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Carroll County may enter into derivative transactions in subsequent years.

C. Subsequent Events

On August 31, 2010, Carolyn Halter Lutz left the Office of County Clerk and was succeeded by Darlene Kirk, and Bendell Bartholomew left the Office of Sheriff and was succeeded by Andy Dickson.

D. 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.

E. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2010, and does not have any equity interest in this joint venture.

The Carroll County Economic Development Council is a joint venture between Carroll County and the cities of Atwood, Bruceton, Clarksburg, Hollow Rock, Huntingdon, McKenzie, McLemoresville, and Trezevant. The board is comprised of the county and city mayors, the president of the Carroll Chamber of Commerce, and one member representing agriculture/greenbelt. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities provide the majority of funding for the board based on the sales tax plan outlined in 1997. Carroll County appropriated \$10,499 to the Carroll County Economic Development Council during the year representing 10.4 percent of the total funding of \$100,000.

Complete financial statements for the DTF and the Carroll County Economic Development Council can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General
P.O. Box 686
Huntingdon, TN 38344

Carroll County Economic Development Council
%Carroll County Chamber of Commerce
20740 E. Main Street
Huntingdon, TN 38344

The Carroll-Henry County Railroad Authority was jointly created in November 1988 by Carroll and Henry counties. The authority was established as a conduit for payment of funds between the Tennessee Department of Transportation and the Kentucky-West Tennessee Railroad Company to rehabilitate the railroad between the Kentucky state line and Bruceton, Tennessee, including a line to Spinks, Tennessee. The authority comprises four members. One member from each county is appointed by the County Commission, and the county mayor of each county serves as a member and rotates every two years as chairman. Complete financial statements for the Carroll-Henry County Railroad Authority can be obtained from the Carroll County Mayor's Office.

F. Retirement Commitments

Plan Description

Employees of Carroll 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 Carroll 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

County Employees

Carroll 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.

School Board Employees

Carroll 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 62.9 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

County Employees

For the year ended June 30, 2010, Carroll County's annual pension cost of \$392,759 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 eight 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	\$392,759	100%	\$0
6-30-09	354,297	100	0
6-30-08	363,118	100	0

School Board Employees

For the year ended June 30, 2010, Carroll County’s annual pension cost of \$8,995 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 zero 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	\$8,995	100%	\$0
6-30-09	4,812	100	0
6-30-08	0	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 89.75 percent funded. The actuarial accrued liability for benefits was \$13.59 million, and the actuarial value of assets was \$12.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.39 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.24 million, and the ratio of the UAAL to the covered payroll was 26.59 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 Board Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was zero, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero 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 Carroll 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/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 \$56,260, \$58,321, and \$57,208, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Primary Government (excluding the Carroll County Board of Public Utilities, enterprise fund)

The Carroll County general government provides postemployment healthcare benefits through a commercial carrier that allows pre-65 age retirees to remain in the plan at the active employees' rate if the retiree pays 100 percent of the premium; therefore, the county is providing an implicit rate subsidy. Carroll County did not obtain an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits necessary to prepare government-wide financial statements and note disclosures as required by Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. However, we believe the omission of this data is not material to the government-wide financial statements for the year ended June 30, 2010.

Discretely Presented Carroll County School Department

Plan Description

The Carroll 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, for teachers and support personnel. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a 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. Retirees' contributions vary depending on the insurance options they select. During the year ended

June 30, 2010, the Carroll County School Department contributed \$11,146 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 18,000
Interest on the NPO	1,075
Adjustment to the ARC	<u>(1,019)</u>
Annual OPEB cost	\$ 18,056
Less: Amount of contribution	<u>(11,146)</u>
Increase/decrease in NPO	\$ 6,910
Net OPEB obligation, 7-1-09	<u>23,900</u>
 Net OPEB obligation, 6-30-10	 <u><u>\$ 30,810</u></u>

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	\$ 15,894	28%	\$ 11,518
6-30-09 "	19,295	36	23,900
6-30-10 "	18,056	62	30,810

Funding Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 187,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 187,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 830,696
UAAL as a % of covered payroll	23%

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 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) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

Offices of County Mayor and Highway Commission

Purchasing procedures for Carroll County are governed by provisions of Chapter 23, Private Acts of 1975, as amended, and Section 54-7-113, Tennessee Code Annotated (TCA), (Highway Department purchases only). This act provides for the county mayor to act as purchasing agent for the Carroll County Highway Department, School Transportation Department, and all other county departments and agencies, except for the Board of Education. The act also provides for the establishment of a Purchasing Commission, consisting of the county clerk, county trustee, and three members of the County Commission. Requisitions and purchase orders are required for all purchases. In addition, public advertisement and sealed bids are required on purchases exceeding \$10,000. Purchases of less than \$250 may be made by employees of the Highway Department and the School Transportation Department.

Office of Director of Schools

Purchasing procedures for the discretely presented Carroll County 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 advertisements on all purchases estimated to exceed \$10,000.

VI. OTHER NOTES – CARROLL COUNTY BOARD OF PUBLIC UTILITIES (ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

1. Reporting Entity

Tennessee Code Annotated, Section 7-52-117(c) states “Subject to the provisions of Section 7-52-132, the superintendent, with the approval of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county); therefore, the Carroll County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and is considered a proprietary fund of Carroll County, Tennessee.

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

The electric system’s financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the electric system conform to applicable generally accepted accounting principles as defined in the pronouncements of the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs), issued on or before November 30, 1989. As allowed by GASB, the electric system has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the

proprietary fund's principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

3. **Assets, Liabilities, and Equity**

Deposits and Investments

The electric system's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the electric system to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Accounts Receivable

Trade receivables result from unpaid billings for electric service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the electric system is based on past history of uncollectible accounts and management's analysis of current accounts.

Inventories and Prepaid Items

All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts, and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress are defined by the electric system as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their 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. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the electric system are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
General plant	5-40
Transmission plant	28-33
Distribution plant	16-40

Compensated Absences

It is the electric system's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a current liability on the financial statements. All sick leave has been accrued and is reflected as a current liability on the financial statements.

Long-term Obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Assets

Equity is classified as net assets and displayed in the following three components:

- Invested in Capital Assets, net of related debt – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for Debt Service – Consists of net assets for which constraints are placed thereon by lenders less any related liabilities.
- Unrestricted – All other net assets that do not meet the description of the above categories.

B. Stewardship, Compliance, and Accountability

Budgetary Information

No budget is required for the Carroll County Board of Public Utilities, and therefore, no budget is adopted.

C. Detailed Notes on All Funds

1. Deposits and Investments

Investments consisted entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2010.

Custodial Credit Risk. The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.3. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by Federal Reserve Banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its

agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2010, all bank deposits were fully collateralized or insured.

2. Receivables

Receivables as of the fiscal year ended June 30, 2010, consisted of the following:

Billed services for utility customers	\$ 3,060,419
Other receivables for utility service	136,295
Allowance for doubtful accounts	<u>(17,000)</u>
 Total	 <u><u>\$ 3,179,714</u></u>

3. Restricted Assets

All deposits required by the 2001 Electric Plant Revenue Bond have been made. Transactions in funds, other than the 2001 Electric Plant Revenue Bond Fund and other special funds set aside to repair and replace the plant, are at the discretion of the Board of Directors, and there are no applicable legal requirements or restrictions on these funds.

	<u>June 30, 2010</u>
Restricted assets consist of the following:	
2001 Electric Plant Revenue Bond Fund:	
Interest and Sinking Fund	<u><u>\$ 119,928</u></u>
 Certificates of deposit and savings accounts totaled	 <u><u>\$ 251,268</u></u>

4. Capital Assets

Capital assets activity during the year was as follows:

	Balance		Balance	
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Not Depreciated:				
Land	\$ 253,775	\$ 0	\$ 0	\$ 253,775
Construction in Progress	78,977	47,846	0	126,823
Total Capital Assets Not Depreciated	<u>\$ 332,752</u>	<u>\$ 47,846</u>	<u>\$ 0</u>	<u>\$ 380,598</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 877,910	\$ 0	\$ 0	\$ 877,910
Other Capital Assets	33,790,477	1,282,827	555,594	34,517,710
Total Capital Assets Depreciated	<u>\$ 34,668,387</u>	<u>\$ 1,282,827</u>	<u>\$ 555,594</u>	<u>\$ 35,395,620</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 271,156	\$ 26,979	\$ 0	\$ 298,135
Other Capital Assets	14,749,477	1,161,806	541,677	15,369,606
Total Accumulated Depreciation	<u>\$ 15,020,633</u>	<u>\$ 1,188,785</u>	<u>\$ 541,677</u>	<u>\$ 15,667,741</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,647,754</u>	<u>\$ 94,042</u>	<u>\$ 13,917</u>	<u>\$ 19,727,879</u>
Capital Assets, Net	<u>\$ 19,980,506</u>	<u>\$ 141,888</u>	<u>\$ 13,917</u>	<u>\$ 20,108,477</u>

Depreciation expense totaled \$1,062,501 for the fiscal year ended June 30, 2010.

5. Long-term Debt

Long-term debt consists of the following:

Revenue Bonds:

Electric Plant Revenue Bonds, Series 2001, interest at 3.2% to 4.75% due serially through 2016	<u>\$ 950,000</u>
Total Revenue Bonds	<u>\$ 950,000</u>
Total Current Portion of Revenue Bonds	<u>\$ 140,000</u>
Total Long-term Portion of Revenue Bonds	<u>\$ 810,000</u>

During 2001, Carroll County issued \$2,000,000 in Electric System Revenue Bonds, Series 2001, for the purpose of financing the construction and equipping of extensions and improvements to the system. The bonds bear interest at rates from 3.2 percent to 4.75 percent and mature serially in varying amounts from \$135,000 in fiscal year 2009 to \$175,000 in fiscal year 2016. The bonds are secured by a pledge of revenues through the electric system. Expenses incurred in the issuance of the bonds are being amortized by equal charges to operations over the life of the bonds.

The following is a summary of long-term debt transactions for the year ended June 30, 2010.

	Balance 7-1-09	Retirements	Balance 6-30-10	Due Within One Year
Revenue Bonds Payable	\$ 1,085,000	\$ 135,000	\$ 950,000	\$ 140,000

The scheduled annual requirements for long-term debt at June 30, 2010, including interest of \$161,833 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 140,000	\$ 44,170	\$ 184,170
2012	150,000	37,940	187,940
2013	155,000	31,115	186,115
2014	160,000	23,908	183,908
2015	170,000	16,387	186,387
2016	175,000	8,313	183,313
Total	\$ 950,000	\$ 161,833	\$ 1,111,833

Debt expense associated with the above bond issue was recorded as other assets and is being amortized on a straight-line basis over the life of the issue.

The electric system complied with all significant debt covenants and restrictions as set forth in the bond agreements.

6. Restricted Net Assets

Net assets represent the difference between assets and liabilities. The restricted net assets amounts were as follows:

Invested in capital assets, net of related liabilities:	
Net property, plant, and equipment in services	\$ 20,108,477
Unamortized debt expense	11,732
Unamortized discount	16,446
Less: debt	<u>(950,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 19,186,655</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 119,928
Restricted investments	251,268
Less: accrued interest payable from restricted assets	<u>(7,362)</u>
Total restricted for debt service	<u>\$ 363,834</u>
Unrestricted	<u>\$ 6,456,003</u>
Total net assets	<u><u>\$ 26,006,492</u></u>

D. Other Information

1. Pension Plan

Effective January 1, 1997, the electric system adopted a profit sharing plan titled the Carroll County Electrical Department Profit Sharing Plan. Participants of the plan must meet the plan's eligibility requirements. Once an employee becomes a participant, the electric system will maintain an individual account for each employee. Each plan year, employee accounts will be adjusted to reflect contributions, gains, losses, etc. The percentage of each employee account to which an employee is entitled upon separation from the electric system depends on the plan's vesting schedule. Participants will generally be vested in their individual account after three years of service. All contributions made to the plan on an employee's behalf will be placed in a trust fund established to hold dollars for the benefit of all participants. Each of the participants' individual accounts will be used to track their share in the total trust fund.

Each year, the managing body of the electric system will determine the amount, if any, it will contribute to the plan. Employer contributions to the profit-sharing plan in general can range from one percent to 15 percent of participant's compensation each year. Compensation will be determined as the participant's wages, excluding overtime, commissions, and bonuses.

For the year ended June 30, 2010, total employer contributions were \$218,873, based on total covered wages of \$2,303,929.

2. Power Contract

The electric system has a power contract with the Tennessee Valley Authority (TVA) to purchase all of its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, or property to other operations of the county, and the purchase or payment of or providing security for indebtedness on other obligations applicable to such other operations.

3. Risk Management

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2010, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

Carroll County Electric System sponsors a single-employer postemployment benefits plan. The plan provides medical, prescription, and death benefits to eligible retirees and their spouses.

Funding Policy

The electric system intends to continue its policy of funding OPEB liabilities on a pay as-you-go basis and not to pre-fund any unfunded annual required contribution as determined under Governmental Accounting Standards Board (GASB) Statement No. 45.

Annual OPEB Cost and Net OPEB Obligation

The electric system's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the electric system's annual OPEB cost for the year, the amount actually

contributed to the plan, and changes in the electric system's net OPEB obligation.

Components of Net OPEB Obligation

Annual Required Contribution	\$ 22,035
Interest on the Net OPEB Obligation	(237)
Adjustment to the Annual Required Contribution	<u>280</u>
Annual OPEB Cost (Expense)	\$ 22,078
Less: Contributions and Subsidy	<u>(1,807)</u>
Increase/decrease in Net Obligation	\$ 20,271
Net OPEB Obligation, 7-1-09	<u>(5,273)</u>
 Net OPEB Obligation, 6-30-10	 <u><u>\$ 14,998</u></u>

The electric system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-09	<u>\$ 23,526</u>	122.40%	<u>\$ (5,273)</u>
6-30-10	<u>\$ 22,078</u>	8.18%	<u>\$ 14,998</u>

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$214,260 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$214,260. The covered payroll (annual payroll of active employees covered by the plan) was \$2,494,041 and the ratio of the UAAL to the covered payroll was 8.59 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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 liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on a substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after ten years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2009, was 29 years.

VII. OTHER NOTES – CARROLL COUNTY INDIGENT CARE BOARD (FIDUCIARY FUND)

A. General Information

The Carroll County Indigent Care Fund was established by a private act on March 21, 1983, to assist the medically indigent in paying for in-patient and out-patient care and ambulance services rendered to them for not-for-profit hospital and ambulance facilities or entities in such counties. The fund also was empowered to promote health education in the county and acquire or otherwise assist in providing certain types of equipment to aid the medically indigent within the county.

From 1983 through 1988, Baptist Memorial Hospital made contributions to the fund totaling \$2,150,000. This money was set aside to establish the Carroll County Indigent Care Board.

A nine-member board of trustees was appointed (three by the county legislative body, three by the Baptist Memorial Hospital, and three by the board itself) to carry out the stated purposes of the private act. The board has appointed the First Tennessee Bank of Memphis as the trustee of the fund.

Under guidelines set forth in the private act and the minutes of the board of trustees, only 80 percent of the income earned by the fund may be used to pay indigent accounts. The board established a screening committee to determine the medical indigence of applicants and to recommend payment for their benefits.

B. Significant Accounting Policies

The fund is a private-purpose trust fund, which is a fiduciary fund type, and therefore maintains its accounting records on the accrual basis of fund accounting in that all receivables and payables are adjusted at the financial statement date to reflect proper timing of revenue and expense. Under the accrual basis of accounting, revenues are recorded as earned, and expenses are recorded when incurred.

In evaluating how to define the Carroll County Indigent Care Board for financial reporting purposes, management considers whether the board is a legally separate entity holding corporate powers. Based on this criterion, the Carroll County Indigent Care Board is not considered to be a separate entity, but is considered to be a reporting component of Carroll County, Tennessee.

The Carroll County Indigent Care Board accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Fiduciary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Investments are valued at fair value. The difference in the beginning and ending fair and book values is shown as a net increase (decrease) in fair value of investments in the revenue section of the Statement of Revenues, Expenses, and Changes in Net Assets. Fair value approximates market.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equity is classified as net assets and displayed as held in trust for indigent care.

C. Investments

The Indigent Care Board invests mainly in securities backed by the United States government. The market value (fair value) of these investments as of June 30, 2010, is \$3,005,677.

Securities at market value consist of:

FHLMC Securities	\$ 1,103,411
FNMA Securities	530,829
GNMA Securities	491,174
Stripped Adjustable Mortgage Securities	121,455
Various Mortgage-Backed Securities	<u>758,808</u>
Total	<u>\$ 3,005,677</u>

D. Indigent Accounts

At July 1, 2009, approved indigent care accounts totaling \$1,191,969 were available for payment. During the year, new claims totaling \$622,173 were approved, and \$118,802 was paid during the year, bringing the unpaid balance at June 30, 2010, to \$1,695,339. These claims represent a contingent liability for the board. The amount of approved claims is accrued only if funds are available to pay them. The remaining claims approved will be paid in subsequent periods when funds become available. Net earnings available for payment of indigent accounts, which represent second quarter 2010 earnings, have been accrued as a liability entitled accrued indigent payments of \$30,684 because this amount represents an actual liability as of the end of the year.

E. Risk Management

The board is exposed to risks related to general and public official's liability. To cover these risks, the board purchased a three-year commercial insurance policy in October 2008. There have been no settlements in the prior three fiscal years.

F. Deposits and Investments

At year-end, the carrying amount of the board's deposits was \$157,031, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

Investments consist mainly of mortgage-backed securities whose values are largely dependent on the interest rate market.

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the board's agent in the board's name, or by the Federal Reserve Banks acting as third-party agents. As of June 30, 2010, all bank deposits were fully collateralized or insured.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,261,369	\$ 0	\$ 0	\$ 4,261,369	\$ 4,787,918	\$ 4,552,918	\$ (291,549)
Licenses and Permits	1,045	0	0	1,045	1,600	1,600	(555)
Fines, Forfeitures, and Penalties	125,317	0	0	125,317	196,050	196,050	(70,733)
Charges for Current Services	268,338	0	0	268,338	51,100	51,100	217,238
Other Local Revenues	453,377	0	0	453,377	620,500	635,200	(181,823)
Fees Received from County Officials	758,007	0	0	758,007	877,000	877,000	(118,993)
State of Tennessee	1,500,006	0	0	1,500,006	2,066,496	2,145,245	(645,239)
Federal Government	515,036	0	0	515,036	107,000	107,000	408,036
Other Governments and Citizens Groups	37,699	0	0	37,699	43,664	43,664	(5,965)
Total Revenues	\$ 7,920,194	\$ 0	\$ 0	\$ 7,920,194	\$ 8,751,328	\$ 8,609,777	\$ (689,583)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 62,400	\$ 0	\$ 0	\$ 62,400	\$ 72,814	\$ 72,814	\$ 10,414
Board of Equalization	10,563	0	0	10,563	13,433	13,433	2,870
Beer Board	273	0	0	273	600	600	327
Other Boards and Committees	437	0	0	437	1,845	1,845	1,408
County Mayor/Executive	215,215	0	0	215,215	230,271	230,271	15,056
County Attorney	6,902	0	0	6,902	15,000	15,000	8,098
Election Commission	122,812	0	0	122,812	145,090	145,090	22,278
Register of Deeds	216,708	0	0	216,708	176,841	222,985	6,277
County Buildings	522,707	0	0	522,707	602,497	602,497	79,790
<u>Finance</u>							
Property Assessor's Office	213,811	0	0	213,811	237,760	237,760	23,949
Reappraisal Program	20,590	0	0	20,590	24,450	24,450	3,860

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 177,968	\$ 0	\$ 0	\$ 177,968	\$ 184,505	\$ 184,505	\$ 6,537
County Clerk's Office	33,949	0	0	33,949	42,362	42,362	8,413
<u>Administration of Justice</u>							
Circuit Court	344,646	0	0	344,646	359,327	359,326	14,680
General Sessions Judge	124,429	0	0	124,429	125,217	125,217	788
Chancery Court	179,828	0	0	179,828	188,649	188,649	8,821
Juvenile Court	171,138	0	0	171,138	176,994	176,994	5,856
Judicial Commissioners	5,204	0	0	5,204	5,236	5,236	32
Victims Assistance Programs	2,752	0	0	2,752	1,200	2,753	1
<u>Public Safety</u>							
Sheriff's Department	1,690,846	0	0	1,690,846	1,879,999	1,913,480	222,634
Administration of the Sexual Offender Registry	1,702	0	0	1,702	4,500	4,500	2,798
Jail	1,276,287	0	0	1,276,287	1,396,004	1,396,004	119,717
Juvenile Services	831,433	0	0	831,433	897,369	897,370	65,937
Fire Prevention and Control	201,812	0	0	201,812	208,678	258,678	56,866
Civil Defense	88,598	0	0	88,598	113,234	113,234	24,636
County Coroner/Medical Examiner	26,673	0	0	26,673	28,675	28,675	2,002
<u>Public Health and Welfare</u>							
Local Health Center	271,500	0	0	271,500	199,479	292,263	20,763
Rabies and Animal Control	17,989	0	0	17,989	18,900	18,900	911
General Welfare Assistance	1,400	0	0	1,400	2,400	2,400	1,000
Other Local Welfare Services	10,906	0	0	10,906	11,500	11,500	594
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	4,885	0	0	4,885	8,000	8,000	3,115

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Senior Citizens Assistance	\$ 89,067	\$ 0	\$ 0	\$ 89,067	\$ 113,069	\$ 113,069	\$ 24,002
Libraries	90,061	0	0	90,061	76,807	90,328	267
Parks and Fair Boards	108,529	0	0	108,529	125,459	125,459	16,930
Other Social, Cultural, and Recreational Agriculture and Natural Resources	246,711	0	0	246,711	260,000	260,000	13,289
Agriculture Extension Service	52,028	0	0	52,028	53,637	53,637	1,609
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	26,244	0	0	26,244	26,241	26,244	0
Flood Control	8,250	0	0	8,250	8,250	8,250	0
<u>Other Operations</u>							
Industrial Development	10,000	0	0	10,000	10,000	10,000	0
Other Economic and Community Development	17,000	0	0	17,000	17,000	17,000	0
Airport	1,107,078	(275,186)	10,414	842,306	731,627	843,589	1,283
Veterans' Services	27,285	0	0	27,285	29,905	29,905	2,620
Other Charges	214,971	0	0	214,971	173,093	215,428	457
Contributions to Other Agencies	5,150	0	0	5,150	5,650	5,650	500
Total Expenditures	\$ 8,860,737	\$ (275,186)	\$ 10,414	\$ 8,595,965	\$ 9,005,567	\$ 9,397,350	\$ 801,385
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (940,543)	\$ 275,186	\$ (10,414)	\$ (675,771)	\$ (254,239)	\$ (787,573)	\$ 111,802
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 30,367	\$ 0	\$ 0	\$ 30,367	\$ 0	\$ 15,000	\$ 15,367
Transfers In	237,436	0	0	237,436	0	235,000	2,436
Total Other Financing Sources (Uses)	\$ 267,803	\$ 0	\$ 0	\$ 267,803	\$ 0	\$ 250,000	\$ 17,803
Net Change in Fund Balance	\$ (672,740)	\$ 275,186	\$ (10,414)	\$ (407,968)	\$ (254,239)	\$ (537,573)	\$ 129,605
Fund Balance, July 1, 2009	1,962,286	(275,186)	0	1,687,100	1,613,628	1,613,628	73,472
Fund Balance, June 30, 2010	\$ 1,289,546	\$ 0	\$ (10,414)	\$ 1,279,132	\$ 1,359,389	\$ 1,076,055	\$ 203,077

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 278,756	\$ 303,404	\$ 280,791	\$ (2,035)
Charges for Current Services	1,000,168	1,150,050	1,150,050	(149,882)
Other Local Revenues	87,845	77,000	77,000	10,845
State of Tennessee	48,824	53,798	53,798	(4,974)
Total Revenues	<u>\$ 1,415,593</u>	<u>\$ 1,584,252</u>	<u>\$ 1,561,639</u>	<u>\$ (146,046)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,052,644	\$ 1,060,823	\$ 1,060,823	\$ 8,179
Recycling Center	429,797	486,297	486,297	56,500
<u>Highways</u>				
Litter and Trash Collection	29,607	39,441	39,441	9,834
<u>Principal on Debt</u>				
General Government	11,000	11,000	11,000	0
<u>Interest on Debt</u>				
General Government	2,262	2,262	2,262	0
Total Expenditures	<u>\$ 1,525,310</u>	<u>\$ 1,599,823</u>	<u>\$ 1,599,823</u>	<u>\$ 74,513</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (109,717)</u>	<u>\$ (15,571)</u>	<u>\$ (38,184)</u>	<u>\$ (71,533)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 22,613	\$ 0	\$ 22,613	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 22,613</u>	<u>\$ 0</u>	<u>\$ 22,613</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (87,104)	\$ (15,571)	\$ (15,571)	\$ (71,533)
Fund Balance, July 1, 2009	120,590	119,759	119,759	831
Fund Balance, June 30, 2010	<u>\$ 33,486</u>	<u>\$ 104,188</u>	<u>\$ 104,188</u>	<u>\$ (70,702)</u>

Exhibit F-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 818,528	\$ 0	\$ 818,528	\$ 862,500	\$ 837,060	\$ (18,532)
Charges for Current Services	6	0	6	100	100	(94)
Other Local Revenues	9,860	0	9,860	11,500	11,500	(1,640)
State of Tennessee	2,360,908	0	2,360,908	2,083,000	2,308,000	52,908
Other Governments and Citizens Groups	1,395	0	1,395	2,000	2,000	(605)
Total Revenues	\$ 3,190,697	\$ 0	\$ 3,190,697	\$ 2,959,100	\$ 3,158,660	\$ 32,037
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 224,007	\$ 0	\$ 224,007	\$ 235,068	\$ 235,068	\$ 11,061
Highway and Bridge Maintenance	868,284	(9,710)	858,574	740,200	908,200	49,626
Operation and Maintenance of Equipment	469,433	0	469,433	451,500	484,000	14,567
Other Charges	111,691	0	111,691	109,000	111,800	109
Employee Benefits	523,615	0	523,615	458,100	543,100	19,485
Capital Outlay	1,515,273	0	1,515,273	1,291,300	1,557,740	42,467
Principal on Debt						
Highways and Streets	61,866	0	61,866	53,470	64,970	3,104
Interest on Debt						
Highways and Streets	6,090	0	6,090	0	6,100	10
Total Expenditures	\$ 3,780,259	\$ (9,710)	\$ 3,770,549	\$ 3,338,638	\$ 3,910,978	\$ 140,429
Excess (Deficiency) of Revenues Over Expenditures	\$ (589,562)	\$ 9,710	\$ (579,852)	\$ (379,538)	\$ (752,318)	\$ 172,466

(Continued)

Exhibit F-3

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 41,440	0 \$	41,440 \$	0 \$	41,440 \$	0
Transfers In	25,440	0	25,440	0	25,440	0
Total Other Financing Sources (Uses)	\$ 66,880	0 \$	66,880 \$	0 \$	66,880 \$	0
Net Change in Fund Balance	\$ (522,682)	9,710 \$	(512,972) \$	(379,538) \$	(685,438) \$	172,466
Fund Balance, July 1, 2009	861,268	(9,710)	851,558	806,456	806,456	45,102
Fund Balance, June 30, 2010	\$ 338,586	0 \$	338,586 \$	426,918 \$	121,018 \$	217,568

Exhibit F-4

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

(Dollar amounts in thousands)

Plans	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)
			\$	%				
County Employees	7-1-09	\$ 12,199	\$ 13,591	\$ 1,392	89.75	\$ 5,237	26.59	
"	7-1-07	11,288	12,082	794	93.43	4,972	15.97	
Board of Education Employees	7-1-09	0	0	0	0	0	0	
"	7-1-07	11,288	12,082	794	93.43	4,972	15.97	

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-5

Carroll County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Carroll County Board of Public Utilities Fund and
Discretely Presented Carroll County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	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	\$ 146	\$ 146	0	\$ 752	19 %
"	7-1-09	0	187	187	0	831	23
Carroll County Board of Public Utilities Fund	7-1-08	0	226	226	0	2,431	9
"	7-1-09	0	214	214	0	2,494	9

*Data only available for two actuarial valuations.

CARROLL 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 Carroll 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, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the Carroll 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.

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

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

Exhibit G-1

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

	Special Revenue Funds			
	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 66,044	\$ 66,044
Equity in Pooled Cash and Investments	84,185	24,659	0	108,844
Due from Other Governments	0	1,065	0	1,065
Due from Other Funds	60	0	0	60
Total Assets	<u>\$ 84,245</u>	<u>\$ 25,724</u>	<u>\$ 66,044</u>	<u>\$ 176,013</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 60	\$ 508	\$ 568
Total Liabilities	<u>\$ 0</u>	<u>\$ 60</u>	<u>\$ 508</u>	<u>\$ 568</u>
<u>Fund Balances</u>				
Unreserved	\$ 84,245	\$ 25,664	\$ 65,536	\$ 175,445
Total Fund Balances	<u>\$ 84,245</u>	<u>\$ 25,664</u>	<u>\$ 65,536</u>	<u>\$ 175,445</u>
Total Liabilities and Fund Balances	<u>\$ 84,245</u>	<u>\$ 25,724</u>	<u>\$ 66,044</u>	<u>\$ 176,013</u>

Exhibit G-2

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

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 16,404	\$ 20,063	\$ 0	\$ 36,467
Charges for Current Services	0	0	298,778	298,778
Other Local Revenues	0	358	0	358
Total Revenues	<u>\$ 16,404</u>	<u>\$ 20,421</u>	<u>\$ 298,778</u>	<u>\$ 335,603</u>
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 178,094	\$ 178,094
Administration of Justice	0	12,642	95,605	108,247
Public Safety	37,502	0	0	37,502
Total Expenditures	<u>\$ 37,502</u>	<u>\$ 12,642</u>	<u>\$ 273,699</u>	<u>\$ 323,843</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,098)</u>	<u>\$ 7,779</u>	<u>\$ 25,079</u>	<u>\$ 11,760</u>
Net Change in Fund Balances	\$ (21,098)	\$ 7,779	\$ 25,079	\$ 11,760
Fund Balance, July 1, 2009	105,343	17,885	40,457	163,685
Fund Balance, June 30, 2010	<u>\$ 84,245</u>	<u>\$ 25,664</u>	<u>\$ 65,536</u>	<u>\$ 175,445</u>

Exhibit G-3

Carroll 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	\$ 16,404	\$ 38,500	\$ 38,500	\$ (22,096)
Other Local Revenues	0	100	100	(100)
Total Revenues	<u>\$ 16,404</u>	<u>\$ 38,600</u>	<u>\$ 38,600</u>	<u>\$ (22,196)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 37,502	\$ 40,955	\$ 70,955	\$ 33,453
Total Expenditures	<u>\$ 37,502</u>	<u>\$ 40,955</u>	<u>\$ 70,955</u>	<u>\$ 33,453</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,098)</u>	<u>\$ (2,355)</u>	<u>\$ (32,355)</u>	<u>\$ 11,257</u>
Net Change in Fund Balance	\$ (21,098)	\$ (2,355)	\$ (32,355)	\$ 11,257
Fund Balance, July 1, 2009	<u>105,343</u>	<u>105,341</u>	<u>105,341</u>	<u>2</u>
Fund Balance, June 30, 2010	<u>\$ 84,245</u>	<u>\$ 102,986</u>	<u>\$ 72,986</u>	<u>\$ 11,259</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

Carroll 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	\$ 426,076	\$ 430,504	\$ 405,064	\$ 21,012
Total Revenues	\$ 426,076	\$ 430,504	\$ 405,064	\$ 21,012
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 289,267	\$ 289,911	\$ 289,911	\$ 644
<u>Interest on Debt</u>				
General Government	25,491	69,867	69,867	44,376
<u>Other Debt Service</u>				
General Government	7,468	5,971	5,971	(1,497)
Total Expenditures	\$ 322,226	\$ 365,749	\$ 365,749	\$ 43,523
Excess (Deficiency) of Revenues Over Expenditures	\$ 103,850	\$ 64,755	\$ 39,315	\$ 64,535
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 25,440	\$ 0	\$ 25,440	\$ 0
Total Other Financing Sources (Uses)	\$ 25,440	\$ 0	\$ 25,440	\$ 0
Net Change in Fund Balance	\$ 129,290	\$ 64,755	\$ 64,755	\$ 64,535
Fund Balance, July 1, 2009	434,823	434,026	434,026	797
Fund Balance, June 30, 2010	\$ 564,113	\$ 498,781	\$ 498,781	\$ 65,332

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 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.

Special School District Fund – The Special School District Fund is used to account for property taxes collected for the five area special school districts and the districts' share of education revenues collected by the county, which must be apportioned between various school systems on an average daily attendance basis. These collections are remitted to the districts monthly.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Twenty-fourth Judicial District. During the fiscal year, the Judicial District Drug Fund was closed in Carroll County and transferred to Henry County.

Exhibit I-1

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

	Agency Funds			Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,542,045	\$ 1,542,045
Equity in Pooled Cash and Investments	0	315,809	0	315,809
Accounts Receivable	0	1,832	0	1,832
Due from Other Governments	365,440	383,230	0	748,670
Taxes Receivable	0	5,438,422	0	5,438,422
Allowance for Uncollectible Taxes	0	(341,164)	0	(341,164)
Total Assets	<u>\$ 365,440</u>	<u>\$ 5,798,129</u>	<u>\$ 1,542,045</u>	<u>\$ 7,705,614</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 365,440	\$ 5,798,129	\$ 0	\$ 6,163,569
Due to Litigants, Heirs, and Others	0	0	1,542,045	1,542,045
Total Liabilities	<u>\$ 365,440</u>	<u>\$ 5,798,129</u>	<u>\$ 1,542,045</u>	<u>\$ 7,705,614</u>

Exhibit I-2

Carroll 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	\$ 1,832,501	\$ 1,832,501	\$ 0
Due from Other Governments	372,140	365,440	372,140	365,440
Total Assets	\$ 372,140	\$ 2,197,941	\$ 2,204,641	\$ 365,440
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 372,140	\$ 2,197,941	\$ 2,204,641	\$ 365,440
Total Liabilities	\$ 372,140	\$ 2,197,941	\$ 2,204,641	\$ 365,440
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 318,647	\$ 2,200,203	\$ 2,203,041	\$ 315,809
Accounts Receivable	1,408	1,832	1,408	1,832
Due from Other Governments	400,807	383,230	400,807	383,230
Taxes Receivable	5,393,557	5,438,422	5,393,557	5,438,422
Allowance for Uncollectible Taxes	(247,922)	(341,164)	(247,922)	(341,164)
Total Assets	\$ 5,866,497	\$ 7,682,523	\$ 7,750,891	\$ 5,798,129
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,866,497	\$ 7,682,523	\$ 7,750,891	\$ 5,798,129
Total Liabilities	\$ 5,866,497	\$ 7,682,523	\$ 7,750,891	\$ 5,798,129
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,506,418	\$ 6,277,915	\$ 6,242,288	\$ 1,542,045
Total Assets	\$ 1,506,418	\$ 6,277,915	\$ 6,242,288	\$ 1,542,045
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,506,418	\$ 6,277,915	\$ 6,242,288	\$ 1,542,045
Total Liabilities	\$ 1,506,418	\$ 6,277,915	\$ 6,242,288	\$ 1,542,045

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 1,483	\$ 0	\$ 1,483	\$ 0
Equity in Pooled Cash and Investments	13,675	20,114	33,789	0
Total Assets	\$ 15,158	\$ 20,114	\$ 35,272	\$ 0
<u>Liabilities</u>				
Due to State of Tennessee	\$ 26	\$	\$ 26	\$ 0
Due to Joint Ventures	15,132	20,114	35,246	0
Total Liabilities	\$ 15,158	\$ 20,114	\$ 35,272	\$ 0
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,507,901	\$ 6,277,915	\$ 6,243,771	\$ 1,542,045
Equity in Pooled Cash and Investments	332,322	4,052,818	4,069,331	315,809
Accounts Receivable	1,408	1,832	1,408	1,832
Due from Other Governments	772,947	748,670	772,947	748,670
Taxes Receivable	5,393,557	5,438,422	5,393,557	5,438,422
Allowance for Uncollectible Taxes	(247,922)	(341,164)	(247,922)	(341,164)
Total Assets	\$ 7,760,213	\$ 16,178,493	\$ 16,233,092	\$ 7,705,614
<u>Liabilities</u>				
Due to State of Tennessee	\$ 26	\$ 0	\$ 26	\$ 0
Due to Other Taxing Units	6,238,637	9,880,464	9,955,532	6,163,569
Due to Litigants, Heirs, and Others	1,506,418	6,277,915	6,242,288	1,542,045
Due to Joint Ventures	15,132	20,114	35,246	0
Total Liabilities	\$ 7,760,213	\$ 16,178,493	\$ 16,233,092	\$ 7,705,614

Carroll County School Department

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

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

School Transportation Fund – The School Transportation Fund is used to account for transportation of all students in the county school system and the special school districts.

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 1,152,585	\$ 630,144	\$ 65,885	\$ (456,556)
Support Services	2,484,572	49,850	161,117	(2,273,605)
Operation of Non-Instructional Services	35,088	3,317	10,779	(20,992)
Total Governmental Activities	\$ 3,672,245	\$ 683,311	\$ 237,781	\$ (2,751,153)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 507,379
Local Option Sales Taxes				66,008
Other Local Taxes				76
Grants and Contributions Not Restricted to Specific Programs				2,742,783
Miscellaneous				22,980
Total General Revenues				\$ 3,339,226
Change in Net Assets				\$ 588,073
Net Assets, July 1, 2009				8,035,466
Net Assets, June 30, 2010				\$ 8,623,539

Exhibit J-2

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

	Major Funds		Total Govern- mental Funds
	General Purpose School	School Transpor- tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,207,391	\$ 1,030,294	\$ 5,237,685
Accounts Receivable	16,270	177	16,447
Due from Other Governments	67,919	168	68,087
Property Taxes Receivable	0	541,414	541,414
Allowance for Uncollectible Property Taxes	0	(33,995)	(33,995)
Total Assets	<u>\$ 4,291,580</u>	<u>\$ 1,538,058</u>	<u>\$ 5,829,638</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 8,222	\$ 1,600	\$ 9,822
Deferred Revenue - Current Property Taxes	0	490,019	490,019
Deferred Revenue - Delinquent Property Taxes	0	15,606	15,606
Other Deferred Revenues	5,515	0	5,515
Total Liabilities	<u>\$ 13,737</u>	<u>\$ 507,225</u>	<u>\$ 520,962</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 308,135	\$ 0	\$ 308,135
Reserved for Food Service	5,879	0	5,879
Reserved for Career Ladder - Extended Contract	552	0	552
Reserved for Career Ladder Program	1,135	0	1,135
Unreserved, Reported In:			
General Fund	3,962,142	0	3,962,142
Special Revenue Funds	0	1,030,833	1,030,833
Total Fund Balances	<u>\$ 4,277,843</u>	<u>\$ 1,030,833</u>	<u>\$ 5,308,676</u>
Total Liabilities and Fund Balances	<u>\$ 4,291,580</u>	<u>\$ 1,538,058</u>	<u>\$ 5,829,638</u>

Exhibit J-3

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Carroll 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)		\$ 5,308,676
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 176,489	
Add: buildings and improvements net of accumulated depreciation	1,435,259	
Add: other capital assets net of accumulated depreciation	<u>1,712,804</u>	3,324,552
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(30,810)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>21,121</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 8,623,539</u></u>

Exhibit J-4

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

	Major Funds		Total Governmental Funds
	General Purpose School	School Transpor- tation	
<u>Revenues</u>			
Local Taxes	\$ 66,380	\$ 569,527	\$ 635,907
Licenses and Permits	44	0	44
Charges for Current Services	674,911	0	674,911
Other Local Revenues	34,688	939	35,627
State of Tennessee	2,071,900	740,683	2,812,583
Federal Government	105,745	0	105,745
Total Revenues	<u>\$ 2,953,668</u>	<u>\$ 1,311,149</u>	<u>\$ 4,264,817</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,129,847	\$ 0	\$ 1,129,847
Support Services	1,191,151	1,053,401	2,244,552
Operation of Non-Instructional Services	26,149	0	26,149
Capital Outlay	8,000	0	8,000
Total Expenditures	<u>\$ 2,355,147</u>	<u>\$ 1,053,401</u>	<u>\$ 3,408,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 598,521</u>	<u>\$ 257,748</u>	<u>\$ 856,269</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 9,073	\$ 9,073
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 9,073</u>	<u>\$ 9,073</u>
Net Change in Fund Balances	\$ 598,521	\$ 266,821	\$ 865,342
Fund Balance, July 1, 2009	<u>3,679,322</u>	<u>764,012</u>	<u>4,443,334</u>
Fund Balance, June 30, 2010	<u>\$ 4,277,843</u>	<u>\$ 1,030,833</u>	<u>\$ 5,308,676</u>

Exhibit J-5

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Carroll 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)		\$ 865,342
<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	\$ 83,597	
Less: current year depreciation expense	<u>(349,278)</u>	(265,681)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 21,121	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(25,799)</u>	(4,678)
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(6,910)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 588,073</u>

Exhibit J-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 66,380	\$ 0	\$ 66,380	\$ 65,100	\$ 65,100	\$ 1,280
Licenses and Permits	44	0	44	70	70	(26)
Charges for Current Services	674,911	0	674,911	770,000	774,500	(99,589)
Other Local Revenues	34,688	0	34,688	37,900	37,950	(3,262)
State of Tennessee	2,071,900	0	2,071,900	2,001,450	2,013,847	58,053
Federal Government	105,745	0	105,745	110,000	122,106	(16,361)
Total Revenues	\$ 2,953,668	\$ 0	\$ 2,953,668	\$ 2,984,520	\$ 3,013,573	\$ (59,905)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 3,732	\$ 0	\$ 3,732	\$ 73,025	\$ 73,025	\$ 69,293
Alternative Instruction Program	69,316	0	69,316	73,593	73,593	4,277
Special Education Program	457,924	0	457,924	466,111	476,111	18,187
Vocational Education Program	574,360	0	574,360	530,374	595,374	21,014
Adult Education Program	24,515	0	24,515	52,901	52,901	28,386
<u>Support Services</u>						
Attendance	22,033	0	22,033	76,289	76,289	54,256
Health Services	117,930	0	117,930	125,770	125,770	7,840
Other Student Support	41,067	0	41,067	52,042	52,042	10,975
Special Education Program	76,031	0	76,031	84,006	84,006	7,975
Vocational Education Program	48,128	0	48,128	55,226	55,226	7,098
Adult Programs	53,806	0	53,806	55,542	55,542	1,736
Other Programs	12,277	0	12,277	0	12,277	0
Board of Education	129,363	0	129,363	140,609	140,609	11,246

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Director of Schools	\$ 88,448	\$ 0	\$ 88,448	\$ 92,445	\$ 92,445	\$ 3,997
Office of the Principal	89,015	0	89,015	93,973	93,973	4,958
Fiscal Services	71,285	0	71,285	75,149	75,149	3,864
Operation of Plant	125,321	0	125,321	165,220	165,220	39,899
Maintenance of Plant	103,860	0	103,860	117,475	117,475	13,615
Transportation	140,869	308,135	449,004	662,961	662,961	213,957
Central and Other	71,718	0	71,718	104,866	104,866	33,148
<u>Operation of Non-Instructional Services</u>						
Food Service	26,149	0	26,149	23,887	36,687	10,538
<u>Capital Outlay</u>						
Regular Capital Outlay	8,000	0	8,000	300,000	225,000	217,000
Total Expenditures	\$ 2,355,147	\$ 308,135	\$ 2,663,282	\$ 3,421,464	\$ 3,446,541	\$ 783,259
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 598,521	\$ (308,135)	\$ 290,386	\$ (436,944)	\$ (432,968)	\$ 723,354
Net Change in Fund Balance	\$ 598,521	\$ (308,135)	\$ 290,386	\$ (436,944)	\$ (432,968)	\$ 723,354
Fund Balance, July 1, 2009	3,679,322	0	3,679,322	3,681,226	3,681,226	(1,904)
Fund Balance, June 30, 2010	\$ 4,277,843	\$ (308,135)	\$ 3,969,708	\$ 3,244,282	\$ 3,248,258	\$ 721,450

Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 569,527	\$ 588,840	\$ 588,840	\$ (19,313)
Other Local Revenues	939	0	0	939
State of Tennessee	740,683	675,000	675,000	65,683
Total Revenues	\$ 1,311,149	\$ 1,263,840	\$ 1,263,840	\$ 47,309
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 18,476	\$ 21,406	\$ 21,406	\$ 2,930
Transportation	1,034,925	1,171,082	1,171,082	136,157
Total Expenditures	\$ 1,053,401	\$ 1,192,488	\$ 1,192,488	\$ 139,087
Excess (Deficiency) of Revenues Over Expenditures	\$ 257,748	\$ 71,352	\$ 71,352	\$ 186,396
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,073	\$ 0	\$ 0	\$ 9,073
Total Other Financing Sources (Uses)	\$ 9,073	\$ 0	\$ 0	\$ 9,073
Net Change in Fund Balance	\$ 266,821	\$ 71,352	\$ 71,352	\$ 195,469
Fund Balance, July 1, 2009	764,012	767,773	767,773	(3,761)
Fund Balance, June 30, 2010	\$ 1,030,833	\$ 839,125	\$ 839,125	\$ 191,708

MISCELLANEOUS SCHEDULES

Exhibit K-1

Carroll County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Other Loans
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
County Office Building Renovation - Refunding	\$ 1,007,504	4.82 %	8-20-01	8-1-09	\$ 151,130	\$ 0	\$ 151,130	\$ 0
Payable through Solid Waste/Sanitation Fund								
Solid Waste Bailer	60,000	5.2	10-2-07	10-1-12	49,000	0	11,000	38,000
Total Notes Payable					\$ 200,130	\$ 0	\$ 162,130	\$ 38,000
CAPITAL LEASES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Tractors	71,796	5.75	9-6-06	9-6-09	\$ 17,144	\$ 0	\$ 17,144	\$ 0
Front-end Loader	99,975	4.5	5-18-07	7-5-11	60,129	0	19,150	40,979
Utility Tractor	44,721	4.95	2-15-08	2-15-11	22,704	0	11,072	11,632
Utility Tractor	41,440	4.95	2-16-10	2-16-12	0	41,440	14,500	26,940
Total Payable through Highway/Public Works Fund					\$ 99,977	\$ 41,440	\$ 61,866	\$ 79,551
<u>Payable through General Debt Service Fund</u>								
Sheriff's Vehicles (9)	198,575	5.1	12-28-07	12-28-09	\$ 66,137	\$ 0	\$ 66,137	\$ 0
Total Payable through General Debt Service Fund					\$ 66,137	\$ 0	\$ 66,137	\$ 0
Total Capital Leases Payable					\$ 166,114	\$ 41,440	\$ 128,003	\$ 79,551
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,831,000	\$ 0	\$ 72,000	\$ 1,759,000
Total Other Loans Payable					\$ 1,831,000	\$ 0	\$ 72,000	\$ 1,759,000

Exhibit K-2

Carroll County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 12,000	\$ 1,664	\$ 13,664
2012	13,000	1,014	14,014
2013	13,000	338	13,338
Total	<u>\$ 38,000</u>	<u>\$ 3,016</u>	<u>\$ 41,016</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 44,798	\$ 3,636	\$ 48,434
2012	34,753	1,661	36,414
Total	<u>\$ 79,551</u>	<u>\$ 5,297</u>	<u>\$ 84,848</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 74,000	\$ 7,740	\$ 12,841	\$ 94,581
2012	76,000	7,414	12,300	95,714
2013	79,000	7,079	11,746	97,825
2014	81,000	6,732	11,169	98,901
2015	84,000	6,376	10,578	100,954
2016	86,000	6,006	9,964	101,970
2017	89,000	5,628	9,337	103,965
2018	92,000	5,236	8,687	105,923
2019	95,000	4,831	8,015	107,846
2020	98,000	4,413	7,322	109,735

(Continued)

Exhibit K-2

Carroll County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Other Loans (Cont.)			Total
	Principal	Interest	Other Fees	
2021	\$ 101,000	\$ 3,982	\$ 6,607	\$ 111,589
2022	104,000	3,538	5,869	113,407
2023	108,000	3,080	5,110	116,190
2024	111,000	2,605	4,322	117,927
2025	115,000	2,116	3,511	120,627
2026	118,000	1,610	2,672	122,282
2027	122,000	1,091	1,810	124,901
2028	126,000	555	920	127,475
Total	<u>\$ 1,759,000</u>	<u>\$ 80,032</u>	<u>\$ 132,780</u>	<u>\$ 1,971,812</u>

Exhibit K-3

Carroll County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 237,436
Public Utility	Solid Waste/Sanitation	Payment in-lieu-of taxes	22,613
Public Utility	Highway/Public Works	Payment in-lieu-of taxes	25,440
Public Utility	General Debt Service	Payment in-lieu-of taxes	<u>25,440</u>
Total Transfers			<u><u>\$ 310,929</u></u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 81,322 (1)	\$ 75,000	RLI Insurance Company
Road Supervisors	Section 8-24-102, <u>TCA</u> , and County Commission	135,133 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	69,336 (4)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	61,751	569,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	61,751	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	61,751 (5)	60,000	Auto-Owners Insurance Company
Register	Section 8-24-102, <u>TCA</u>	61,751	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	67,927 (6)	25,000	"
Employee Bonds:				
Employee Blanket Bond - General County Government			150,000	Local Government Property and Casualty Fund
Board of Education			150,000	Tennessee Risk Management Trust

(1) Includes purchasing agent salary of \$10,000.

(2) Includes four road supervisors' salaries at \$33,783 each.

(3) Includes four road supervisors' bonds at \$5,000 each.

(4) Includes chief executive officer training supplement of \$1,000. Does not include health insurance premiums of \$14,115.

(5) Does not include special commissioner fees of \$18,890.

(6) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service		
Local Taxes									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,657,894	\$ 253,131	\$ 0	\$ 0	\$ 0	\$ 284,791	\$ 284,754	\$ 3,480,570	
Trustee's Collections - Prior Year	56,597	6,390	0	0	0	8,212	6,388	77,587	
Trustee's Collections - Bankruptcy	1,869	220	0	0	0	257	221	2,567	
Circuit/Clerk & Master Collections - Prior Years	82,158	9,197	0	0	0	11,124	9,280	111,759	
Interest and Penalty	15,945	1,637	0	0	0	2,059	1,626	21,267	
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	0	12	
Payments in-Lieu-of Taxes - Local Utilities	10,326	1,007	0	0	0	1,132	1,119	13,584	
Payments in-Lieu-of Taxes - Other	75,398	7,174	0	0	0	8,078	8,078	98,728	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	165,444	0	0	0	0	0	0	165,444	
Wheel Tax	769,402	0	0	0	0	470,192	0	1,239,594	
Litigation Tax - General	72,137	0	0	0	0	72,137	0	144,274	
Litigation Tax - Special Purpose	89,217	0	0	0	0	0	0	89,217	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	114,610	114,610	
Business Tax	157,500	0	0	0	0	0	0	157,500	
Mineral Severance Tax	0	0	0	0	0	32,683	0	32,683	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	56,876	0	0	0	0	0	0	56,876	
Wholesale Beer Tax	48,223	0	0	0	0	0	0	48,223	
Beer Privilege Tax	1,057	0	0	0	0	0	0	1,057	
Interstate Telecommunications Tax	1,314	0	0	0	0	0	0	1,314	
Total Local Taxes	\$ 4,261,369	\$ 278,756	\$ 0	\$ 0	\$ 0	\$ 818,528	\$ 426,076	\$ 5,784,729	
Licenses and Permits									
<u>Permits</u>									
Beer Permits	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000	
Building Permits	45	0	0	0	0	0	0	45	
Total Licenses and Permits	\$ 1,045	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,045	

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds						Debt Service Fund	Total
		Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Circuit Court</u>									
Fines	\$ 4,987	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,987	
Officers Costs	3,391	0	0	0	0	0	0	3,391	
Drug Control Fines	4,218	0	3,612	0	0	0	0	7,830	
Jail Fees	1,933	0	0	0	0	0	0	1,933	
District Attorney General Fees	0	0	0	323	0	0	0	323	
DUI Treatment Fines	428	0	0	0	0	0	0	428	
Data Entry Fee - Circuit Court	431	0	0	0	0	0	0	431	
Victims Assistance Assessments	2,573	0	0	0	0	0	0	2,573	
<u>General Sessions Court</u>									
Fines	19,637	0	0	0	0	0	0	19,637	
Officers Costs	55,518	0	0	0	0	0	0	55,518	
Game and Fish Fines	392	0	0	0	0	0	0	392	
Drug Control Fines	3,626	0	3,493	0	0	0	0	7,119	
Jail Fees	9,234	0	0	0	0	0	0	9,234	
District Attorney General Fees	0	0	0	1,598	0	0	0	1,598	
Judicial Commissioner Fees	1,205	0	0	0	0	0	0	1,205	
DUI Treatment Fines	4,892	0	0	0	0	0	0	4,892	
Data Entry Fee - General Sessions Court	4,176	0	0	0	0	0	0	4,176	
Courtroom Security Fee	109	0	0	0	0	0	0	109	
Victims Assistance Assessments	1,894	0	0	0	0	0	0	1,894	
<u>Juvenile Court</u>									
Data Entry Fee - Juvenile Court	1,106	0	0	0	0	0	0	1,106	
Courtroom Security Fee	66	0	0	0	0	0	0	66	
<u>Chancery Court</u>									
Officers Costs	2,207	0	0	0	0	0	0	2,207	
Data Entry Fee - Chancery Court	1,898	0	0	0	0	0	0	1,898	
<u>Courts in Other District Counties</u>									
District Attorney General Fees	0	0	0	18,142	0	0	0	18,142	
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	8,214	0	0	0	0	8,214	

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund
	General	Solid Waste/ Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	\$ 1,396	\$ 0	\$ 1,085	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,481
Total Fines, Forfeitures, and Penalties	\$ 125,317	\$ 0	\$ 16,404	\$ 20,063	\$ 0	\$ 0	\$ 0	\$ 161,784
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Residential Waste Collection Charge	\$ 0	\$ 1,000,066	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,066
Solid Waste Disposal Fees	0	91	0	0	0	0	0	91
Other General Service Charges	1,424	0	0	0	0	0	0	1,424
<u>Fees</u>								
Copy Fees	145	0	0	0	0	0	0	145
Greenbelt Late Application Fee	300	0	0	0	0	0	0	300
Telephone Commissions	16,305	0	0	0	0	0	0	16,305
Vending Machine Collections	124	11	0	0	0	6	0	141
Constitutional Officers' Fees and Commissions	0	0	0	0	298,778	0	0	298,778
Data Processing Fee - Register	9,344	0	0	0	0	0	0	9,344
Data Processing Fee - Sheriff	5,814	0	0	0	0	0	0	5,814
Sexual Offender Registration Fees - Sheriff	3,150	0	0	0	0	0	0	3,150
<u>Education Charges</u>								
Tuition - Other	400	0	0	0	0	0	0	400
Contract for Instructional Services with Other LEAs	231,332	0	0	0	0	0	0	231,332
Total Charges for Current Services	\$ 268,338	\$ 1,000,168	\$ 0	\$ 298,778	\$ 6	\$ 0	\$ 0	\$ 1,567,290
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 114,138	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 114,138
Lease/Rentals	48,800	0	0	0	0	0	0	48,800
Sale of Materials and Supplies	0	0	0	0	896	0	0	896
Commissary Sales	21,011	0	0	0	0	0	0	21,011
Sale of Gasoline	98,224	0	0	0	0	0	0	98,224
Sale of Recycled Materials	0	86,678	0	0	0	0	0	86,678

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Other Local Revenues (Cont.)</u>									
<u>Recurring Items (Cont.)</u>									
Miscellaneous Refunds	\$ 31,033	\$ 1,167	\$ 0	\$ 358	\$ 0	\$ 113	\$ 0	\$ 0	\$ 32,671
<u>Nonrecurring Items</u>									
Gain on Disposal of Property	37,499	0	0	0	0	0	0	0	37,499
Sale of Equipment	15,150	0	0	0	0	8,851	0	0	24,001
Sale of Property	412	0	0	0	0	0	0	0	412
Contributions and Gifts	9,500	0	0	0	0	0	0	0	9,500
<u>Other Local Revenues</u>									
Other Local Revenues	77,610	0	0	0	0	0	0	0	77,610
Total Other Local Revenues	\$ 453,377	\$ 87,845	\$ 0	\$ 358	\$ 0	\$ 9,860	\$ 0	\$ 0	\$ 551,440
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 47,896	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,896
Clerk and Master	64,149	0	0	0	0	0	0	0	64,149
<u>Fees in-Lieu-of Salary</u>									
Circuit Court Clerk	43,820	0	0	0	0	0	0	0	43,820
General Sessions Court Clerk	164,765	0	0	0	0	0	0	0	164,765
Juvenile Court Clerk	30,131	0	0	0	0	0	0	0	30,131
Register	95,205	0	0	0	0	0	0	0	95,205
Sheriff	7,714	0	0	0	0	0	0	0	7,714
Trustee	304,327	0	0	0	0	0	0	0	304,327
Total Fees Received from County Officials	\$ 758,007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 758,007
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	8,846	0	0	0	0	0	0	0	8,846
Aging Programs	59,047	0	0	0	0	0	0	0	59,047
Alternative School Program	643,884	0	0	0	0	0	0	0	643,884
State Reappraisal Grant	9,109	0	0	0	0	0	0	0	9,109

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>									
<u>General Government Grants (Cont.)</u>									
Solid Waste Grants	\$ 0	\$ 22,775	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,775	
Public Safety Grants									
Law Enforcement Training Programs	12,600	0	0	0	0	0	0	12,600	
Health and Welfare Grants									
Health Department Programs	134,496	0	0	0	0	0	0	134,496	
Public Works Grants									
Bridge Program	0	0	0	0	0	266,189	0	266,189	
State Aid Program	0	0	0	0	0	223,876	0	223,876	
Litter Program	0	26,049	0	0	0	0	0	26,049	
Other State Revenues									
Income Tax	49,845	0	0	0	0	0	0	49,845	
Beer Tax	17,778	0	0	0	0	0	0	17,778	
Alcoholic Beverage Tax	57,057	0	0	0	0	0	0	57,057	
Mixed Drink Tax	2,316	0	0	0	0	0	0	2,316	
Contracted Prisoner Boarding	249,200	0	0	0	0	0	0	249,200	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,847,173	0	1,847,173	
Petroleum Special Tax	0	0	0	0	0	23,670	0	23,670	
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380	
Other State Grants	227,114	0	0	0	0	0	0	227,114	
Other State Revenues	3,334	0	0	0	0	0	0	3,334	
Total State of Tennessee	\$ 1,500,006	\$ 48,824	\$ 0	\$ 0	\$ 0	\$ 2,360,908	\$ 0	\$ 3,909,738	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 36,156	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,156	
Homeland Security Grants	23,890	0	0	0	0	0	0	23,890	
Other Federal through State	454,990	0	0	0	0	0	0	454,990	
Total Federal Government	\$ 515,036	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 515,036	

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund
	General	Solid Waste/ Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 6,797	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,797
Paving and Maintenance	0	0	0	0	0	1,395	0	1,395
<u>Citizens Groups</u>								
Donations	4,366	0	0	0	0	0	0	4,366
<u>Other</u>								
Other	26,536	0	0	0	0	0	0	26,536
Total Other Governments and Citizens Groups	\$ 37,699	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,395	\$ 0	\$ 39,094
Total	\$ 7,920,194	\$ 1,415,593	\$ 16,404	\$ 20,421	\$ 298,778	\$ 3,190,697	\$ 426,076	\$ 13,288,163

Exhibit K-6

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

	General Purpose School	School Transpor- tation	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 474,637	\$ 474,637
Trustee's Collections - Prior Year	0	13,689	13,689
Trustee's Collections - Bankruptcy	0	469	469
Circuit/Clerk & Master Collections - Prior Years	0	19,707	19,707
Interest and Penalty	0	3,260	3,260
Payments in-Lieu-of Taxes - Local Utilities	0	44,301	44,301
Payments in-Lieu-of Taxes - Other	0	13,464	13,464
<u>County Local Option Taxes</u>			
Local Option Sales Tax	66,308	0	66,308
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	72	0	72
Total Local Taxes	\$ 66,380	\$ 569,527	\$ 635,907
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 44	\$ 0	\$ 44
Total Licenses and Permits	\$ 44	\$ 0	\$ 44
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Lunch Payments - Children	\$ 923	\$ 0	\$ 923
Lunch Payments - Adults	2,394	0	2,394
Transportation - Other State Systems	41,450	0	41,450
Contract for Instructional Services with Other LEAs	565,085	0	565,085
<u>Other Charges for Services</u>			
Other Charges for Services	65,059	0	65,059
Total Charges for Current Services	\$ 674,911	\$ 0	\$ 674,911
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 22	\$ 0	\$ 22
Lease/Rentals	8,400	0	8,400
Sale of Materials and Supplies	494	375	869
Miscellaneous Refunds	21,519	462	21,981
<u>Nonrecurring Items</u>			
Damages Recovered from Individuals	28	102	130
Contributions and Gifts	4,225	0	4,225
Total Other Local Revenues	\$ 34,688	\$ 939	\$ 35,627
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 12,277	\$ 0	\$ 12,277
<u>State Education Funds</u>			
Basic Education Program	1,939,300	0	1,939,300
Basic Education Program - ARRA	700	0	700
School Food Service	135	0	135
Coordinated School Health - ARRA	94,999	0	94,999
Statewide Student Management System (SSMS) - ARRA	19	0	19

(Continued)

Exhibit K-6

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

	General Purpose School	School Transpor- tation	Total
<u>State of Tennessee (Cont.)</u>			
<u>State Education Funds (Cont.)</u>			
Career Ladder Program	\$ 17,105	\$ 0	\$ 17,105
Career Ladder - Extended Contract - ARRA	6,600	0	6,600
<u>Other State Revenues</u>			
Mixed Drink Tax	65	0	65
State Revenue Sharing - T.V.A.	0	740,683	740,683
Safe Schools - ARRA	700	0	700
Total State of Tennessee	<u>\$ 2,071,900</u>	<u>\$ 740,683</u>	<u>\$ 2,812,583</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 7,532	\$ 0	\$ 7,532
USDA Food Service Equipment Grant - ARRA	2,151	0	2,151
Adult Education State Grant Program	71,062	0	71,062
Other Federal through State	25,000	0	25,000
Total Federal Government	<u>\$ 105,745</u>	<u>\$ 0</u>	<u>\$ 105,745</u>
Total	<u>\$ 2,953,668</u>	<u>\$ 1,311,149</u>	<u>\$ 4,264,817</u>

Exhibit K-7

Carroll 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	\$	33,150	
Social Security		2,000	
State Retirement		8,998	
Employer Medicare		468	
Audit Services		8,843	
Consultants		1,250	
Dues and Memberships		3,284	
Legal Notices, Recording, and Court Costs		1,271	
Periodicals		589	
Other Charges		2,547	
Total County Commission			\$ 62,400

Board of Equalization

Board and Committee Members Fees	\$	757	
Data Processing Services		9,806	
Total Board of Equalization			10,563

Beer Board

Legal Notices, Recording, and Court Costs	\$	273	
Total Beer Board			273

Other Boards and Committees

Secretary(ies)	\$	43	
Board and Committee Members Fees		250	
Social Security		2	
State Retirement		3	
Employer Medicare		1	
Legal Notices, Recording, and Court Costs		138	
Total Other Boards and Committees			437

County Mayor/Executive

County Official/Administrative Officer	\$	71,322	
Assistant(s)		36,952	
Purchasing Personnel		10,000	
Secretary(ies)		27,187	
Part-time Personnel		8,664	
Social Security		9,369	
State Retirement		9,542	
Employee and Dependent Insurance		18,629	
Unemployment Compensation		448	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Employer Medicare	\$	1,746	
Communication		2,311	
Data Processing Services		5,158	
Dues and Memberships		1,500	
Maintenance Agreements		2,758	
Postal Charges		3,270	
Printing, Stationery, and Forms		1,072	
Travel		4,247	
Office Supplies		760	
Office Equipment		280	
Total County Mayor/Executive			\$ 215,215

County Attorney

Consultants	\$	3,000	
Legal Services		3,902	
Total County Attorney			6,902

Election Commission

County Official/Administrative Officer	\$	53,187	
Deputy(ies)		25,448	
Part-time Personnel		480	
Election Commission		1,400	
Election Workers		1,050	
Social Security		4,620	
State Retirement		5,159	
Employee and Dependent Insurance		5,366	
Unemployment Compensation		343	
Employer Medicare		1,106	
Communication		850	
Legal Notices, Recording, and Court Costs		840	
Maintenance Agreements		13,433	
Maintenance and Repair Services - Equipment		92	
Postal Charges		3,331	
Printing, Stationery, and Forms		1,647	
Travel		2,462	
Office Supplies		1,250	
Office Equipment		748	
Total Election Commission			122,812

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,635	
Part-time Personnel		3,957	
Social Security		6,822	
State Retirement		7,504	
Employee and Dependent Insurance		16,098	
Unemployment Compensation		536	
Employer Medicare		1,726	
Communication		2,297	
Data Processing Services		48,100	
Dues and Memberships		593	
Maintenance Agreements		2,977	
Postal Charges		724	
Travel		945	
Other Contracted Services		2,500	
Office Supplies		2,254	
Data Processing Equipment		3,944	
Office Equipment		1,345	
Total Register of Deeds			\$ 216,708

County Buildings

Custodial Personnel	\$	20,209
Maintenance Personnel		27,893
Part-time Personnel		1,597
Social Security		2,795
State Retirement		3,156
Employee and Dependent Insurance		15,212
Unemployment Compensation		342
Employer Medicare		654
Communication		899
Maintenance Agreements		4,968
Maintenance and Repair Services - Buildings		41,602
Maintenance and Repair Services - Equipment		4,260
Maintenance and Repair Services - Vehicles		629
Permits		350
Other Contracted Services		18,696
Custodial Supplies		6,072
Electricity		82,588
Gasoline		1,570
Natural Gas		16,605

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Utilities	\$	552	
Water and Sewer		6,212	
Other Supplies and Materials		589	
Building and Contents Insurance		45,193	
Liability Insurance		74,979	
Building Construction		1,698	
Building Improvements		133,048	
Data Processing Equipment		10,339	
Total County Buildings			\$ 522,707

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		78,083	
In-Service Training		340	
Social Security		7,149	
State Retirement		9,173	
Employee and Dependent Insurance		40,161	
Unemployment Compensation		477	
Employer Medicare		1,909	
Communication		1,181	
Contracts with Private Agencies		6,205	
Dues and Memberships		1,295	
Maintenance Agreements		2,270	
Postal Charges		900	
Travel		31	
Gasoline		579	
Office Supplies		1,539	
Office Equipment		768	
Total Property Assessor's Office			213,811

Reappraisal Program

Deputy(ies)	\$	16,109	
Data Processing Services		4,481	
Total Reappraisal Program			20,590

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,635	
Part-time Personnel		3,262	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Social Security	\$	6,451	
State Retirement		7,504	
Employee and Dependent Insurance		25,059	
Unemployment Compensation		370	
Employer Medicare		1,678	
Communication		603	
Data Processing Services		3,411	
Dues and Memberships		693	
Legal Notices, Recording, and Court Costs		188	
Maintenance Agreements		1,175	
Postal Charges		9,440	
Travel		173	
Office Supplies		1,695	
Office Equipment		1,880	
Total County Trustee's Office			\$ 177,968

County Clerk's Office

State Retirement	\$	10,806	
Employee and Dependent Insurance		20,714	
Communication		405	
Maintenance Agreements		350	
Office Supplies		1,674	
Total County Clerk's Office			33,949

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		145,265	
Board and Committee Members Fees		150	
Jury and Witness Fees		9,327	
Social Security		11,599	
State Retirement		13,580	
Employee and Dependent Insurance		39,362	
Unemployment Compensation		1,174	
Employer Medicare		2,854	
Communication		3,083	
Data Processing Services		25,514	
Dues and Memberships		683	
Legal Notices, Recording, and Court Costs		1,145	
Maintenance Agreements		5,903	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Postal Charges	\$	3,106	
Travel		1,475	
Office Supplies		8,554	
Other Charges		109	
Data Processing Equipment		3,031	
Office Equipment		6,981	
Total Circuit Court			\$ 344,646

General Sessions Judge

Judge(s)	\$	98,639	
Social Security		5,792	
State Retirement		6,471	
Employee and Dependent Insurance		10,648	
Employer Medicare		1,426	
Travel		1,453	
Total General Sessions Judge			124,429

Chancery Court

Deputy(ies)	\$	103,531	
Social Security		5,770	
State Retirement		10,842	
Employee and Dependent Insurance		41,066	
Unemployment Compensation		636	
Employer Medicare		1,349	
Communication		2,023	
Data Processing Services		6,670	
Dues and Memberships		563	
Maintenance Agreements		2,977	
Maintenance and Repair Services - Office Equipment		75	
Postal Charges		1,491	
Office Supplies		2,835	
Total Chancery Court			179,828

Juvenile Court

Supervisor/Director	\$	49,639	
Youth Service Officer(s)		35,250	
Guidance Personnel		34,000	
In-Service Training		85	
Social Security		6,818	
State Retirement		7,799	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Employee and Dependent Insurance	\$	31,974	
Unemployment Compensation		401	
Employer Medicare		1,594	
Communication		1,819	
Maintenance Agreements		350	
Postal Charges		360	
Travel		165	
Office Supplies		884	
Total Juvenile Court			\$ 171,138

Judicial Commissioners

Board and Committee Members Fees	\$	4,800	
Social Security		298	
Unemployment Compensation		36	
Employer Medicare		70	
Total Judicial Commissioners			5,204

Victims Assistance Programs

Remittance of Revenue Collected	\$	2,752	
Total Victims Assistance Programs			2,752

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		712,596	
Detective(s)		8,440	
Investigator(s)		116,021	
Salary Supplements		12,600	
Part-time Personnel		9,868	
Overtime Pay		40,938	
Other Salaries and Wages		16,920	
In-Service Training		16,070	
Social Security		57,481	
State Retirement		61,467	
Employee and Dependent Insurance		163,497	
Unemployment Compensation		4,747	
Employer Medicare		13,453	
Contracts with Other Public Agencies		3,150	
Dues and Memberships		400	
Maintenance Agreements		23,045	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Equipment	\$	3,197	
Maintenance and Repair Services - Vehicles		42,641	
Postal Charges		2,607	
Travel		6,295	
Electricity		10,747	
Gasoline		74,145	
Law Enforcement Supplies		3,655	
Natural Gas		1,405	
Office Supplies		7,512	
Uniforms		9,145	
Water and Sewer		1,225	
Other Supplies and Materials		1,181	
Data Processing Equipment		6,256	
Motor Vehicles		116,525	
Other Equipment		75,690	
Total Sheriff's Department			\$ 1,690,846

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	950	
Data Processing Supplies		56	
Data Processing Equipment		696	
Total Administration of the Sexual Offender Registry			1,702

Jail

Medical Personnel	\$	8,001	
Dispatchers/Radio Operators		172,083	
Guards		405,763	
Clerical Personnel		29,606	
Cafeteria Personnel		47,061	
Part-time Personnel		12,348	
Overtime Pay		24,662	
Social Security		40,208	
State Retirement		44,401	
Employee and Dependent Insurance		141,202	
Unemployment Compensation		5,067	
Employer Medicare		9,403	
Communication		16,198	
Maintenance Agreements		14,817	
Maintenance and Repair Services - Equipment		4,457	
Medical and Dental Services		92,114	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Custodial Supplies	\$	11,395	
Electricity		27,573	
Food Supplies		121,471	
Library Books/Media		1,871	
Natural Gas		12,661	
Prisoners Clothing		4,755	
Uniforms		3,466	
Water and Sewer		17,929	
Other Supplies and Materials		6,526	
Office Equipment		269	
Other Equipment		980	
Total Jail			\$ 1,276,287

Juvenile Services

Educational Assistants	\$	499,104
In-Service Training		450
Social Security		28,982
State Retirement		31,358
Employee and Dependent Insurance		90,877
Unemployment Compensation		3,182
Employer Medicare		6,778
Communication		2,166
Dues and Memberships		555
Licenses		930
Maintenance Agreements		3,687
Maintenance and Repair Services - Equipment		186
Maintenance and Repair Services - Vehicles		5,115
Medical and Dental Services		2,779
Postal Charges		182
Travel		84
Tuition		500
Other Contracted Services		17,459
Custodial Supplies		3,994
Food Supplies		20,989
Gasoline		22,722
Instructional Supplies and Materials		2,746
Office Supplies		5,180
Other Supplies and Materials		9,908
Building and Contents Insurance		1,390
Liability Insurance		12,372

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Other Charges	\$	13,350	
Motor Vehicles		44,192	
Other Equipment		216	
Total Juvenile Services			\$ 831,433

Fire Prevention and Control

Supervisor/Director	\$	33,234	
Other Salaries and Wages		14,154	
In-Service Training		1,280	
Social Security		2,769	
State Retirement		2,180	
Employee and Dependent Insurance		9,765	
Unemployment Compensation		371	
Employer Medicare		648	
Communication		1,756	
Dues and Memberships		171	
Maintenance and Repair Services - Equipment		5,603	
Maintenance and Repair Services - Vehicles		17,176	
Medical and Dental Services		137	
Postal Charges		13	
Travel		649	
Other Contracted Services		2,453	
Gasoline		12,322	
Office Supplies		767	
Other Supplies and Materials		1,299	
Liability Insurance		7,779	
Other Charges		2,775	
Communication Equipment		5,973	
Motor Vehicles		50,000	
Other Equipment		28,538	
Total Fire Prevention and Control			201,812

Civil Defense

Supervisor/Director	\$	34,694
In-Service Training		100
Social Security		2,110
State Retirement		2,276
Employee and Dependent Insurance		81
Unemployment Compensation		159
Employer Medicare		494

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Communication	\$	2,718	
Maintenance Agreements		2,270	
Maintenance and Repair Services - Equipment		1,087	
Maintenance and Repair Services - Vehicles		1,343	
Travel		263	
Gasoline		1,311	
Office Supplies		8,271	
Other Supplies and Materials		23,752	
Other Charges		7,669	
Total Civil Defense			\$ 88,598

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		6,834	
Transportation - Other than Students		425	
Travel		2,539	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			26,673

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	76,869	
Other Salaries and Wages		14,222	
Social Security		4,885	
State Retirement		4,707	
Employee and Dependent Insurance		34,876	
Unemployment Compensation		764	
Employer Medicare		1,138	
Communication		3,826	
Contracts with Government Agencies		25,066	
Dues and Memberships		200	
Janitorial Services		7,800	
Maintenance and Repair Services - Buildings		524	
Maintenance and Repair Services - Office Equipment		1,504	
Matching Share		1,873	
Travel		7,538	
Other Contracted Services		1,757	
Custodial Supplies		3,389	
Drugs and Medical Supplies		2,176	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Office Supplies	\$	4,554	
Utilities		9,973	
Other Charges		63,859	
Total Local Health Center			\$ 271,500

Rabies and Animal Control

Communication	\$	352	
Maintenance and Repair Services - Vehicles		309	
Pest Control		12,000	
Veterinary Services		3,494	
Animal Food and Supplies		197	
Gasoline		1,637	
Total Rabies and Animal Control			17,989

General Welfare Assistance

Contributions	\$	300	
Other Charges		1,100	
Total General Welfare Assistance			1,400

Other Local Welfare Services

Dues and Memberships	\$	10,906	
Total Other Local Welfare Services			10,906

Social, Cultural, and Recreational Services

Adult Activities

Maintenance Agreements	\$	469	
Maintenance and Repair Services - Vehicles		8	
Printing, Stationery, and Forms		279	
Travel		1,200	
Food Supplies		655	
Gasoline		1,038	
Office Supplies		266	
Other Supplies and Materials		970	
Total Adult Activities			4,885

Senior Citizens Assistance

Supervisor/Director	\$	25,512	
Social Workers		15,182	
Other Salaries and Wages		16,740	
Social Security		3,280	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

State Retirement	\$	2,670	
Employee and Dependent Insurance		10,343	
Unemployment Compensation		543	
Employer Medicare		767	
Communication		1,530	
Contracts with Other Public Agencies		3,900	
Licenses		810	
Maintenance Agreements		320	
Matching Share		2,075	
Printing, Stationery, and Forms		1,882	
Travel		978	
Food Supplies		485	
Gasoline		937	
Office Supplies		615	
Other Charges		498	
Total Senior Citizens Assistance			\$ 89,067

Libraries

Assistant(s)	\$	14,483	
Librarians		21,219	
Other Salaries and Wages		12,493	
Social Security		2,768	
State Retirement		2,342	
Employee and Dependent Insurance		10,648	
Unemployment Compensation		450	
Employer Medicare		647	
Communication		2,078	
Dues and Memberships		335	
Maintenance and Repair Services - Equipment		581	
Postal Charges		446	
Travel		220	
Library Books/Media		10,330	
Office Supplies		6,021	
Periodicals		400	
Office Equipment		4,600	
Total Libraries			90,061

Parks and Fair Boards

Supervisor/Director	\$	42,707	
Social Security		2,603	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

State Retirement	\$	2,802	
Employee and Dependent Insurance		9,846	
Unemployment Compensation		206	
Employer Medicare		609	
Communication		1,030	
Maintenance Agreements		1,457	
Maintenance and Repair Services - Buildings		4,487	
Maintenance and Repair Services - Equipment		211	
Remittance of Revenue Collected		4,564	
Permits		45	
Other Contracted Services		2,365	
Custodial Supplies		4,172	
Office Supplies		462	
Utilities		30,928	
Furniture and Fixtures		35	
Total Parks and Fair Boards			\$ 108,529

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	246,711	
Total Other Social, Cultural, and Recreational			246,711

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	34,092	
Secretary(ies)		5,897	
Other Fringe Benefits		9,350	
Communication		1,670	
Travel		800	
Office Equipment		219	
Total Agriculture Extension Service			52,028

Forest Service

Dues and Memberships	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	22,840	
Social Security		1,416	
State Retirement		1,498	
Unemployment Compensation		159	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Employer Medicare	\$ 331	
Total Soil Conservation		\$ 26,244

Flood Control

Dues and Memberships	\$ 8,250	
Total Flood Control		8,250

Other Operations

Industrial Development

Dues and Memberships	\$ 10,000	
Total Industrial Development		10,000

Other Economic and Community Development

Dues and Memberships	\$ 17,000	
Total Other Economic and Community Development		17,000

Airport

Supervisor/Director	\$ 31,843	
Part-time Personnel	11,698	
Social Security	2,514	
State Retirement	2,089	
Employee and Dependent Insurance	9,846	
Unemployment Compensation	319	
Employer Medicare	588	
Communication	2,544	
Maintenance and Repair Services - Buildings	4,537	
Maintenance and Repair Services - Equipment	2,827	
Postal Charges	99	
Travel	437	
Custodial Supplies	661	
Gasoline	79,859	
Office Supplies	371	
Utilities	14,089	
Liability Insurance	3,500	
Airport Improvement	860,509	
Other Equipment	78,748	
Total Airport		1,107,078

Veterans' Services

Supervisor/Director	\$ 21,687	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Social Security	\$	1,345	
State Retirement		1,423	
Unemployment Compensation		159	
Employer Medicare		314	
Communication		457	
Maintenance Agreements		350	
Postal Charges		176	
Travel		734	
Office Supplies		500	
Office Equipment		140	
Total Veterans' Services			\$ 27,285

Other Charges

Handling Charges and Administrative Costs	\$	120	
Contributions		4,000	
Rentals		4,000	
Library Books/Media		14,675	
Road Signs		3,499	
Medical Claims		239	
Premiums on Corporate Surety Bonds		750	
Trustee's Commission		79,562	
Workers' Compensation Insurance		86,883	
Liability Claims		21,243	
Total Other Charges			214,971

Contributions to Other Agencies

Contributions	\$	5,150	
Total Contributions to Other Agencies			5,150

Total General Fund \$ 8,860,737

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	25,448	
Social Security		1,492	
State Retirement		1,669	
Employee and Dependent Insurance		4,974	
Unemployment Compensation		122	
Employer Medicare		349	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Communication	\$	485	
Contracts with Private Agencies		955,890	
Legal Services		379	
Postal Charges		792	
Maintenance and Repair Services - Records		58,377	
Office Supplies		977	
Other Charges		1,630	
Office Equipment		60	
Total Waste Pickup			\$ 1,052,644

Recycling Center

Supervisor/Director	\$	48,355	
Clerical Personnel		25,448	
Other Salaries and Wages		153,405	
Social Security		12,989	
State Retirement		14,905	
Employee and Dependent Insurance		58,013	
Unemployment Compensation		1,272	
Employer Medicare		3,038	
Communication		1,044	
Contracts with Private Agencies		15,699	
Freight Expenses		6,420	
Maintenance and Repair Services - Buildings		2,067	
Maintenance and Repair Services - Equipment		1,214	
Maintenance and Repair Services - Vehicles		5,132	
Transportation - Other than Students		19,347	
Travel		157	
Brokerage Fees - Recyclables		56	
Custodial Supplies		192	
Gasoline		21,108	
Office Supplies		194	
Utilities		8,021	
Other Supplies and Materials		1,862	
Building and Contents Insurance		2,050	
Liability Insurance		12,000	
Trustee's Commission		15,670	
Other Charges		139	
Total Recycling Center			429,797

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways

Litter and Trash Collection

Truck Drivers	\$	12,827	
Social Security		795	
Employee and Dependent Insurance		2,334	
Unemployment Compensation		164	
Employer Medicare		186	
Contracts with Government Agencies		166	
Maintenance and Repair Services - Vehicles		2,790	
Gasoline		1,360	
Other Supplies and Materials		356	
Other Charges		8,629	
Total Litter and Trash Collection			\$ 29,607

Principal on Debt

General Government

Principal on Notes	\$	11,000	
Total General Government			11,000

Interest on Debt

General Government

Interest on Notes	\$	2,262	
Total General Government			2,262

Total Solid Waste/Sanitation Fund \$ 1,525,310

Drug Control Fund

Public Safety

Drug Enforcement

Bank Charges	\$	30	
Communication		807	
Confidential Drug Enforcement Payments		3,000	
Maintenance and Repair Services - Vehicles		2,128	
Travel		1,942	
Trustee's Commission		164	
Law Enforcement Equipment		1,291	
Special Education Equipment		2,673	
Other Equipment		25,467	
Total Drug Enforcement			\$ 37,502

Total Drug Control Fund 37,502

(Continued)

Exhibit K-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Jury and Witness Fees	\$	525	
Communication		1,295	
Maintenance and Repair Services - Equipment		90	
Postal Charges		13	
Travel		1,349	
Tuition		1,471	
Office Supplies		1,470	
Trustee's Commission		203	
Other Charges		6,226	
Total District Attorney General			\$ 12,642

Total District Attorney General Fund \$ 12,642

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	178,094	
Total County Clerk's Office			\$ 178,094

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	95,605	
Total Chancery Court			95,605

Total Constitutional Officers - Fees Fund 273,699

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	135,133	
Accountants/Bookkeepers		27,187	
Secretary(ies)		25,448	
Communication		4,844	
Contracts with Other Public Agencies		6,698	
Data Processing Services		5,800	
Dues and Memberships		3,021	
Evaluation and Testing		397	
Maintenance and Repair Services - Equipment		262	
Maintenance and Repair Services - Office Equipment		458	
Medical and Dental Services		18	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Postal Charges	\$	330	
Printing, Stationery, and Forms		125	
Travel		2,733	
Tuition		570	
Data Processing Supplies		812	
Drugs and Medical Supplies		471	
Electricity		5,267	
Natural Gas		2,307	
Office Supplies		486	
Utilities		911	
Water and Sewer		526	
Data Processing Equipment		203	
Total Administration			\$ 224,007

Highway and Bridge Maintenance

Equipment Operators	\$	277,771	
Truck Drivers		132,696	
Laborers		163,032	
Contracts with Private Agencies		58,170	
Engineering Services		11,792	
Asphalt - Liquid		42,290	
Crushed Stone		87,909	
Fertilizer, Lime, and Seed		107	
Ice		515	
Pipe - Metal		60,722	
Road Signs		11,237	
Wood Products		11,920	
Chemicals		1,319	
Other Supplies and Materials		8,804	
Total Highway and Bridge Maintenance			868,284

Operation and Maintenance of Equipment

Mechanic(s)	\$	128,668	
Maintenance and Repair Services - Equipment		9,905	
Maintenance and Repair Services - Vehicles		1,248	
Other Contracted Services		100	
Diesel Fuel		105,017	
Equipment and Machinery Parts		134,737	
Garage Supplies		4,422	
Gasoline		46,283	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	9,234	
Small Tools		30	
Tires and Tubes		28,509	
Other Supplies and Materials		344	
Other Charges		936	
Total Operation and Maintenance of Equipment			\$ 469,433

Other Charges

Liability Insurance	\$	25,000	
Trustee's Commission		30,060	
Workers' Compensation Insurance		56,631	
Total Other Charges			111,691

Employee Benefits

Social Security	\$	60,555	
State Retirement		58,228	
Medical Insurance		393,222	
Unemployment Compensation		11,610	
Total Employee Benefits			523,615

Capital Outlay

Bridge Construction	\$	311,422	
Communication Equipment		717	
Highway Construction		874,242	
Highway Equipment		41,440	
State Aid Projects		223,876	
Other Equipment		36,840	
Other Construction		4,421	
Other Capital Outlay		22,315	
Total Capital Outlay			1,515,273

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	61,866	
Total Highways and Streets			61,866

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	6,090	
Total Highways and Streets			6,090

Total Highway/Public Works Fund \$ 3,780,259

(Continued)

Exhibit K-7

Carroll 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 Notes	\$	151,130	
Principal on Capital Leases		66,137	
Principal on Other Loans		<u>72,000</u>	
Total General Government			\$ 289,267
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Notes	\$	3,642	
Interest on Capital Leases		3,374	
Interest on Other Loans		<u>18,475</u>	
Total General Government			25,491
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	<u>7,468</u>	
Total General Government			<u>7,468</u>
Total General Debt Service Fund			<u>\$ 322,226</u>
Total Governmental Funds - Primary Government			<u>\$ 14,812,375</u>

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Instructional Supplies and Materials	\$ 3,732	
Total Regular Instruction Program		\$ 3,732

Alternative Instruction Program

Teachers	\$ 33,931	
Educational Assistants	14,557	
Certified Substitute Teachers	165	
Non-certified Substitute Teachers	850	
Social Security	3,048	
State Retirement	3,133	
Medical Insurance	10,807	
Unemployment Compensation	110	
Employer Medicare	715	
Instructional Supplies and Materials	2,000	
Total Alternative Instruction Program		69,316

Special Education Program

Teachers	\$ 243,670	
Career Ladder Program	7,000	
Educational Assistants	97,526	
Other Salaries and Wages	357	
Certified Substitute Teachers	491	
Non-certified Substitute Teachers	2,495	
Social Security	20,954	
State Retirement	22,498	
Medical Insurance	24,139	
Unemployment Compensation	639	
Employer Medicare	4,900	
Maintenance and Repair Services - Equipment	560	
Travel	637	
Other Contracted Services	12,238	
Instructional Supplies and Materials	6,178	
Other Supplies and Materials	268	
Other Charges	397	
Special Education Equipment	12,977	
Total Special Education Program		457,924

Vocational Education Program

Teachers	\$ 330,694	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	2,000	
Career Ladder Extended Contracts		5,013	
Certified Substitute Teachers		440	
Non-certified Substitute Teachers		3,140	
Social Security		19,924	
State Retirement		21,806	
Medical Insurance		22,724	
Unemployment Compensation		479	
Employer Medicare		4,666	
Travel		353	
Instructional Supplies and Materials		21,916	
Textbooks		3,089	
Vocational Instruction Equipment		138,116	
Total Vocational Education Program	\$		574,360

Adult Education Program

Teachers	\$	12,268	
Other Salaries and Wages		10,835	
Social Security		672	
Unemployment Compensation		115	
Employer Medicare		335	
Maintenance and Repair Services - Equipment		68	
Instructional Supplies and Materials		222	
Total Adult Education Program			24,515

Support Services

Attendance

Clerical Personnel	\$	18,499	
Social Security		1,147	
State Retirement		1,214	
Unemployment Compensation		51	
Employer Medicare		268	
Travel		27	
Other Contracted Services		19	
In Service/Staff Development		808	
Total Attendance			22,033

Health Services

Medical Personnel	\$	14,187	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Salaries and Wages	\$	63,547	
Social Security		4,695	
State Retirement		4,262	
Unemployment Compensation		153	
Employer Medicare		1,098	
Communication		442	
Consultants		84	
Printing, Stationery, and Forms		2,166	
Travel		4,415	
Other Contracted Services		1,350	
Drugs and Medical Supplies		1,069	
Other Supplies and Materials		6,989	
Other Charges		119	
Health Equipment		13,354	
Total Health Services			\$ 117,930

Other Student Support

Secretary(ies)	\$	23,130	
Social Security		1,420	
State Retirement		1,517	
Medical Insurance		5,412	
Unemployment Compensation		51	
Employer Medicare		332	
Evaluation and Testing		3,655	
Operating Lease Payments		3,282	
Other Supplies and Materials		1,589	
Other Charges		679	
Total Other Student Support			41,067

Special Education Program

Supervisor/Director	\$	52,772
Career Ladder Program		3,000
Career Ladder Extended Contracts		4,000
Social Security		3,636
State Retirement		3,838
Medical Insurance		5,073
Unemployment Compensation		51
Employer Medicare		850
In Service/Staff Development		2,731

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Charges	\$ 80	
Total Special Education Program		\$ 76,031

Vocational Education Program

Secretary(ies)	\$ 23,130	
Other Salaries and Wages	715	
Social Security	1,437	
State Retirement	1,564	
Unemployment Compensation	51	
Employer Medicare	336	
Operating Lease Payments	5,400	
In Service/Staff Development	15,495	
Total Vocational Education Program		48,128

Adult Programs

Supervisor/Director	\$ 44,682	
Social Security	2,704	
State Retirement	2,869	
Unemployment Compensation	51	
Employer Medicare	632	
Communication	2,400	
Other Supplies and Materials	96	
In Service/Staff Development	372	
Total Adult Programs		53,806

Other Programs

On-Behalf Payments to OPEB	\$ 12,277	
Total Other Programs		12,277

Board of Education

Secretary to Board	\$ 14,115	
Board and Committee Members Fees	6,200	
Social Security	1,055	
State Retirement	906	
Unemployment Compensation	9	
Employer Medicare	247	
Other Fringe Benefits	275	
Audit Services	2,500	
Dues and Memberships	1,477	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Legal Services	\$	50	
Liability Insurance		45,716	
Trustee's Commission		4,493	
Workers' Compensation Insurance		45,470	
In Service/Staff Development		3,163	
Criminal Investigation of Applicants - TBI		754	
Other Charges		2,933	
Total Board of Education			\$ 129,363

Director of Schools

County Official/Administrative Officer	\$	68,336	
Career Ladder Program		1,000	
Social Security		3,310	
State Retirement		4,451	
Unemployment Compensation		42	
Employer Medicare		774	
Communication		4,007	
Dues and Memberships		1,149	
Postal Charges		2,697	
Other Supplies and Materials		467	
In Service/Staff Development		1,615	
Other Charges		62	
Administration Equipment		538	
Total Director of Schools			88,448

Office of the Principal

Principals	\$	63,300	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		351	
Social Security		3,577	
State Retirement		4,151	
Medical Insurance		7,092	
Unemployment Compensation		51	
Employer Medicare		837	
Communication		3,725	
Postal Charges		880	
Travel		244	
In Service/Staff Development		3,269	
Administration Equipment		538	
Total Office of the Principal			89,015

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	39,331	
Clerical Personnel		5,560	
Other Salaries and Wages		1,942	
Social Security		2,299	
State Retirement		3,072	
Medical Insurance		7,738	
Unemployment Compensation		60	
Employer Medicare		538	
Data Processing Services		5,388	
Travel		23	
Data Processing Supplies		1,771	
Office Supplies		3,226	
In Service/Staff Development		138	
Other Charges		39	
Administration Equipment		160	
Total Fiscal Services			\$ 71,285

Operation of Plant

Janitorial Services	\$	33,720	
Disposal Fees		2,511	
Other Contracted Services		866	
Custodial Supplies		8,878	
Electricity		53,889	
Natural Gas		22,286	
Water and Sewer		2,772	
Plant Operation Equipment		399	
Total Operation of Plant			125,321

Maintenance of Plant

Maintenance Personnel	\$	50,308	
Other Salaries and Wages		1,230	
Social Security		3,166	
State Retirement		3,305	
Medical Insurance		10,371	
Unemployment Compensation		111	
Employer Medicare		740	
Maintenance and Repair Services - Buildings		10,678	
Maintenance and Repair Services - Equipment		11,932	
Travel		353	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	2,137	
Other Supplies and Materials		4,013	
In Service/Staff Development		166	
Maintenance Equipment		5,350	
Total Maintenance of Plant			\$ 103,860

Transportation

Bus Drivers	\$	38,713	
Other Salaries and Wages		9,278	
Social Security		2,975	
State Retirement		2,876	
Unemployment Compensation		169	
Employer Medicare		696	
Communication		3,929	
Diesel Fuel		37,602	
Other Supplies and Materials		733	
Other Equipment		43,898	
Total Transportation			140,869

Central and Other

Other Salaries and Wages	\$	28,812	
Social Security		1,757	
State Retirement		1,890	
Medical Insurance		4,960	
Unemployment Compensation		51	
Employer Medicare		411	
Travel		206	
Other Contracted Services		23,295	
Other Supplies and Materials		4,734	
In Service/Staff Development		120	
Other Equipment		5,482	
Total Central and Other			71,718

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	11,739	
Social Security		728	
State Retirement		767	
Unemployment Compensation		51	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Employer Medicare	\$	170	
Maintenance and Repair Services - Equipment		135	
Food Supplies		7,989	
Other Supplies and Materials		853	
Other Charges		62	
Food Service Equipment		<u>3,655</u>	
Total Food Service	\$		26,149

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	<u>8,000</u>	
Total Regular Capital Outlay			<u>8,000</u>

Total General Purpose School Fund \$ 2,355,147

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	382	
Trustee's Commission		<u>18,094</u>	
Total Board of Education	\$		18,476

Transportation

Supervisor/Director	\$	37,193
Mechanic(s)		87,204
Bus Drivers		453,175
Clerical Personnel		26,795
Other Salaries and Wages		17,979
In-Service Training		1,071
Social Security		38,248
State Retirement		39,347
Medical Insurance		20,520
Unemployment Compensation		2,724
Employer Medicare		9,013
Laundry Service		5,462
Maintenance and Repair Services - Equipment		409
Medical and Dental Services		4,550
Travel		456
Other Contracted Services		2,390

(Continued)

Exhibit K-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Diesel Fuel	\$	164,724	
Garage Supplies		1,718	
Gasoline		3,907	
Lubricants		10,036	
Small Tools		1,330	
Tires and Tubes		20,745	
Vehicle Parts		76,985	
Gravel and Chert		696	
Other Supplies and Materials		1,321	
In Service/Staff Development		1,893	
Other Charges		5,034	
Total Transportation			\$ 1,034,925

Total School Transportation Fund \$ 1,053,401

Total Governmental Funds - Carroll County School Department \$ 3,408,548

Exhibit K-9

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

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 4,709	\$ 4,709
Circuit/Clerk & Master Collections - Prior Years	0	198,832	198,832
Local Option Sales Tax	2,197,941	2,292,928	4,490,869
Interstate Telecommunications Tax	0	2,360	2,360
City/School District Property Taxes:			
Current Property Tax	0	4,740,105	4,740,105
Prior Year's Property Tax	0	158,266	158,266
Interest and Penalty	0	33,620	33,620
Payments in-Lieu-of Taxes	0	247,977	247,977
Marriage Licenses	0	1,523	1,523
Mixed Drink Tax	0	2,203	2,203
Total Cash Receipts	<u>\$ 2,197,941</u>	<u>\$ 7,682,523</u>	<u>\$ 9,880,464</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,175,962	\$ 7,559,192	\$ 9,735,154
Trustee's Commission	21,979	126,169	148,148
Total Cash Disbursements	<u>\$ 2,197,941</u>	<u>\$ 7,685,361</u>	<u>\$ 9,883,302</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (2,838)	\$ (2,838)
Cash Balance, July 1, 2009	0	318,647	318,647
Cash Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 315,809</u>	<u>\$ 315,809</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 25, 2010

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

To the County Mayor 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 Carroll County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated October 25, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Carroll County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Carroll County Board of Public Utilities and Carroll County Indigent Care Board as described in our report on Carroll County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll 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 Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01 and 10.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.03, 10.04, 10.06, 10.07, and 10.10.

Compliance and Other Matters

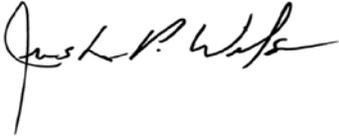
As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02, 10.05, and 10.08.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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 25, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Carroll 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. Carroll County's major federal program is 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 its major federal program is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll 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 Carroll 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 Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Carroll 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 Carroll 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 Carroll 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

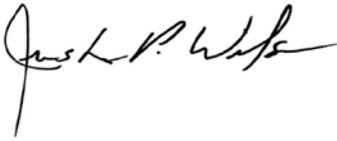
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 25, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Carroll County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Carroll 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.

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

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 939 (3)
Passed-through State Department of Education:			
National School Lunch Program	10.555	N/A	7,532 (3)
Child Nutrition Discretionary Grants, Limited Availability, Recovery Act	10.579	N/A	2,151
Total U.S. Department of Agriculture			<u>\$ 10,622</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2010-SB-B9-0079	\$ 4,990
Total U.S. Department of Justice			<u>\$ 4,990</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Youth Activities	17.259	10-11-001-017-98-00	\$ 25,000
Passed-through State Department of Labor and Workforce:			
WIA Dislocated Workers	17.260	Z-09-219702-00	2,968
Total U.S. Department of Labor			<u>\$ 27,968</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	DG-09-24192-00	\$ 450,000
Total U.S. Department of Transportation			<u>\$ 450,000</u>
U.S. Department of Education:			
Passed-through State Department Education:			
Adult Education - Basic Grants to States	84.002	Z-10-218492-00	\$ 53,550
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	700
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	102,318
Total U.S. Department of Education			<u>\$ 156,568</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 59,047
Total U.S. Department of Health and Human Services			<u>\$ 59,047</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 36,156
Homeland Security Grant Program	97.067	(2)	23,890
Total U.S. Department of Homeland Security			<u>\$ 60,046</u>
Total Expenditures of Federal Grants			<u>\$ 769,241</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	N/A	\$ 9,000
Airport Maintenance - State Department of Transportation	N/A	Z-10-220207-00	8,846
Juvenile Court Prevention Services - State Department of Children's Services	N/A	GG-10-28511-00	643,884
State Reappraisal Program - Comptroller of the Treasury	N/A	N/A	9,109
Solid Waste Grant - State Department of Environment and Conservation	N/A	Z-08-212954-02	22,775
Rural Local Health Services - State Department of Health	N/A	Z-10-219779-00	134,496
Litter Grant - State Department of Environment and Conservation	N/A	Z-10-220309-00	26,049
Airport Improvement - State Department of Transportation	N/A	Z-08-200778-00	227,114
Adult Education - State Department of Education	N/A	Z-10-218492-00	14,544
Total State Grants			<u>\$ 1,095,817</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) Total for CFDA No. 10.555 is \$8,471.

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

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

CARROLL COUNTY AND CARROLL COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	177	Carroll County and the Carroll County School Department do not have the resources to produce financial statements and notes to the financial statements

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	178	Government-wide financial statements did not include other postemployment benefits as required by generally accepted accounting principles

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.06	180	The Highway Department did not maintain a system to account for materials used on certain types of road projects

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.08	181	Duties were not segregated adequately in the Offices of Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

CARROLL COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Carroll County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Carroll 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 Airport Improvement Program (CFDA No. 20.106) was determined to be a major program.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carroll County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, highway commission, and register provided written responses on certain findings, all of which are paraphrased in this report.

CARROLL COUNTY AND CARROLL COUNTY SCHOOL DEPARTMENT

FINDING 10.01 **CARROLL COUNTY AND THE CARROLL COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Carroll County's and the Carroll County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Carroll County and the Carroll County School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

OFFICE OF COUNTY MAYOR

FINDING 10.02 **GOVERNMENT-WIDE FINANCIAL STATEMENTS DO NOT INCLUDE OTHER POSTEMPLOYMENT BENEFITS AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

(Noncompliance Under Government Auditing Standards)

Carroll County general government provides postemployment healthcare benefits through a commercial carrier that allows pre-65 age retirees to remain in the plan at the active employee rates. Carroll County did not obtain an actuarial valuation to determine the data necessary for the measurement, recognition, and display of other postemployment benefits (OPEB) necessary to prepare government-wide financial statements and note disclosures, as required by Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. The general government recognized only the current-year cost (expense) of these benefits on a pay-as-you go basis. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We believe the omission of this data is not material to the government-wide financial statements at June 30, 2010; however, in the future this omission will become material and will lead to a qualification of the auditor's report.

RECOMMENDATION

Carroll County should present government-wide financial statements and note disclosures in conformity with generally accepted accounting principles. The county should contract for a biennial actuarial valuation of the plan and provide the necessary information for the measurement, recognition, and display of OPEB.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Carroll County will confer with the insurance carrier to generate the proper report.

FINDING 10.03 **PREMIUMS PAID BY THE COUNTY FOR EMPLOYEE HEALTH INSURANCE EXCEEDED AUTHORIZED AMOUNTS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Resolutions approved by the County Commission authorized the county to pay 75 percent of the employees' health insurance premiums. However, our examination disclosed that in most instances, the county was paying more than the 75 percent that was authorized. This deficiency occurred because personnel did not verify the proper employee deduction amounts. The payroll clerk advised that the employee deduction amounts had been supplied by the insurance company.

RECOMMENDATION

The employee and employer contributions for health insurance should be made in compliance with county policy.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We are in the process of correcting this finding.

OFFICE OF HIGHWAY COMMISSION

FINDING 10.04 **THE OFFICE HAD PAYROLL RELATED ACCOUNTING DEFICIENCIES** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Our review of payroll revealed the following accounting deficiencies:

- A. Several employees of the Highway Department, including the payroll clerk, have amounts withheld from their payroll checks for remittance into their personal accounts at a local credit union. Between July 1, 2009, and February 28, 2010, the payroll clerk routinely made payments to the credit union in advance of deducting the funds from her payroll checks as well as from eight other employees. These advance payments resulted in the Highway/Public Works Fund's general ledger account for credit union deductions to be overdrawn in amounts ranging from \$500 to \$2,415 for two to three weeks until funds were properly withheld from the employees' payroll checks. These advance payments allowed the employees to have access to additional funds in their credit union accounts before earning and receiving their payroll checks. Also, in some instances, the supporting documentation for payments to the credit union was missing or had been altered so it would appear to be correct. This deficiency was the result of a lack of management oversight.
- B. General ledger payroll deduction accounts in the Highway/Public Works Fund were not reconciled with payroll reports and payments. Sound business practices dictate that these reconciliations be performed monthly. This deficiency is due to a lack of management oversight. The failure to regularly reconcile payroll deduction accounts allowed advance payments, as noted above, to remain undiscovered and uncorrected.
- C. Resolutions approved by the County Commission authorized the county to pay 75 percent of the employees' health insurance premiums. However, our examination disclosed that in most instances the department was paying more than the 75 percent that was authorized. This deficiency occurred because personnel did not verify the proper employee deduction amounts. The payroll clerk advised that the employee deduction amounts had been supplied by the insurance company.

- D. Payroll checks were not always issued in numerical sequence. As a result, it was difficult to determine when some checks were issued and whether all checks were accounted for properly. Sound business practices dictate that checks be issued in numerical sequence and that personnel account for all check numbers. The payroll clerk advised that she had opened and used some boxes of checks upside down, which resulted in the checks being issued out of sequence.
- E. Supervisors did not sign the employees' time cards as evidence of review and approval. Sound business practices dictate that payroll time cards should be properly reviewed and approved. This deficiency is due to a lack of management oversight. If supervisors do not review and approve time cards, it increases the risk that improper payments could result.

RECOMMENDATION

Payments for authorized employee payroll deductions should not be remitted in advance of funds being earned. Supporting documentation should be maintained for all disbursements. General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors should be corrected promptly. The employee and employer contributions for health insurance should be made in compliance with policies adopted by the County Commission. Checks should be issued in numerical sequence, and all check numbers should be accounted for properly. Supervisors should sign the employees' time cards as evidence of review and approval.

MANAGEMENT'S RESPONSE – HIGHWAY COMMISSIONERS

Corrections had already been implemented before these findings, and the accounts did balance at the end of each month. But to further assure that these errors are not made in the future, any deductions from payroll checks will be submitted weekly instead of two times a month. Payments used to be made only once per month, which did not allow employees access to their funds until a later date. Changing payroll deductions to twice a month made it better, but we still had issues when the department was closed for vacation or layoff. Therefore, any deductions made now will be paid weekly after employees have received their checks. These amounts will be reviewed by the accounting clerk as well as the supervisor. All payroll reports will be reconciled for discrepancies on any deducted accounts, including health, life, dental, or any other deductions. Health insurance rates have also been reviewed, and the correct amounts are being taken, depending on the plan each employee has. The payroll clerk is also verifying that all time cards are reviewed and signed by employees and their supervisors before checks are issued.

FINDING 10.05 THE OFFICE FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT (Noncompliance Under Government Auditing Standards)

On February 16, 2010, the office entered into a two-year lease-purchase agreement for a 2010 John Deere Standard Cab Tractor (\$41,440) without the prior approval of the County

Commission. Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by the County Commission. Additionally, the office did not file a Report on Debt Obligation with the state Comptroller's Office. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the county must provide to the state Comptroller's Office certain information, such as a description of the purchase/construction for which the debt was issued, and a description of the debt obligation.

RECOMMENDATION

Lease-purchase agreements should be approved by the County Commission, and the county should file a Report on Debt Obligation with the state Comptroller's Office within 45 days of the issuance of the debt.

MANAGEMENT'S RESPONSE – HIGHWAY COMMISSIONERS

This finding has been reviewed, and corrections have been recorded for future use.

FINDING 10.06 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Highway Department had a system to determine the use of materials, such as bridge lumber, culvert tiles, and rock, for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. This deficiency exists because management failed to correct the finding noted in prior audit reports. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

MANAGEMENT'S RESPONSE – HIGHWAY COMMISSIONERS

The Highway Department has an in-house system logging this information for department use. However, this system does not meet auditing standards. We are inquiring about an appropriate system.

**FINDING 10.07 SOME PURCHASE ORDERS WERE NOT ISSUED PROPERLY
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

Some purchase orders did not include a dollar amount or a description of the purchase until after the purchase was made. The dollar amounts and descriptions of items on purchase orders are necessary to quantify purchasing commitments and to identify the items purchased. Sound business practices dictate that purchase orders contain all appropriate information when issued. This deficiency exists due to a lack of management oversight. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval of the purchase.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should include dollar amounts and a description of the purchase.

OFFICE OF CLERK AND MASTER

**FINDING 10.08 THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS
(Noncompliance Under Government Auditing Standards)**

At June 30, 2010, the clerk and master had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, this trial balance did not reconcile with general ledger accounts by \$3,245. Therefore, we were unable to determine if the clerk and master had complied with provisions of the Unclaimed Property Act, Section 66-29-113, TCA. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to identify all funds placed on deposit with the court.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 10.09 **CARROLL COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**

(Internal Control – Material Weakness Under Government Auditing Standards)

Carroll County has a material audit finding that has been reported in its annual financial reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	Carroll County does not have the resources to produce financial statements and notes to the financial statements

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

RECOMMENDATION

Carroll County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Carroll County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Carroll County is receptive to establishing an Audit Committee.

FINDING 10.10

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF HIGHWAY COMMISSION; DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Highway Commission; Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices 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 in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increased the risk of unauthorized transactions. Also, 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.

MANAGEMENT'S RESPONSE – REGISTER

To segregate duties to the extent possible using available resources, the duties of the office have been divided among the three employees, one will complete the daily checkout sheet, one will compile the deposit, and one will physically take the deposit to the bank.

BEST PRACTICE

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

Carroll 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. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Carroll County. Therefore, 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.

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

There were no findings and questioned costs for federal awards.

CARROLL 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.