

ANNUAL FINANCIAL REPORT
HARTSVILLE/TROUSDALE
COUNTY GOVERNMENT, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



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COUNTY GOVERNMENT, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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

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Audit Highlights

Annual Financial Report
Hartsville/Trousdale County Government, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2010.

Results

Our report on Hartsville/Trousdale County Government is unqualified.

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

Findings and Best Practices

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

OFFICE OF COUNTY EXECUTIVE

- ◆ A revenue anticipation note was not issued in compliance with state statute.
- ◆ Certain activity of the public library was not audited, and the library was not subject to budgetary control of the County Commission.

OFFICE OF SUPERINTENDENT OF ROADS

- ◆ A formal purchase order system had not been established.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Payroll taxes were not deposited timely, resulting in the assessment of interest and penalties totaling \$5,557.
-

OTHER FINDING

- ◆ Duties were not segregated adequately in the Offices of County Executive, Superintendent of Roads, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
-

BEST PRACTICES

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

- Hartsville/Trousdale County Government should adopt a central system of accounting, budgeting, and purchasing.
- Hartsville/Trousdale County Government should establish an Audit Committee.

INTRODUCTORY SECTION

Hartsville/Trousdale County Government Officials

June 30, 2010

Officials

Tim Roberson, Interim County Executive
Charles Beasley, Superintendent of Roads
Clint Satterfield, Director of Schools
Kay Celsor, Trustee
Dewayne Byrd, Assessor of Property
Rita Crowder, County Clerk
Kim Taylor, Circuit and General Sessions Courts Clerk
Shelly Jones, Clerk and Master
Mary Holder, Register
Ray Russell, Sheriff

Hartsville/Trousdale County Government Commissioners

Tim Roberson, Interim County Executive, Chairman
Freddie Banks
Mark Beeler
Wayne Brown
Steve Burrow
William Fergusson
Richard Johnson
Mark Jones
Mike Keisling
Johnny Kerr
Phyllis Shoulders

James McDonald
Donald Moss
David Nollner
Chris Oldham
John Oliver
Carol Pruitt
Roy Skinner
Phillip Taylor
Robert Thurman

Water and Sewerage Board

Hattie McDonald, Chairman
Phyllis Shoulders
Dennis Oldham
Darrell Gross
Thomas Harper

Board of Education

Regina Waller, Chairman
James Crabtree
Denise Jackson
Randy Linville
Katie May Harper

Highway Commission

Tim Roberson, Interim County Executive, Chairman
Charles Beasley, Superintendent of Roads
James McCadden

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

February 3, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hartsville/Trousdale County Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hartsville/Trousdale County Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hartsville/Trousdale County Government Emergency Communications District, which represent 3.4 percent and 1.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hartsville/Trousdale County Government Emergency Communications District, is based on the report of 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 report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hartsville/Trousdale 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 February 3, 2011, on our consideration of Hartsville/Trousdale County Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Hartsville/Trousdale County Government has adopted the provisions of Governmental Accounting Standards Board Statement No. 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.

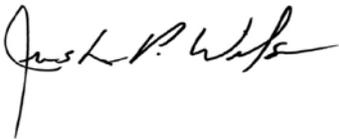
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 66 through 72 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 Hartsville/Trousdale County Government's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County School Department (a discretely presented component unit), and the miscellaneous schedules, 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.

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

BASIC FINANCIAL STATEMENTS

Exhibit A

Hartsville/Trousdale County Government, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hartsville/ Trousdale County School Department	Hartsville/ Trousdale County Emergency Communications District
ASSETS					
Cash	\$ 0	\$ 1,732,260	\$ 1,732,260	\$ 0	\$ 435,436
Equity in Pooled Cash and Investments	3,174,341	0	3,174,341	3,138,455	0
Accounts Receivable	245,868	131,311	377,179	8,978	2,009
Allowance for Uncollectibles	(112,188)	0	(112,188)	0	0
Due from Other Governments	394,872	61,301	456,173	210,024	0
Property Taxes Receivable	3,641,372	0	3,641,372	1,210,420	0
Allowance for Uncollectible Property Taxes	(218,311)	0	(218,311)	(77,122)	0
Internal Balances	12,477	(12,477)	0	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	959,554	322,043	1,281,597	629,383	0
Construction in Progress	0	1,031,743	1,031,743	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	1,310,835	15,919	1,326,754	11,967,944	0
Infrastructure	4,728,035	6,335,080	11,063,115	0	0
Other Capital Assets	920,394	49,677	970,071	469,923	185,823
Intangibles	0	0	0	45,968	0
Total Assets	\$ 15,057,249	\$ 9,666,857	\$ 24,724,106	\$ 17,603,973	\$ 623,268
LIABILITIES					
Accounts Payable	\$ 63,140	\$ 0	\$ 63,140	\$ 87,434	\$ 2,897
Accrued Payroll	46,971	0	46,971	6,173	0
Payroll Deductions Payable	199	2,310	2,509	158,203	0
Accrued Interest Payable	16,884	0	16,884	0	0
Contracts Payable	0	69,829	69,829	0	0
Due to State of Tennessee	968	4,518	5,486	1,262	0
Deferred Revenue - Current Property Taxes	3,220,772	0	3,220,772	1,070,914	0
Revenue Bonds Payable	0	4,728	4,728	0	0
Noncurrent Liabilities:					
Due Within One Year	808,099	31,708	839,807	0	0
Due in More Than One Year	7,858,091	334,851	8,192,942	70,215	0
Total Liabilities	\$ 12,015,124	\$ 447,944	\$ 12,463,068	\$ 1,394,201	\$ 2,897
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 7,035,777	\$ 8,460,275	\$ 15,496,052	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	13,113,218	185,823
Restricted for:					
Capital Projects	79,279	0	79,279	0	0
Debt Service	1,439,939	0	1,439,939	0	0
Urban Services	606,165	0	606,165	0	0
Highway/Public Works	283,000	0	283,000	0	0
Drug Control	29,560	0	29,560	0	0
District Attorney General	26,025	0	26,025	0	0
Alcohol and Drug Treatment	44,133	0	44,133	0	0
School Federal Projects	0	0	0	44,003	0
Basic Education Program	0	0	0	1,673,770	0
Other Purposes	90,017	0	90,017	81,797	0
Unrestricted	(6,591,770)	758,638	(5,833,132)	1,296,984	434,548
Total Net Assets	\$ 3,042,125	\$ 9,218,913	\$ 12,261,038	\$ 16,209,772	\$ 620,371

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

Exhibit B

Hartsville/Trousdale County Government, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Units	
	Program Revenues			Primary Government		Hartsville/	Hartsville/	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Trousdale County School Department	Trousdale County Emergency Communications District
Primary Government:								
Governmental Activities:								
General Government	\$ 760,534	\$ 90,799	\$ 20,475	\$ 372,883	\$ (276,377)	\$ 0	\$ 0	\$ 0
Finance	306,687	139,226	2,339	0	(165,122)	0	0	0
Administration of Justice	364,808	375,971	13,500	20,150	44,813	0	0	44,813
Public Safety	2,125,882	160,868	23,167	0	(1,941,847)	0	0	(1,941,847)
Public Health and Welfare	1,752,877	565,227	42,711	0	(1,144,939)	0	0	(1,144,939)
Social, Cultural, and Recreational Services	190,297	5,829	28,000	0	(156,468)	0	0	(156,468)
Agriculture and Natural Resources	49,649	0	0	0	(49,649)	0	0	(49,649)
Other Operations	224,232	0	0	0	(224,232)	0	0	(224,232)
Highways/Public Works	1,565,791	0	1,215,375	20,438	(329,978)	0	0	(329,978)
Education	0	0	0	245,000	245,000	0	0	245,000
Interest on Long-term Debt	73,672	0	0	0	(73,672)	0	0	(73,672)
Other Debt Service	57,404	0	0	0	(57,404)	0	0	(57,404)
Total Governmental Activities	\$ 7,471,833	\$ 1,337,920	\$ 1,345,567	\$ 658,471	\$ (4,129,875)	\$ 0	\$ (4,129,875)	\$ 0
Business-type Activities:								
Public Utility - Water and Sewer	\$ 1,822,192	\$ 1,380,269	\$ 0	\$ 491,014	\$ 0	\$ 49,091	\$ 0	\$ 49,091
Total Business-type Activities	\$ 1,822,192	\$ 1,380,269	\$ 0	\$ 491,014	\$ 0	\$ 49,091	\$ 0	\$ 49,091
Total Primary Government	\$ 9,294,025	\$ 2,718,189	\$ 1,345,567	\$ 1,149,485	\$ (4,129,875)	\$ 49,091	\$ (4,080,784)	\$ 0
Component Units:								
School Department	\$ 10,243,175	\$ 40,800	\$ 1,535,361	\$ 16,260	\$ 0	\$ 0	\$ (8,650,754)	\$ 0
Emergency Communications District	84,948	143,821	18,000	0	0	0	0	76,873
Total Component Units	\$ 10,328,123	\$ 184,621	\$ 1,553,361	\$ 16,260	\$ 0	\$ 0	\$ (8,650,754)	\$ 76,873

(Continued)

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			
	Program Revenues		Component Units	
	Charges for Services	Operating Grants and Contributions	Hartsville/Trousdale County School Department	Hartsville/Trousdale County Emergency Communications District
Expenses	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$ 2,484,578	\$ 2,484,578
Property Taxes Levied for Debt Service			409,849	409,849
Local Option Sales Taxes			590,505	590,505
Wheel Tax			310,737	310,737
Wholesale Beer Tax			140,716	140,716
Litigation Tax			130,248	130,248
Business Tax			22,268	22,268
Interstate Telecommunications Tax			588	588
Adequate Facilities/Development Tax			23,055	23,055
Grants and Contributions Not Restricted for Specific Programs			252,825	252,825
Unrestricted Investment Income			165,692	190,508
Miscellaneous			13,245	27,895
Transfers			(16,511)	0
Total General Revenues			\$ 4,527,795	\$ 4,583,772
Change in Net Assets			\$ 397,920	\$ 502,988
Prior-period Adjustments			100,192	(3,958,103)
Net Assets, July 1, 2009			2,544,013	13,071,948
				15,615,961
Net Assets, June 30, 2010			\$ 3,042,125	\$ 9,218,913
				\$ 12,261,038
			\$ 9,031,310	\$ 4,510
			\$ 380,556	\$ 81,383
			(54,551)	0
			15,883,767	538,988
			\$ 16,209,772	\$ 620,371

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

Hartsville/Trousdale County Government, Tennessee
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds				Nonmajor	Total
	General	Urban Services	Highway/ Public Works	Education Debt Service	Funds	
					Other	
				Governmental Funds	Governmental Funds	
Equity in Pooled Cash and Investments	\$ 615,860	\$ 616,246	\$ 164,197	\$ 1,209,456	\$ 568,582	\$ 3,174,341
Accounts Receivable	237,358	0	0	0	8,510	245,868
Allowance for Uncollectibles	(112,188)	0	0	0	0	(112,188)
Due from Other Governments	157,355	0	223,205	0	14,312	394,872
Due from Other Funds	0	12,477	0	0	0	12,477
Property Taxes Receivable	2,301,142	488,946	0	319,245	532,039	3,641,372
Allowance for Uncollectible Property Taxes	(146,622)	(17,447)	0	(20,346)	(33,896)	(218,311)
Total Assets	\$ 3,052,905	\$ 1,100,222	\$ 387,402	\$ 1,508,355	\$ 1,089,547	\$ 7,138,431

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	\$ 17,803	\$ 1,519	\$ 43,818	\$ 0	\$ 0	\$ 63,140
Accrued Payroll	0	0	46,971	0	0	46,971
Payroll Deductions Payable	199	0	0	0	0	199
Due to State of Tennessee	0	0	968	0	0	968
Deferred Revenue - Current Property Taxes	2,035,914	431,690	0	282,438	470,730	3,220,772
Deferred Revenue - Delinquent Property Taxes	110,695	37,309	0	15,363	25,584	188,951
Other Deferred Revenues	133,791	0	107,282	0	0	241,073
Total Liabilities	\$ 2,298,402	\$ 470,518	\$ 199,039	\$ 297,801	\$ 496,314	\$ 3,762,074

(Continued)

Hartsville/Trousdale County Government, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Highway / Public Works	Education Debt Service	Other			
					Governmental Funds	Governmental Funds		
<u>Fund Balances</u>								
Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,482	\$ 7,482	\$ 7,482	\$ 7,482
Reserved for Alcohol and Drug Treatment	44,133	0	0	0	0	0	44,133	44,133
Reserved for Sexual Offender Registration	3,501	0	0	0	0	0	3,501	3,501
Reserved for Courtroom Security	20,323	0	0	0	0	0	20,323	20,323
Reserved for Computer System - Register	14,146	0	0	0	0	0	14,146	14,146
Reserved for Automation Purposes - Circuit Court	14,786	0	0	0	0	0	14,786	14,786
Reserved for Automation Purposes - General Sessions Court	32,673	0	0	0	0	0	32,673	32,673
Reserved for Automation Purposes - Chancery Court	4,170	0	0	0	0	0	4,170	4,170
Reserved for Automation Purposes - County Clerk	418	0	0	0	0	0	418	418
Reserved for Capital Outlay	0	0	53,999	0	15,755	15,755	69,754	69,754
Unreserved, Reported In:								
General Fund	620,353	0	0	0	0	0	620,353	620,353
Special Revenue Funds	0	629,704	134,364	0	272,693	272,693	1,036,761	1,036,761
Debt Service Funds	0	0	0	1,210,554	218,024	218,024	1,428,578	1,428,578
Capital Projects Funds	0	0	0	0	79,279	79,279	79,279	79,279
Total Fund Balances	\$ 754,503	\$ 629,704	\$ 188,363	\$ 1,210,554	\$ 593,233	\$ 593,233	\$ 3,376,357	\$ 3,376,357
Total Liabilities and Fund Balances	\$ 3,052,905	\$ 1,100,222	\$ 387,402	\$ 1,508,355	\$ 1,089,547	\$ 1,089,547	\$ 7,138,431	\$ 7,138,431

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

Exhibit C-2

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 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)		\$ 3,376,357
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 959,554	
Add: buildings and improvements net of accumulated depreciation	1,310,835	
Add: infrastructure net of accumulated depreciation	4,728,035	
Add: other capital assets net of accumulated depreciation	<u>920,394</u>	7,918,818
(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	\$ (821,320)	
Less: other loans payable	(7,189,173)	
Less: capital leases payable	(61,721)	
Less: landfill closure/postclosure care costs	(384,695)	
Less: other postemployment benefits liability	(104,806)	
Less: compensated absences payable	(104,475)	
Less: accrued interest on notes	(13,593)	
Less: accrued interest on capital leases	<u>(3,291)</u>	(8,683,074)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>430,024</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 3,042,125</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Urban Services	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,783,711	\$ 473,675	\$ 0	\$ 593,847	\$ 459,292	\$ 4,310,525
Licenses and Permits	17,653	12,706	0	0	0	30,359
Fines, Forfeitures, and Penalties	104,438	0	0	0	33,681	138,119
Charges for Current Services	513,172	149,037	0	0	107,740	769,949
Other Local Revenues	184,277	0	2,572	19,147	23,881	229,877
Fees Received from County Officials	400,239	0	0	0	0	400,239
State of Tennessee	319,835	2,400	1,232,337	0	5,752	1,560,324
Federal Government	45,531	0	0	0	364,388	409,919
Other Governments and Citizens Groups	14,473	500	0	75,000	175,800	265,773
Total Revenues	\$ 4,383,329	\$ 638,318	\$ 1,234,909	\$ 687,994	\$ 1,170,534	\$ 8,115,084
<u>Expenditures</u>						
Current:						
General Government	\$ 545,447	\$ 0	\$ 0	\$ 0	\$ 0	\$ 545,447
Finance	306,070	0	0	0	0	306,070
Administration of Justice	313,763	0	0	0	30,942	344,705
Public Safety	1,829,791	335,662	0	0	6,505	2,171,958
Public Health and Welfare	1,248,131	164,949	0	0	359,698	1,772,778
Social, Cultural, and Recreational Services	175,850	1,100	0	0	0	176,950
Agriculture and Natural Resources	49,649	0	0	0	0	49,649
Other Operations	287,772	102,272	0	0	387,413	777,457
Highways	0	51,800	1,292,716	0	0	1,344,516
Debt Service:						
Principal on Debt	26,000	7,854	53,295	392,000	280,000	759,149
Interest on Debt	0	0	6,705	23,442	42,149	72,296
Other Debt Service	0	0	0	46,983	10,421	57,404
Capital Projects	0	0	0	0	10,319	10,319
Total Expenditures	\$ 4,782,473	\$ 663,637	\$ 1,352,716	\$ 462,425	\$ 1,127,447	\$ 8,388,698
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (399,144)	\$ (25,319)	\$ (117,807)	\$ 225,569	\$ 43,087	\$ (273,614)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 73,402	\$ 22,173	\$ 0	\$ 0	\$ 0	\$ 95,575
Insurance Recovery	16,910	5,862	2,926	0	0	25,698
Transfers Out	(16,511)	0	0	0	0	(16,511)
Total Other Financing Sources (Uses)	\$ 73,801	\$ 28,035	\$ 2,926	\$ 0	\$ 0	\$ 104,762
Net Change in Fund Balances						
Fund Balance, July 1, 2009	\$ (325,343)	\$ 2,716	\$ (114,881)	\$ 225,569	\$ 43,087	\$ (168,852)
Fund Balance, July 1, 2009	1,079,846	626,988	303,244	984,985	550,146	3,545,209
Fund Balance, June 30, 2010	\$ 754,503	\$ 629,704	\$ 188,363	\$ 1,210,554	\$ 593,233	\$ 3,376,357

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

Exhibit C-4

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ (168,852)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital outlays purchased in the current period	\$ 670,585	
Less: current year depreciation expense	<u>(463,968)</u>	206,617
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(584)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 430,024	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(658,260)</u>	(228,236)
(4) The issuance of long-term debt (e.g., notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: capital lease proceeds	\$ (95,575)	
Add: principal payments on notes	163,295	
Add: principal payments on other loans	562,000	
Add: principal payments on capital leases	<u>33,854</u>	663,574
(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.		
Change in accrued interest payable	\$ (1,376)	
Change in landfill closure/postclosure care costs	739	
Change in other postemployment benefits liability	(59,479)	
Change in compensated absences payable	<u>(14,483)</u>	(74,599)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 397,920</u>

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

Exhibit D-1

Hartsville/Trousdale County Government, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,732,260
Accounts Receivable (Net of Allowance for Uncollectibles)	131,311
Due from Other Governments	61,301
Total Current Assets	<u>\$ 1,924,872</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	\$ 322,043
Construction in Progress	1,031,743
Buildings and Improvements	15,919
Infrastructure	6,335,080
Other Capital Assets	49,677
Total Noncurrent Assets	<u>\$ 7,754,462</u>
Total Assets	<u>\$ 9,679,334</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 2,310
Compensated Absences Payable	31,708
Contracts Payable	69,829
Due to Other Funds	12,477
Due to State of Tennessee	4,518
Revenue Bonds Payable	4,728
Total Current Liabilities	<u>\$ 125,570</u>
Noncurrent Liabilities:	
Revenue Bonds Payable	\$ 324,110
Compensated Absences Payable	10,741
Total Noncurrent Liabilities	<u>\$ 334,851</u>
Total Liabilities	<u>\$ 460,421</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 8,460,275
Unrestricted	<u>758,638</u>
Total Net Assets	<u>\$ 9,218,913</u>

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

Exhibit D-2

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

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,380,269
Other Local Revenues	14,650
Other Government and Citizens Groups	40,780
Total Operating Revenues	<u>\$ 1,435,699</u>
<u>Operating Expenses</u>	
Other Public Health and Welfare	\$ 1,459,759
Depreciation	335,680
Total Operating Expenses	<u>\$ 1,795,439</u>
Operating Income (Loss)	<u>\$ (359,740)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 24,816
Loss on Disposal of Capital Assets	(8,270)
Grant Income	450,234
Interest Expense	(18,483)
Total Nonoperating Revenues (Expenses)	<u>\$ 448,297</u>
Income Before Transfers	\$ 88,557
Transfers	16,511
Change in Net Assets	\$ 105,068
Prior-period Adjustment	(3,958,103)
Net Assets, July 1, 2009	<u>13,071,948</u>
Nets Assets, June 30, 2010	<u><u>\$ 9,218,913</u></u>

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

Exhibit D-3

Hartsville/Trousdale County Government, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,443,719
Payments to Employees	(768,142)
Payments to Suppliers	(616,462)
Other Receipts (Payments)	14,650
Net Cash Provided By (Used In) Operating Activities	<u>\$ 73,765</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from Other Funds	\$ 16,511
Grants Received	450,234
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 466,745</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction of Capital Assets	\$ (658,456)
Principal Paid on Capital Debt	(178,775)
Interest Paid on Capital Debt	(18,483)
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ (855,714)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 24,816
Net Cash Provided By (Used In) Investing Activities	<u>\$ 24,816</u>
Net Increase (Decrease) in Cash	\$ (290,388)
Cash, July 1, 2009	2,022,648
Cash, June 30, 2010	<u><u>\$ 1,732,260</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (359,740)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	335,680
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	13,467
(Increase) Decrease in Due from Other Governments	9,203
Increase (Decrease) in Payroll Deductions Payable	155
Increase (Decrease) in Contracts Payable	69,829
Increase (Decrease) in Due to Other Funds	49
Increase (Decrease) in Due to State of Tennessee	444
Increase (Decrease) in Compensated Absences Payable	4,678
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 73,765</u></u>

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

Exhibit E

Hartsville/Trousdale County Government, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 410,803
Equity in Pooled Cash and Investments	822,209
Due from Other Governments	<u>13,000</u>
Total Assets	<u><u>\$ 1,246,012</u></u>
<u>LIABILITIES</u>	
Due to Litigants, Heirs, and Others	\$ 410,803
Due to Joint Venture	<u>835,209</u>
Total Liabilities	<u><u>\$ 1,246,012</u></u>

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

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following are the more significant accounting policies of the metropolitan government:

A. Reporting Entity

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

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

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

The Hartsville/Trousdale County Government Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Trousdale County, and the Metropolitan 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 Metropolitan Commission's approval.

The School Department does not issue separate financial statements from those of the metropolitan government. Therefore, basic financial statements

of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Hartsville/Trousdale County Government Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

The metropolitan government issues most debt for the discretely presented School Department. No debt issues were contributed by the primary government to the School Department during the year ended June 30, 2010.

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

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

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

Fund financial statements of the metropolitan government are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The metropolitan government 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. Fiduciary funds in total are reported in a single column.

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the consolidated government receives cash.

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

The metropolitan government reports the following major governmental funds:

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

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

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

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

The metropolitan government reports the following major enterprise fund:

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

Additionally, the metropolitan government reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and state grants and other restricted revenues held for the benefit of the Fifteenth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of

operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund type:

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the metropolitan government's own legally issued bonds or notes.

The metropolitan government trustee maintains a cash and internal investment pool that is used by all funds (excluding the Water and Sewer Fund) and the discretely presented School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. The metropolitan government and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

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

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

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

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

Most payables are disaggregated on the face of the financial statements. Current liabilities payable from restricted assets reflected in the proprietary fund represent deposits placed with the Water and Sewer Department by customers when service is initiated.

3. **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, infrastructure assets (e.g., roads, bridges, and similar items), and intangibles (e.g., computer software and similar items) and are reported in the governmental and the business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, infrastructure, and intangibles of the metropolitan government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7-40
Other Capital Assets	5-30
Infrastructure:	
Roads	20-40
Bridges	75
Water and Sewerage Lines	25
Intangibles	12

4. Compensated Absences

Primary Government

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

Discretely Presented School Department

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

5. Long-term Obligations

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

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

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

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.

As of June 30, 2010, the metropolitan government had \$7,189,173 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of the metropolitan government, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, the metropolitan government has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the primary government's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The discretely presented Hartsville/Trousdale County School Department reflected a designation for LEAP grant funds totaling \$23,263 in the General Purpose School Fund.

7. Prior-period Adjustments

Capital assets in the Water and Sewer Fund were restated \$3,958,103 from the prior year to properly reflect all capital assets.

The primary government's government-wide financial statements were restated \$100,192 from the prior year to correct errors and omitted capital assets in the Highway Department.

The discretely presented School Department's government-wide financial statements were restated \$54,551 due to the omission of the other postemployment benefits liability in the prior year.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented School Department

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

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

Primary Government

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

Discretely Presented School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of

the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Beer Board, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Metropolitan Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the Metropolitan Commission in several major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Other Local Health Services	\$ 550
Discretely Presented School Department:	
General Purpose School:	
Support Services - Fiscal Services	1,301
Operation of Non-Instructional Services - Food Service	11,515

Expenditures in excess of appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The metropolitan government (except for the Water and Sewer Fund) and the discretely presented School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the metropolitan government and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the

balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2010, the metropolitan government had the following investments carried at cost. All investments are in the trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for the metropolitan government and the discretely presented School Department since both pool their deposits and investments through the trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 277,728

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. The metropolitan government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The metropolitan government has no investment policy that would further limit its investment choices. As of June 30, 2010, the metropolitan government's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Primary Government

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

Governmental Activities:

	Restated Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 959,554	\$ 0	\$ 0	\$ 959,554
Total Capital Assets Not Depreciated	<u>\$ 959,554</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 959,554</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,564,361	\$ 445,187	\$ 0	\$ 2,009,548
Roads and Bridges	13,698,116	113,107	0	13,811,223
Other Capital Assets	2,853,626	112,291	(584)	2,965,333
Total Capital Assets Depreciated	<u>\$ 18,116,103</u>	<u>\$ 670,585</u>	<u>\$ (584)</u>	<u>\$ 18,786,104</u>

Governmental Activities: (Cont.)

	Restated			Balance
	Balance	Increases	Decreases	6-30-10
	7-1-09			
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 671,206	\$ 27,507	\$ 0	\$ 698,713
Roads and Bridges	8,825,920	257,268	0	9,083,188
Other Capital Assets	1,865,746	179,193	0	2,044,939
Total Accumulated Depreciation	<u>\$ 11,362,872</u>	<u>\$ 463,968</u>	<u>\$ 0</u>	<u>\$ 11,826,840</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,753,231</u>	<u>\$ 206,617</u>	<u>\$ (584)</u>	<u>\$ 6,959,264</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,712,785</u>	<u>\$ 206,617</u>	<u>\$ (584)</u>	<u>\$ 7,918,818</u>

Business-type Activities:

	Restated			Balance
	Balance	Increases	Decreases	6-30-10
	7-1-09			
Capital Assets Not Depreciated:				
Land	\$ 322,043	\$ 0	\$ 0	\$ 322,043
Construction in Progress	2,171,829	658,456	(1,798,542)	1,031,743
Total Capital Assets Not Depreciated	<u>\$ 2,493,872</u>	<u>\$ 658,456</u>	<u>\$ (1,798,542)</u>	<u>\$ 1,353,786</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,000	\$ 0	\$ 0	\$ 18,000
Roads and Bridges	11,737,111	1,798,542	(21,636)	13,514,017
Other Capital Assets	517,505	0	0	517,505
Total Capital Assets Depreciated	<u>\$ 12,272,616</u>	<u>\$ 1,798,542</u>	<u>\$ (21,636)</u>	<u>\$ 14,049,522</u>

Business-type Activities: (Cont.)

	Restated			Balance
	Balance			Balance
	7-1-09	Increases	Decreases	6-30-10
Less Accumulated				
Depreciation for:				
Buildings and				
Improvements	\$ 1,631	\$ 450	\$ 0	\$ 2,081
Roads and Bridges	6,871,565	320,738	(13,366)	7,178,937
Other Capital Assets	453,336	14,492	0	467,828
Total Accumulated				
Depreciation	<u>\$ 7,326,532</u>	<u>\$ 335,680</u>	<u>\$ (13,366)</u>	<u>\$ 7,648,846</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 4,946,084</u>	<u>\$ 1,462,862</u>	<u>\$ (8,270)</u>	<u>\$ 6,400,676</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 7,439,956</u>	<u>\$ 2,121,318</u>	<u>\$ (1,806,812)</u>	<u>\$ 7,754,462</u>

See note I.D.7. for explanation of restated balances for July 1, 2009.

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

Governmental Activities:

General Government	\$ 1,634
Public Safety	54,541
Public Health and Welfare	59,044
Social, Cultural, and Recreational Services	11,940
Highways/Public Works	<u>336,809</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 463,968</u>
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Business-type Activities:

Water and Sewer	<u>\$ 335,680</u>
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Discretely Presented School Department

Governmental Activities:

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 629,383	\$ 0	\$ 629,383
Total Capital Assets Not Depreciated	<u>\$ 629,383</u>	<u>\$ 0</u>	<u>\$ 629,383</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 18,318,693	\$ 190,000	\$ 18,508,693
Other Capital Assets	1,219,137	0	1,219,137
Intangibles	0	49,770	49,770
Total Capital Assets Depreciated	<u>\$ 19,537,830</u>	<u>\$ 239,770</u>	<u>\$ 19,777,600</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ 6,131,011	\$ 409,738	\$ 6,540,749
Other Capital Assets	680,823	68,391	749,214
Intangibles	0	3,802	3,802
Total Accumulated Depreciation	<u>\$ 6,811,834</u>	<u>\$ 481,931</u>	<u>\$ 7,293,765</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,725,996</u>	<u>\$ (242,161)</u>	<u>\$ 12,483,835</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,355,379</u>	<u>\$ (242,161)</u>	<u>\$ 13,113,218</u>

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

Governmental Activities:

Instruction	\$ 413,540
Support Services	<u>68,391</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 481,931</u>

C. Interfund Receivables and Payables

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Urban Services	Water and Sewer (enterprise fund)	\$ 12,477
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,236
Nonmajor governmental	General Purpose School	2,450

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

Interfund Transfers:

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

Primary Government

Transfer Out	Transfer In Water and Sewer (enterprise fund)
General Fund	\$ 16,511

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

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 16,000
Nonmajor governmental fund	3,307	0
	<u>\$ 3,307</u>	<u>\$ 16,000</u>

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

D. Capital Lease

On September 4, 2009, Hartsville/Trousdale County Government entered into a three-year lease-purchase agreement for patrol cars at the Sheriff's Department. The terms of the agreement require total lease payments of \$95,575 plus interest of 6.4 percent. Title to the equipment transfers to Hartsville/Trousdale County at the end of the lease period. The lease payments will be split between the General and the Urban Services funds.

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	\$ 33,854
2012	33,853
Total Minimum Lease Payments	\$ 67,707
Amount Representing Interest	(5,986)
Present Value of Minimum Lease Payments	<u>\$ 61,721</u>

E. Long-term Debt

Primary Government

General Obligation Notes and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to ten years for notes and up to 21 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. As of June 30, 2010, all capital outlay notes outstanding will be retired from the General Debt Service and Highway/Public Works funds, and other loans outstanding will be retired from the General Debt Service and Education Debt Service funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Outlay Notes	3.95 to 4.68 %	\$ 1,387,000	\$ 821,320
Other Loans	Variable	11,455,359	7,189,173

In prior years, the metropolitan government entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned the metropolitan government \$3,000,000 for the construction of a new middle school. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the government pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2010, the variable interest rate was .62 percent, and other fees totaled approximately .35 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. Fees on this loan also include a trustee fee of \$85 per month.

Also, in prior years, the metropolitan government entered into another loan agreement with the Montgomery County Public Building Authority. This agreement provided for the authority to issue variable rate bonds of \$8,500,000 and loan the proceeds to the metropolitan government on an as-needed basis for the construction of a new high school. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the government pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2010, the variable interest rate was .44 percent, and other fees totaled approximately .50 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. Fees on this loan also include a trustee fee of \$85 per month. As of June 30, 2010, the metropolitan government had borrowed \$8,455,359 of this loan.

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 169,469	\$ 34,360	\$ 203,829
2012	175,727	27,059	202,786
2013	326,124	19,853	345,977
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	\$ 821,320	\$ 91,168	\$ 912,488

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 584,922	\$ 33,551	\$ 41,676	\$ 660,149
2012	608,213	30,648	38,541	677,402
2013	632,890	27,626	35,282	695,798
2014	658,972	24,480	31,892	715,344
2015	685,477	21,201	28,364	735,042
2016-2020	2,863,340	61,425	144,700	3,069,465
2021-2022	1,155,359	7,152	50,024	1,212,535
Total	\$ 7,189,173	\$ 206,083	\$ 370,479	\$ 7,765,735

There is \$218,024 available in the General Debt Service Fund and \$1,210,554 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including notes, other loans, and capital leases totaled \$1,112, based on the 2000 federal census.

Changes in Long-term Liabilities

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

	Notes	Other Loans	Capital Leases
Balance, July 1, 2009	\$ 984,615	\$ 7,751,173	\$ 0
Additions	0	0	95,575
Deductions	(163,295)	(562,000)	(33,854)
Balance, June 30, 2010	\$ 821,320	\$ 7,189,173	\$ 61,721
Balance Due Within One Year	\$ 169,469	\$ 584,922	\$ 29,904

	Compensated Absences	Landfill Postclosure Care Cost	Other Postemployment Benefits
Balance, July 1, 2009	\$ 89,992	\$ 385,434	\$ 45,327
Additions	123,230	4,562	59,479
Deductions	(108,747)	(5,301)	0
Balance, June 30, 2010	\$ 104,475	\$ 384,695	\$ 104,806
Balance Due Within One Year	\$ 16,304	\$ 7,500	\$ 0

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

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

Type	Interest Rate		Original Amount of Issue	Balance 6-30-10
Revenue Bonds	4.25	% \$	350,000 \$	328,838

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 4,728	\$ 13,884	\$ 18,612
2012	4,933	13,679	18,612
2013	5,146	13,466	18,612
2014	5,369	13,243	18,612
2015	5,602	13,010	18,612
2016-2020	31,870	61,190	93,060
2021-2025	39,401	53,659	93,060
2026-2030	48,712	44,348	93,060
2031-2035	60,222	32,838	93,060
2036-2040	74,453	18,607	93,060
2041-2043	48,402	2,980	51,382
Total	\$ 328,838	\$ 280,904	\$ 609,742

Changes in Long-term Liabilities

Long-term liability activity for the Water and Sewer Fund (enterprise fund) for the year ended June 30, 2010, was as follows:

Business-type Activities:

	Bonds	Compensated Absences
Balance, July 1, 2009	\$ 507,613	\$ 37,771
Additions	0	36,727
Deductions	(178,775)	(32,049)
Balance, June 30, 2010	<u>\$ 328,838</u>	<u>\$ 42,449</u>
Balance Due Within One Year	<u>\$ 4,728</u>	<u>\$ 31,708</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 371,287
Less: Revenue Bonds Payable	(4,728)
Less: Balance Due Within One Year	<u>(31,708)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 334,851</u>

Discretely Presented School DepartmentChanges in Long-term Liabilities

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

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2009	\$ 0
Additions	85,130
Deductions	(69,466)
Prior-period Adjustment	<u>54,551</u>
Balance, June 30, 2010	<u>\$ 70,215</u>
Balance Due Within One Year	<u>\$ 0</u>
Total Noncurrent Liabilities, June 30, 2010	<u>\$ 70,215</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 70,215</u>

F. On-Behalf Payments – Discretely Presented School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$56,364 and \$4,349, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

The metropolitan government issued a revenue anticipation note in advance of collections and deposited the proceeds in the General Capital Projects Fund. This note was necessary because funds were not available for operations. Short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Revenue Anticipation Note	\$ 0	\$ 101,400	\$ (101,400)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

The metropolitan government decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers’ compensation coverage. The metropolitan government joined the Local Government Workers’ Compensation Fund (LWCF), which is a public entity risk pool established by the Tennessee County Services Association, an

association of member counties. The metropolitan government pays an annual premium to the LGWCF for its workers' compensation coverage. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

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

Discretely Presented School Department

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

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

B. Accounting Changes

Provisions for Governmental Accounting Standards Board (GASB) Statement of Governmental Accounting Standards No. 51, Accounting and Financial Reporting for Intangible Assets, and 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. The Hartsville/Trousdale County School Department had intangible assets; however, the Hartsville/Trousdale County Government had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Hartsville/Trousdale County Government 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 Hartsville/Trousdale County Government'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. Hartsville/Trousdale County had not participated in derivative transactions as June 30, 2010. However, it is reasonably expected that Hartsville/Trousdale County Government may enter into derivative transactions in subsequent years.

C. Subsequent Events

On August 23, 2010, the Metropolitan Commission authorized the issuance of \$2.5 million in qualified school construction bonds.

On August 23, 2010, the Metropolitan Commission authorized the Education Debt Service Fund to issue a \$400,000 tax anticipation interfund loan to the General Fund for temporary operating funds.

On August 31, 2010, Tim Roberson left the Office of County Executive and was succeeded by Jakie West.

D. Contingent Liabilities

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

E. Change in Administration

On June 21, 2010, Jerry Clift resigned from the Office of County Executive, and Tim Roberson was named Interim County Executive.

F. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Trousdale County closed its sanitary landfill in 1996. The \$384,695 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District, Jackson, Macon, Smith, Trousdale, and Wilson counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. The metropolitan government made no contributions to the DTF for the year ended June 30, 2010.

The metropolitan government does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Fifteenth Judicial District
104 Depot Street
Hartsville, TN 37074

H. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Primary Government

The metropolitan government requires employees to contribute five percent of their earnable compensation. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 7.83 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the metropolitan government is established and may be amended by the TCRS Board of Trustees.

Former City of Hartsville Employees

The metropolitan government requires employees to contribute five percent of their earnable compensation. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 22.24 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the metropolitan government is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

Primary Government

For the year ended June 30, 2010, the metropolitan government's annual pension cost of \$318,831 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The metropolitan government's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 14 years. An actuarial valuation was performed as of July 1, 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	\$318,831	100%	\$0
6-30-09	316,188	100	0
6-30-08	283,437	100	0

Former City of Hartsville Employees

For the year ended June 30, 2010, the metropolitan government's annual pension cost of \$181,842 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The metropolitan government's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 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	\$181,842	100%	\$0
6-30-09	177,484	100	0
6-30-08	142,966	100	0

Funded Status and Funding Progress

Primary Government

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.55 percent funded. The actuarial accrued liability for benefits was \$9.15 million, and the actuarial value of assets was \$7.46 million, resulting in

an unfunded actuarial accrued liability (UAAL) of \$1.69 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.09 million, and the ratio of the UAAL to the covered payroll was 41.33 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 TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

Former City of Hartsville Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.26 percent funded. The actuarial accrued liability for benefits was \$4.81 million, and the actuarial value of assets was \$3.91 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.79 million, and the ratio of the UAAL to the covered payroll was 113.58 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 TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

School Teachers

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$309,529, \$312,504, and \$300,647, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

The metropolitan government and school department participate in the state-administered Local Education Group Plan, Local Government Group Plan, and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees, Section 8-27-207, TCA, for local government employees, and Section 8-27-701, TCA, for medicare supplement employees. 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 plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
ARC	\$ 85,000	\$ 52,000	\$ 16,000
Interest on the NPO	2,455	0	2,040
Adjustment to the ARC	(2,325)	0	(1,932)
Annual OPEB cost	\$ 85,130	\$ 52,000	\$ 16,108
Amount of contribution	(69,466)	(7,279)	(1,350)
Increase/decrease in NPO	\$ 15,664	\$ 44,721	\$ 14,758
Net OPEB obligation, 7-1-09	0	0	45,327
Prior-period adjustment	54,551	0	0
Net OPEB obligation, 6-30-10	\$ 70,215	\$ 44,721	\$ 60,085

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group*	\$ 85,130	82	% \$ 70,215
6-30-10	Local Government Group*	52,000	14	44,721
6-30-08	Medicare Supplement	24,000	5.625	22,650
6-30-09	"	24,027	5.625	45,327
6-30-10	"	16,108	8.38	60,085

* Data will be presented for three years when available.

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-09	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 909,000	\$ 380,000	\$ 156,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 909,000	\$ 380,000	\$ 156,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 5,993,000	\$ 3,078,968	\$ N/A
UAAL as a % of covered payroll	15%	12%	N/A

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

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Group Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Group Plan was three percent for fiscal year 2010. The trend rate 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. The annual healthcare cost trend rate for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year

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

J. Termination Benefits

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

K. Purchasing Laws

Office of County Executive

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

Office of Superintendent of Roads

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

Office of Director of Schools

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

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

A. **Summary of Significant Accounting Policies**

1. **Reporting Entity**

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

2. **Basis of Accounting**

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

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

3. **Cash and Cash Equivalents**

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

4. **Supply Inventory**

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

5. Capital Assets

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

6. Estimates

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

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

B. Cash and Certificates of Deposit

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

C. Capital Assets

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

	Balance 7-1-09	Additions	Disposals	Balance 6-30-10
Equipment	\$ 280,320	\$ 5,966	\$ 0	\$ 286,286
	\$ 280,320	\$ 5,966	\$ 0	\$ 286,286
Less Accumulated Depreciation	<u>(71,605)</u>			<u>(100,463)</u>
Utility Plant - Net	<u>\$ 208,715</u>			<u>\$ 185,823</u>

D. Risk Management

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

E. Service Arrangement Contract and Economic Dependence

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

F. Related-party Transactions

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

G. Donated Services

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,783,711	\$ 2,747,975	\$ 2,747,975	\$ 35,736
Licenses and Permits	17,653	15,000	15,000	2,653
Fines, Forfeitures, and Penalties	104,438	103,500	114,238	(9,800)
Charges for Current Services	513,172	597,050	597,050	(83,878)
Other Local Revenues	184,277	496,500	500,257	(315,980)
Fees Received from County Officials	400,239	417,000	417,000	(16,761)
State of Tennessee	319,835	444,403	448,813	(128,978)
Federal Government	45,531	518,600	544,445	(498,914)
Other Governments and Citizens Groups	14,473	7,500	13,972	501
Total Revenues	<u>\$ 4,383,329</u>	<u>\$ 5,347,528</u>	<u>\$ 5,398,750</u>	<u>\$ (1,015,421)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 14,264	\$ 19,755	\$ 16,538	\$ 2,274
Beer Board	110	195	195	85
County Mayor/Executive	167,990	184,545	174,787	6,797
County Attorney	16,146	18,400	17,400	1,254
Election Commission	71,394	66,233	73,560	2,166
Register of Deeds	78,801	80,244	80,244	1,443
Planning	63,683	68,853	68,853	5,170
County Buildings	133,059	135,767	149,540	16,481
<u>Finance</u>				
Property Assessor's Office	105,923	105,388	106,864	941
County Trustee's Office	103,438	104,968	104,968	1,530
County Clerk's Office	96,709	102,490	102,490	5,781
<u>Administration of Justice</u>				
Circuit Court	145,308	148,837	148,935	3,627
General Sessions Court	75,795	76,837	76,837	1,042
Chancery Court	73,239	73,691	73,691	452
Judicial Commissioners	19,421	19,985	19,985	564
<u>Public Safety</u>				
Sheriff's Department	894,397	993,478	1,045,500	151,103
Drug Enforcement	47,065	50,366	50,366	3,301
Administration of the Sexual Offender Registry	4,356	1,600	5,600	1,244
Jail	719,701	756,497	756,497	36,796
Workhouse	67,127	69,241	71,352	4,225
Juvenile Services	29,065	25,501	36,239	7,174
Fire Prevention and Control	33,625	43,387	43,350	9,725
Civil Defense	20,498	25,050	25,050	4,552
Inspection and Regulation	167	6,685	429	262
County Coroner/Medical Examiner	13,790	8,000	15,310	1,520
<u>Public Health and Welfare</u>				
Local Health Center	27,516	31,549	31,549	4,033

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Ambulance/Emergency Medical Services	\$ 1,171,422	\$ 1,092,721	\$ 1,191,806	\$ 20,384
Alcohol and Drug Programs	0	3,016	3,016	3,016
Other Local Health Services	7,960	0	7,410	(550)
Sanitation Education/Information	29,233	29,237	29,237	4
Other Public Health and Welfare	12,000	12,000	12,000	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	36,795	35,596	37,448	653
Libraries	76,836	79,558	79,558	2,722
Parks and Fair Boards	62,219	80,599	80,599	18,380
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	37,837	39,099	39,099	1,262
Soil Conservation	11,812	11,812	11,812	0
<u>Other Operations</u>				
Other Economic and Community Development	0	500,000	500,000	500,000
Other Charges	237,317	458,599	461,754	224,437
Employee Benefits	11,542	10,500	11,882	340
ARRA Grant No. 1	0	0	2,695	2,695
ARRA Grant No. 6	20,150	0	20,150	0
Miscellaneous	18,763	19,545	18,765	2
<u>Principal on Debt</u>				
General Government	26,000	0	26,000	0
Total Expenditures	\$ 4,782,473	\$ 5,589,824	\$ 5,829,360	\$ 1,046,887
Excess (Deficiency) of Revenues Over Expenditures	\$ (399,144)	\$ (242,296)	\$ (430,610)	\$ 31,466
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 73,402	\$ 0	\$ 73,402	\$ 0
Insurance Recovery	16,910	0	7,000	9,910
Transfers Out	(16,511)	0	(16,511)	0
Total Other Financing Sources (Uses)	\$ 73,801	\$ 0	\$ 63,891	\$ 9,910
Net Change in Fund Balance	\$ (325,343)	\$ (242,296)	\$ (366,719)	\$ 41,376
Fund Balance, July 1, 2009	1,079,846	1,035,076	1,035,076	44,770
Fund Balance, June 30, 2010	\$ 754,503	\$ 792,780	\$ 668,357	\$ 86,146

Exhibit F-2

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Urban Services Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 473,675	\$ 522,091	\$ 522,091	\$ (48,416)
Licenses and Permits	12,706	11,050	11,050	1,656
Charges for Current Services	149,037	125,000	125,000	24,037
State of Tennessee	2,400	3,600	3,600	(1,200)
Other Governments and Citizens Groups	500	500	500	0
Total Revenues	\$ 638,318	\$ 662,241	\$ 662,241	\$ (23,923)
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 332,538	\$ 332,000	\$ 346,173	\$ 13,635
Fire Prevention and Control	3,124	4,300	4,300	1,176
<u>Public Health and Welfare</u>				
Rabies and Animal Control	15,223	12,000	17,861	2,638
Waste Pickup	149,726	161,990	161,990	12,264
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	1,100	2,500	2,500	1,400
<u>Other Operations</u>				
Other Charges	100,922	107,330	107,330	6,408
Employee Benefits	1,350	3,123	3,123	1,773
<u>Highways</u>				
Highway and Bridge Maintenance	51,800	51,800	51,800	0
<u>Principal on Debt</u>				
General Government	7,854	0	8,000	146
Total Expenditures	\$ 663,637	\$ 675,043	\$ 703,077	\$ 39,440
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,319)	\$ (12,802)	\$ (40,836)	\$ 15,517
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 22,173	\$ 0	\$ 22,173	\$ 0
Insurance Recovery	5,862	0	5,862	0
Total Other Financing Sources (Uses)	\$ 28,035	\$ 0	\$ 28,035	\$ 0
Net Change in Fund Balance	\$ 2,716	\$ (12,802)	\$ (12,801)	\$ 15,517
Fund Balance, July 1, 2009	626,988	629,125	629,125	(2,137)
Fund Balance, June 30, 2010	\$ 629,704	\$ 616,323	\$ 616,324	\$ 13,380

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,572	\$ 4,046	\$ 4,046	\$ (1,474)
State of Tennessee	1,232,337	1,383,388	1,383,388	(151,051)
Total Revenues	<u>\$ 1,234,909</u>	<u>\$ 1,387,434</u>	<u>\$ 1,387,434</u>	<u>\$ (152,525)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 126,949	\$ 133,687	\$ 130,132	\$ 3,183
Highway and Bridge Maintenance	771,417	716,749	796,035	24,618
Operation and Maintenance of Equipment	158,049	200,168	176,733	18,684
Other Charges	127,722	189,972	128,421	699
Employee Benefits	51,394	56,304	51,659	265
Capital Outlay	57,185	176,798	130,698	73,513
<u>Principal on Debt</u>				
Highways and Streets	53,295	0	53,295	0
<u>Interest on Debt</u>				
Highways and Streets	6,705	0	6,705	0
Total Expenditures	<u>\$ 1,352,716</u>	<u>\$ 1,473,678</u>	<u>\$ 1,473,678</u>	<u>\$ 120,962</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (117,807)</u>	<u>\$ (86,244)</u>	<u>\$ (86,244)</u>	<u>\$ (31,563)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,926	\$ 0	\$ 0	\$ 2,926
Total Other Financing Sources (Uses)	<u>\$ 2,926</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,926</u>
Net Change in Fund Balance	\$ (114,881)	\$ (86,244)	\$ (86,244)	\$ (28,637)
Fund Balance, July 1, 2009	303,244	176,096	176,096	127,148
Fund Balance, June 30, 2010	<u>\$ 188,363</u>	<u>\$ 89,852</u>	<u>\$ 89,852</u>	<u>\$ 98,511</u>

Exhibit F-4

Hartsville/Trousdale County Government, Tennessee
Schedule of Funding Progress – Pension Plans
Primary Government and Discretely Presented Hartsville/Trousdale
County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Primary Government	7-1-09	\$ 7,464	\$ 9,153	\$ 1,689	81.55 %	\$ 4,086	41.33 %
"	7-1-07	6,880	7,889	1,009	87.21	3,171	31.82
Former City of Hartsville	7-1-09	3,909	4,811	902	81.26	794	113.58
"	7-1-07	3,794	4,433	639	85.59	805	79.38

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

Exhibit F-5

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 380	\$ 380	0 %	\$ 3,079	12 %
Medicare Supplement	7-1-07	0	229	229	0	N/A	N/A
"	7-1-09	0	156	156	0	N/A	N/A
<u>DISCRETELY PRESENTED HARTSVILLE/TROUSDALE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	909	909	0	5,993	15

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

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

A. BUDGETARY INFORMATION

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Beer Board, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

General Fund expenditures exceeded appropriations approved by the County Commission in the Other Local Health Services major appropriation category (the legal level of control) by \$550. Expenditures in excess of appropriations are a violation of state statutes. Expenditures in excess of appropriations were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

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

Capital Projects Fund

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

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

Hartsville/Trousdale County Government, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds			Total	Debt Service Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General		General Debt Service	General Capital Projects	Fund		
							General	Projects	
Equity in Pooled Cash and Investments	\$ 230,692	\$ 29,560	\$ 26,025	\$ 286,277	\$ 217,338	\$ 64,967	\$ 568,582		
Accounts Receivable	8,510	0	0	8,510	0	0	8,510		
Due from Other Governments	0	0	0	0	0	14,312	14,312		
Property Taxes Receivable	332,529	0	0	332,529	199,510	0	532,039		
Allowance for Uncollectible Property Taxes	(21,187)	0	0	(21,187)	(12,709)	0	(33,896)		
Total Assets	\$ 550,544	\$ 29,560	\$ 26,025	\$ 606,129	\$ 404,139	\$ 79,279	\$ 1,089,547		

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes
Total Liabilities

Deferred Revenue - Current Property Taxes	\$ 294,206	\$ 0	\$ 0	\$ 294,206	\$ 176,524	\$ 0	\$ 470,730
Deferred Revenue - Delinquent Property Taxes	15,993	0	0	15,993	9,591	0	25,584
Total Liabilities	\$ 310,199	\$ 0	\$ 0	\$ 310,199	\$ 186,115	\$ 0	\$ 496,314

Fund Balances

Reserved for Purchase of Electronic Fingerprint Imaging System
Reserved for Capital Outlay
Unreserved
Total Fund Balances

Reserved for Purchase of Electronic Fingerprint Imaging System	\$ 0	\$ 7,482	\$ 0	\$ 7,482	\$ 0	\$ 0	\$ 7,482
Reserved for Capital Outlay	15,755	0	0	15,755	0	0	15,755
Unreserved	224,590	22,078	26,025	272,693	218,024	79,279	569,996
Total Fund Balances	\$ 240,345	\$ 29,560	\$ 26,025	\$ 295,930	\$ 218,024	\$ 79,279	\$ 593,233

Total Liabilities and Fund Balances

Total Liabilities and Fund Balances	\$ 550,544	\$ 29,560	\$ 26,025	\$ 606,129	\$ 404,139	\$ 79,279	\$ 1,089,547
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Exhibit G-2

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

	Special Revenue Funds						Total	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District		General	Total				
			Attorney General							
<u>Revenues</u>										
Local Taxes	\$ 270,950	\$ 0	\$ 0	\$ 0	\$ 270,950	\$ 188,342	\$ 0	\$ 0	\$ 459,292	
Fines, Forfeitures, and Penalties	0	3,527		29,263	32,790	891	0	0	33,681	
Charges for Current Services	107,740	0	0	0	107,740	0	0	0	107,740	
Other Local Revenues	13,916	0	1,299	0	15,215	8,666	0	0	23,881	
State of Tennessee	5,752	0	0	0	5,752	0	0	0	5,752	
Federal Government	0	0	0	0	0	0	364,388	0	364,388	
Other Governments and Citizens Groups	0	0	0	0	0	170,000	5,800	0	175,800	
Total Revenues	\$ 398,358	\$ 3,527	\$ 30,562	\$ 432,447	\$ 367,899	\$ 370,188	\$ 5,800	\$ 1,170,534		
<u>Expenditures</u>										
Current:										
Administration of Justice	\$ 0	\$ 0	\$ 30,942	\$ 30,942	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,942	
Public Safety	0	6,505	0	6,505	0	0	0	0	6,505	
Public Health and Welfare	359,698	0	0	359,698	0	0	0	0	359,698	
Other Operations	14,360	0	0	14,360	0	0	373,053	0	387,413	
Debt Service:										
Principal on Debt	0	0	0	0	0	280,000	0	0	280,000	
Interest on Debt	0	0	0	0	0	42,149	0	0	42,149	
Other Debt Service	0	0	0	0	0	10,421	0	0	10,421	
Capital Projects	0	0	0	0	0	0	10,319	0	10,319	
Total Expenditures	\$ 374,058	\$ 6,505	\$ 30,942	\$ 411,505	\$ 332,570	\$ 383,372	\$ 1,127,447			
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,300	\$ (2,978)	\$ (380)	\$ 20,942	\$ 35,329	\$ (13,184)	\$ 43,087			
Net Change in Fund Balances	\$ 24,300	\$ (2,978)	\$ (380)	\$ 20,942	\$ 35,329	\$ (13,184)	\$ 43,087			
Fund Balance, July 1, 2009	216,045	32,538	26,405	274,988	182,695	92,463	550,146			
Fund Balance, June 30, 2010	\$ 240,345	\$ 29,560	\$ 26,025	\$ 295,930	\$ 218,024	\$ 79,279	\$ 593,233			

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 270,950	\$ 273,375	\$ 273,375	\$ (2,425)
Charges for Current Services	107,740	105,000	105,000	2,740
Other Local Revenues	13,916	12,000	12,000	1,916
State of Tennessee	5,752	6,500	6,500	(748)
Total Revenues	\$ 398,358	\$ 396,875	\$ 396,875	\$ 1,483
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 200,252	\$ 240,339	\$ 232,839	\$ 32,587
Other Waste Disposal	154,145	147,200	154,700	555
Postclosure Care Costs	5,301	7,500	7,500	2,199
<u>Other Operations</u>				
Other Charges	14,360	14,360	14,360	0
Total Expenditures	\$ 374,058	\$ 409,399	\$ 409,399	\$ 35,341
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,300	\$ (12,524)	\$ (12,524)	\$ 36,824
Net Change in Fund Balance	\$ 24,300	\$ (12,524)	\$ (12,524)	\$ 36,824
Fund Balance, July 1, 2009	216,045	243,949	243,949	(27,904)
Fund Balance, June 30, 2010	\$ 240,345	\$ 231,425	\$ 231,425	\$ 8,920

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 3,527	\$ 8,800	\$ 8,800	\$ (5,273)
Total Revenues	\$ 3,527	\$ 8,800	\$ 8,800	\$ (5,273)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,505	\$ 32,196	\$ 32,196	\$ 25,691
Total Expenditures	\$ 6,505	\$ 32,196	\$ 32,196	\$ 25,691
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,978)	\$ (23,396)	\$ (23,396)	\$ 20,418
Net Change in Fund Balance	\$ (2,978)	\$ (23,396)	\$ (23,396)	\$ 20,418
Fund Balance, July 1, 2009	32,538	32,537	32,537	1
Fund Balance, June 30, 2010	\$ 29,560	\$ 9,141	\$ 9,141	\$ 20,419

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 188,342	\$ 172,675	\$ 172,675	\$ 15,667
Fines, Forfeitures, and Penalties	891	0	0	891
Other Local Revenues	8,666	0	0	8,666
Other Governments and Citizens Groups	170,000	170,000	170,000	0
Total Revenues	<u>\$ 367,899</u>	<u>\$ 342,675</u>	<u>\$ 342,675</u>	<u>\$ 25,224</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 110,000	\$ 110,000	\$ 110,000	\$ 0
Education	170,000	170,000	170,000	0
<u>Interest on Debt</u>				
General Government	34,689	34,689	34,690	1
Education	7,460	63,837	56,921	49,461
<u>Other Debt Service</u>				
General Government	3,505	4,000	4,000	495
Education	6,916	1,000	7,915	999
Total Expenditures	<u>\$ 332,570</u>	<u>\$ 383,526</u>	<u>\$ 383,526</u>	<u>\$ 50,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 35,329</u>	<u>\$ (40,851)</u>	<u>\$ (40,851)</u>	<u>\$ 76,180</u>
Net Change in Fund Balance	\$ 35,329	\$ (40,851)	\$ (40,851)	\$ 76,180
Fund Balance, July 1, 2009	182,695	180,471	180,471	2,224
Fund Balance, June 30, 2010	<u>\$ 218,024</u>	<u>\$ 139,620</u>	<u>\$ 139,620</u>	<u>\$ 78,404</u>

Major Governmental Fund

Education Debt Service Fund

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

Exhibit H

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 593,847	\$ 599,810	\$ 599,810	\$ (5,963)
Other Local Revenues	19,147	30,000	30,000	(10,853)
Other Governments and Citizens Groups	75,000	75,000	75,000	0
Total Revenues	<u>\$ 687,994</u>	<u>\$ 704,810</u>	<u>\$ 704,810</u>	<u>\$ (16,816)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 392,000	\$ 392,000	\$ 392,000	\$ 0
<u>Interest on Debt</u>				
Education	23,442	321,300	283,035	259,593
<u>Other Debt Service</u>				
Education	46,983	10,000	48,265	1,282
Total Expenditures	<u>\$ 462,425</u>	<u>\$ 723,300</u>	<u>\$ 723,300</u>	<u>\$ 260,875</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 225,569</u>	<u>\$ (18,490)</u>	<u>\$ (18,490)</u>	<u>\$ 244,059</u>
Net Change in Fund Balance	\$ 225,569	\$ (18,490)	\$ (18,490)	\$ 244,059
Fund Balance, July 1, 2009	<u>984,985</u>	<u>984,908</u>	<u>984,908</u>	<u>77</u>
Fund Balance, June 30, 2010	<u>\$ 1,210,554</u>	<u>\$ 966,418</u>	<u>\$ 966,418</u>	<u>\$ 244,136</u>

Fiduciary Funds

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

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

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

Exhibit I-1

Hartsville/Trousdale County Government, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>		
	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>			
Cash	\$ 410,803	\$ 0	\$ 410,803
Equity in Pooled Cash and Investments	0	822,209	822,209
Due from Other Governments	0	13,000	13,000
Total Assets	\$ 410,803	\$ 835,209	\$ 1,246,012
<u>LIABILITIES</u>			
Due to Litigants, Heirs, and Others	\$ 410,803	\$ 0	\$ 410,803
Due to Joint Venture	0	835,209	835,209
Total Liabilities	\$ 410,803	\$ 835,209	\$ 1,246,012

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 354,403	\$ 3,520,754	\$ 3,464,354	\$ 410,803
Total Assets	\$ 354,403	\$ 3,520,754	\$ 3,464,354	\$ 410,803
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 354,403	\$ 3,520,754	\$ 3,464,354	\$ 410,803
Total Liabilities	\$ 354,403	\$ 3,520,754	\$ 3,464,354	\$ 410,803
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 925,601	\$ 262,402	\$ 365,794	\$ 822,209
Due from Other Governments	13,000	0	0	13,000
Total Assets	\$ 938,601	\$ 262,402	\$ 365,794	\$ 835,209
<u>Liabilities</u>				
Due to Joint Venture	\$ 938,601	\$ 262,402	\$ 365,794	\$ 835,209
Total Liabilities	\$ 938,601	\$ 262,402	\$ 365,794	\$ 835,209
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 354,403	\$ 3,520,754	\$ 3,464,354	\$ 410,803
Equity in Pooled Cash and Investments	925,601	262,402	365,794	822,209
Due from Other Governments	13,000	0	0	13,000
Total Assets	\$ 1,293,004	\$ 3,783,156	\$ 3,830,148	\$ 1,246,012
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 354,403	\$ 3,520,754	\$ 3,464,354	\$ 410,803
Due to Joint Venture	938,601	262,402	365,794	835,209
Total Liabilities	\$ 1,293,004	\$ 3,783,156	\$ 3,830,148	\$ 1,246,012

Hartsville/Trousdale County School Department

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

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

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

Exhibit J-1

Hartsville/Trousdale County Government, Tennessee
Statement of Activities
Discretely Presented Hartsville/Trousdale 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	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,189,804	\$ 36,243	\$ 951,900	\$ 7,500	\$ (5,194,161)
Support Services	3,128,066	4,557	209,809	8,760	(2,904,940)
Operation of Non-Instructional Services	680,305	0	373,652	0	(306,653)
Other Debt Service	245,000	0	0	0	(245,000)
Total Governmental Activities	\$ 10,243,175	\$ 40,800	\$ 1,535,361	\$ 16,260	\$ (8,650,754)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 956,310
Local Option Sales Taxes					480,688
Business Tax					8,842
Interstate Telecommunications Tax					681
Grants and Contributions Not Restricted to Specific Programs					7,525,973
Miscellaneous					58,816
Total General Revenues					\$ 9,031,310
Change in Net Assets					\$ 380,556
Prior-period Adjustment					(54,551)
Net Assets, July 1, 2009					15,883,767
Net Assets, June 30, 2010					\$ 16,209,772

Exhibit J-2

Hartsville/Trousdale County Government, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hartsville/Trousdale County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Fund</u>	<u>Govern-</u>
	<u>Purpose</u>	<u>School</u>	<u>mental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,073,130	\$ 65,325	\$ 3,138,455
Accounts Receivable	8,493	485	8,978
Due from Other Governments	210,024	0	210,024
Due from Other Funds	1,236	2,450	3,686
Property Taxes Receivable	1,210,420	0	1,210,420
Allowance for Uncollectible Property Taxes	(77,122)	0	(77,122)
Total Assets	<u>\$ 4,426,181</u>	<u>\$ 68,260</u>	<u>\$ 4,494,441</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 82,219	\$ 5,215	\$ 87,434
Accrued Payroll	6,173	0	6,173
Payroll Deductions Payable	140,397	17,806	158,203
Due to Other Funds	2,450	1,236	3,686
Due to State of Tennessee	1,262	0	1,262
Deferred Revenue - Current Property Taxes	1,070,914	0	1,070,914
Deferred Revenue - Delinquent Property Taxes	58,223	0	58,223
Other Deferred Revenues	39,632	0	39,632
Total Liabilities	<u>\$ 1,401,270</u>	<u>\$ 24,257</u>	<u>\$ 1,425,527</u>
<u>Fund Balances</u>			
Reserved for Career Ladder - Extended Contract	\$ 38,171	\$ 0	\$ 38,171
Reserved for Career Ladder Program	8,898	0	8,898
Reserved for Basic Education Program	1,673,770	0	1,673,770
Other State Education Reserves	34,728	0	34,728
Reserved for Title I Grants to Local Education Agencies	0	8,620	8,620
Reserved for Special Education - Grants to States	0	19,870	19,870
Other Federal Reserves	0	15,513	15,513
Unreserved, Reported In:			
General Fund	1,269,344	0	1,269,344
Total Fund Balances	<u>\$ 3,024,911</u>	<u>\$ 44,003</u>	<u>\$ 3,068,914</u>
Total Liabilities and Fund Balances	<u>\$ 4,426,181</u>	<u>\$ 68,260</u>	<u>\$ 4,494,441</u>

Exhibit J-3

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Hartsville/Trousdale County School Department
June 30, 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)		\$ 3,068,914
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 629,383	
Add: buildings and improvements net of accumulated depreciation	11,967,944	
Add: other capital assets net of accumulated depreciation	469,923	
Add: intangibles net of accumulated depreciation	<u>45,968</u>	13,113,218
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		97,855
(3) 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		<u>(70,215)</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 16,209,772</u></u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u>	
	General	Fund	Total
	Purpose	School	Governmental
	School	Federal	Funds
	Projects		
<u>Revenues</u>			
Local Taxes	\$ 1,619,492	\$ 0	\$ 1,619,492
Licenses and Permits	750	0	750
Charges for Current Services	36,424	0	36,424
Other Local Revenues	81,430	0	81,430
State of Tennessee	7,508,662	0	7,508,662
Federal Government	473,167	919,105	1,392,272
Total Revenues	<u>\$ 9,719,925</u>	<u>\$ 919,105</u>	<u>\$ 10,639,030</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,818,237	\$ 813,049	\$ 5,631,286
Support Services	2,929,183	130,492	3,059,675
Operation of Non-Instructional Services	680,305	0	680,305
Capital Outlay	369,084	0	369,084
Debt Service:			
Other Debt Service	245,000	0	245,000
Total Expenditures	<u>\$ 9,041,809</u>	<u>\$ 943,541</u>	<u>\$ 9,985,350</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 678,116</u>	<u>\$ (24,436)</u>	<u>\$ 653,680</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 3,307	\$ 16,000	\$ 19,307
Transfers Out	(16,000)	(3,307)	(19,307)
Total Other Financing Sources (Uses)	<u>\$ (12,693)</u>	<u>\$ 12,693</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 665,423	\$ (11,743)	\$ 653,680
Fund Balance, July 1, 2009	2,359,488	55,746	2,415,234
Fund Balance, June 30, 2010	<u>\$ 3,024,911</u>	<u>\$ 44,003</u>	<u>\$ 3,068,914</u>

Exhibit J-5

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hartsville/Trousdale County School Department
For the Year Ended June 30, 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)		\$ 653,680
<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	\$ 239,770	
Less: current-year depreciation expense	<u>(481,931)</u>	(242,161)
<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	\$ 97,855	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(113,154)</u>	(15,299)
<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>(15,664)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 380,556</u>

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 1,619,492	\$ 1,540,325	\$ 1,540,325	\$ 79,167
Licenses and Permits	750	600	600	150
Charges for Current Services	36,424	130,612	33,280	3,144
Other Local Revenues	81,430	10,700	10,700	70,730
State of Tennessee	7,508,662	7,279,794	7,385,466	123,196
Federal Government	473,167	364,398	545,660	(72,493)
Total Revenues	\$ 9,719,925	\$ 9,326,429	\$ 9,516,031	\$ 203,894
Expenditures				
Instruction				
Regular Instruction Program	\$ 3,786,125	\$ 4,131,771	\$ 4,146,721	\$ 360,596
Alternative Instruction Program	67,836	69,700	74,700	6,864
Special Education Program	639,966	674,753	655,672	15,706
Vocational Education Program	292,060	327,400	328,155	36,095
Adult Education Program	32,250	46,775	45,983	13,733
Support Services				
Attendance	20,290	20,810	20,810	520
Health Services	154,029	167,020	167,020	12,991
Other Student Support	183,144	184,300	193,575	10,431
Regular Instruction Program	381,627	409,650	418,925	37,298
Special Education Program	115,217	117,850	117,850	2,633
Vocational Education Program	25,250	27,945	27,945	2,695
Adult Programs	37,618	39,625	39,250	1,632
Other Programs	60,713	120,000	60,713	0
Board of Education	99,349	115,590	115,590	16,241
Director of Schools	185,919	202,944	198,024	12,105
Office of the Principal	547,078	567,700	567,700	20,622
Fiscal Services	107,551	101,900	106,250	(1,301)
Operation of Plant	555,402	712,100	707,100	151,698
Maintenance of Plant	123,879	243,850	228,850	104,971
Transportation	332,117	440,172	433,253	101,136
Operation of Non-Instructional Services				
Food Service	426,027	331,830	414,512	(11,515)
Community Services	154,343	0	182,400	28,057
Early Childhood Education	99,935	109,850	109,850	9,915
Capital Outlay				
Regular Capital Outlay	369,084	235,000	387,500	18,416
Principal on Debt				
Education	0	245,000	0	0
Other Debt Service				
Education	245,000	0	245,000	0
Total Expenditures	\$ 9,041,809	\$ 9,643,535	\$ 9,993,348	\$ 951,539
Excess (Deficiency) of Revenues Over Expenditures	\$ 678,116	\$ (317,106)	\$ (477,317)	\$ 1,155,433

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 10,000	\$ 10,000	\$ (10,000)
Transfers In	3,307	0	0	3,307
Transfers Out	(16,000)	0	(16,000)	0
Total Other Financing Sources (Uses)	<u>\$ (12,693)</u>	<u>\$ 10,000</u>	<u>\$ (6,000)</u>	<u>\$ (6,693)</u>
Net Change in Fund Balance	\$ 665,423	\$ (307,106)	\$ (483,317)	\$ 1,148,740
Fund Balance, July 1, 2009	<u>2,359,488</u>	<u>1,546,651</u>	<u>1,546,651</u>	<u>812,837</u>
Fund Balance, June 30, 2010	<u>\$ 3,024,911</u>	<u>\$ 1,239,545</u>	<u>\$ 1,063,334</u>	<u>\$ 1,961,577</u>

Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 919,105	\$ 799,020	\$ 1,098,584	\$ (179,479)
Total Revenues	\$ 919,105	\$ 799,020	\$ 1,098,584	\$ (179,479)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 342,312	\$ 363,651	\$ 395,285	\$ 52,973
Special Education Program	456,533	560,319	558,273	101,740
Vocational Education Program	14,204	13,745	14,208	4
<u>Support Services</u>				
Other Student Support	4,832	4,946	4,945	113
Regular Instruction Program	81,589	87,630	111,912	30,323
Special Education Program	34,762	42,302	39,928	5,166
Vocational Education Program	900	900	900	0
Transportation	8,409	36,628	39,218	30,809
Total Expenditures	\$ 943,541	\$ 1,110,121	\$ 1,164,669	\$ 221,128
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,436)	\$ (311,101)	\$ (66,085)	\$ 41,649
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 16,000	\$ 34,671	\$ 36,781	\$ (20,781)
Transfers Out	(3,307)	(34,959)	(40,459)	37,152
Total Other Financing Sources (Uses)	\$ 12,693	\$ (288)	\$ (3,678)	\$ 16,371
Net Change in Fund Balance	\$ (11,743)	\$ (311,389)	\$ (69,763)	\$ 58,020
Fund Balance, July 1, 2009	55,746	311,389	69,763	(14,017)
Fund Balance, June 30, 2010	\$ 44,003	\$ 0	\$ 0	\$ 44,003

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hartsville/Trousdale County Government, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Capital Leases,
and Other Loans
For the Year Ended June 30, 2010

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Matured During Period	Outstanding 6-30-10
<u>GOVERNMENTAL ACTIVITIES</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Leachate Collection Trench	\$ 72,000	4.65 %	4-1-04	3-1-13	\$ 35,000	0 \$	8,000 \$	27,000
Highway Equipment/Solid Waste Truck	525,000	4.68	3-1-05	3-1-15	343,000	0	51,000	292,000
Fire Truck	190,000	4.21	3-7-05	3-1-14	115,000	0	21,000	94,000
Ambulance Vehicles	300,000	4	Various	10-15-12	300,000	0	30,000	270,000
Total Payable through General Debt Service Fund	\$ 793,000	\$ 0	\$ 110,000	\$ 683,000				
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	300,000	3.95	4-9-07	12-9-12	\$ 191,615	0 \$	53,295 \$	138,320
Total Notes Payable	\$ 984,615	\$ 0	\$ 163,295	\$ 821,320				
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff's Department Vehicles	73,402	6.4	9-4-09	9-4-11	0 \$	73,402 \$	26,000 \$	47,402
<u>Payable through Urban Services Fund</u>								
Sheriff's Department Vehicles	22,173	6.4	9-4-09	9-4-11	0	22,173	7,854	14,319
Total Capital Leases Payable	\$ 0	\$ 95,575	\$ 33,854	\$ 61,721				
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction	3,000,000	Variable	10-11-1995	5-25-16	\$ 1,369,814	0 \$	170,000 \$	1,199,814
<u>Payable through Education Debt Service Fund</u>								
School Construction	(1)	Variable	8-30-02	5-25-22	6,381,359	0	392,000	5,989,359
Total Other Loans Payable	\$ 7,751,173	\$ 0	\$ 562,000	\$ 7,189,173				

(Continued)

Exhibit K-1

Hartsville/Trousdale County Government, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Capital Leases,
and Other Loans (Cont.)

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Matured During Period	Outstanding 6-30-10
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>BONDS PAYABLE</u>								
Payable through Water and Sewer Fund								
Revenue and Tax Bonds - Series 1998	\$ 1,970,000	4.5 %	10-1-1998	4-1-10	\$ 155,000	\$ 0	\$ 155,000	\$ 0
Water and Sewer Bonds - Series 2004	350,000	4.25	5-24-05	4-24-43	333,369		4,531	328,838
Total Bonds Payable					\$ 488,369	\$ 0	\$ 159,531	\$ 328,838
<u>OTHER LOANS PAYABLE</u>								
Payable through Water and Sewer Fund								
State Revolving Loan	310,928	6.5	3-1-1996	2-28-10	\$ 19,244	\$ 0	\$ 19,244	\$ 0
Total Other Loans Payable					\$ 19,244	\$ 0	\$ 19,244	\$ 0

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

Exhibit K-2

Hartsville/Trousdale County Government, Tennessee
Schedule of Long-term Debt Requirements by Year

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 169,469	\$ 34,360	\$ 203,829
2012	175,727	27,059	202,786
2013	326,124	19,853	345,977
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	\$ 821,320	\$ 91,168	\$ 912,488

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 29,904	\$ 3,950	\$ 33,854
2012	31,817	2,036	33,853
Total	\$ 61,721	\$ 5,986	\$ 67,707

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 584,922	\$ 33,551	\$ 41,676	\$ 660,149
2012	608,213	30,648	38,541	677,402
2013	632,890	27,626	35,282	695,798
2014	658,972	24,480	31,892	715,344
2015	685,477	21,201	28,364	735,042
2016	713,340	17,789	34,113	765,242
2017	508,000	14,357	29,808	552,165
2018	527,000	12,115	27,224	566,339
2019	547,000	9,789	24,541	581,330
2020	568,000	7,375	29,014	604,389
2021	589,000	4,868	26,401	620,269
2022	566,359	2,284	23,623	592,266
Total	\$ 7,189,173	\$ 206,083	\$ 370,479	\$ 7,765,735

(Continued)

Exhibit K-2

Hartsville/Trousdale County Government, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 4,728	\$ 13,884	\$ 18,612
2012	4,933	13,679	18,612
2013	5,146	13,466	18,612
2014	5,369	13,243	18,612
2015	5,602	13,010	18,612
2016-2020	31,870	61,190	93,060
2021-2025	39,401	53,659	93,060
2026-2030	48,712	44,348	93,060
2031-2035	60,222	32,838	93,060
2036-2040	74,453	18,607	93,060
2041-2043	48,402	2,980	51,382
Total	\$ 328,838	\$ 280,904	\$ 609,742

Exhibit K-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Water and Sewer	Operations	\$ 16,511
Total Transfers Primary Government			<u>\$ 16,511</u>
<u>DISCRETELY PRESENTED HARTSVILLE/ TROUSDALE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 3,307
General Purpose School	School Federal Projects	Maintenance of effort	<u>16,000</u>
Total Transfers Discretely Presented Hartsville/Trousdale County School Department			<u>\$ 19,307</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive:				
Jerry Cliff (7-1-09 through 6-21-10)	Section 8-24-102, TCA	\$ 60,950 (1)	\$ 25,000	State Automobile Mutual Insurance Company
Tim Roberson (6-22-10 through 6-30-10)	Section 8-24-102, TCA	0	25,000	"
Highway Superintendent	Section 8-24-102, TCA	57,477	100,000	"
Director of Schools	State Board of Education and Hartsville/Trousdale County Government			
Trustee	Board of Education	86,539 (2)	(5)	
Assessor of Property	Section 8-24-102, TCA	52,251	413,000	"
County Clerk	Section 8-24-102, TCA	52,251	10,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	52,251	35,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	52,251	35,000	"
Register	Section 8-24-102, TCA	52,251 (3)	35,000	"
Sheriff	Section 8-24-102, TCA	57,477 (4)	25,000	"
Employee Blanket Bond Coverage:				
General County, Water Department, and Highway Employees			150,000	Local Government Property and Casualty
School Employees			150,000	Tennessee Risk Management Trust

- (1) Includes \$600 for serving as chairman of the Highway Commission.
- (2) Includes \$1,000 chief executive officer training supplement, \$1,740 as secretary of the board of education, and \$3,800 for a performance bonus.
- (3) Does not include special commissioner fees of \$1,900.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered under the blanket bond.

Hartsville/Trousdale County Government, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2010

	Special Revenue Funds						
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,705,694	\$ 361,198	\$ 246,491	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	93,665	30,290	15,305	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	25,002	5,630	3,935	0	0	0	0
Interest and Penalty	17,868	5,745	2,873	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	26,346	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	7,301	4,849	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	413,159	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	28,118	0	0	0	0	0	0
Litigation Tax - Special Purpose	74,397	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	1,961	0	0	0	0	0	0
Business Tax	16,262	0	2,346	0	0	0	0
Adequate Facilities/Development Tax	55	0	0	0	0	0	0
Other County Local Option Taxes	0	30,476	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	67,233	0	0	0	0	0	0
Wholesale Beer Tax	140,716	0	0	0	0	0	0
Interstate Telecommunications Tax	588	0	0	0	0	0	0
Other Statutory Local Taxes	0	35,487	0	0	0	0	0
<u>City Local Option Taxes</u>							
Local Option Sales Tax	165,346	0	0	0	0	0	0
Total Local Taxes	\$ 2,783,711	\$ 473,675	\$ 270,950	\$ 0	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	0	12,706	0	0	0	0	0
<u>Permits</u>							
Building Permits	16,918	0	0	0	0	0	0
Other Permits	735	0	0	0	0	0	0
Total Licenses and Permits	\$ 17,653	\$ 12,706	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds						
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,601	0	0	0	0	0	0
Drug Control Fines	0	0	0	1,377	0	0	0
Data Entry Fee - Circuit Court	957	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	13,141	0	0	0	0	0	0
Officers Costs	30,925	0	0	0	0	0	0
Game and Fish Fines	178	0	0	0	0	0	0
Drug Control Fines	0	0	0	1,650	0	0	0
Jail Fees	710	0	0	0	0	0	0
DUI Treatment Fines	3,102	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,104	0	0	0	0	0	0
Courtroom Security Fee	26,605	0	0	0	0	0	0
<u>Juvenile Court</u>							
Officers Costs	411	0	0	0	0	0	0
DUI Treatment Fines	3,230	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	1,190	0	0	0	0	0	0
Data Entry Fee - Chancery Court	434	0	0	0	0	0	0
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	29,263	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	500	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	13,850	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 104,438	\$ 0	\$ 0	\$ 3,527	\$ 29,263	\$ 0	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 107,740	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds						
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Residential Waste Collection Charge	\$ 0	\$ 149,037	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	492,837	0	0	0	0	0	0
Zoning Studies	300	0	0	0	0	0	0
Other General Service Charges	5,829	0	0	0	0	0	0
<u>Fees</u>							
Copy Fees	6,599	0	0	0	0	0	0
Telephone Commissions	2,881	0	0	0	0	0	0
Data Processing Fee - Register	2,976	0	0	0	0	0	0
Data Processing Fee - Sheriff	128	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,200	0	0	0	0	0	0
Data Processing Fee - County Clerk	422	0	0	0	0	0	0
Total Charges for Current Services	\$ 513,172	\$ 149,037	\$ 107,740	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 144,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,417
Lease/Rentals	26,120	0	0	0	0	0	0
Commissary Sales	7,265	0	0	0	0	0	0
Sale of Recycled Materials	0	0	13,916	0	0	0	0
Miscellaneous Refunds	3,649	0	0	0	1,299	0	0
<u>Nonrecurring Items</u>							
Damages Recovered from Individuals	60	0	0	0	0	0	155
Contributions and Gifts	2,658	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	397	0	0	0	0	0	0
Total Other Local Revenues	\$ 184,277	\$ 0	\$ 13,916	\$ 0	\$ 1,299	\$ 0	\$ 2,572
<u>Fees Received from County Officials</u>							
Fees in-Lieu-of Salary	\$ 78,695	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
County Clerk							

(Continued)

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

	Special Revenue Funds						
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Circuit Court Clerk	\$ 31,668	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	92,331	0	0	0	0	0	0
Clerk and Master	30,314	0	0	0	0	0	0
Register	24,783	0	0	0	0	0	0
Sheriff	3,644	0	0	0	0	0	0
Trustee	138,804	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 400,239	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	28,000	0	0	0	0	0	0
State Reappraisal Grant	2,339	0	0	0	0	0	0
Solid Waste Grants	0	0	5,752	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	7,800	2,400	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	7,960	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	20,438
Litter Program	28,999	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	39,149	0	0	0	0	0	0
Beer Tax	18,965	0	0	0	0	0	0
Alcoholic Beverage Tax	12,508	0	0	0	0	0	0
Contracted Prisoner Boarding	140,140	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,200,927
Petroleum Special Tax	0	0	0	0	0	0	10,972
Registrar's Salary Supplement	20,475	0	0	0	0	0	0
Total State of Tennessee	\$ 319,835	\$ 2,400	\$ 5,752	\$ 0	\$ 0	\$ 0	\$ 1,232,337

(Continued)

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

	Special Revenue Funds						
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Law Enforcement Grants	\$ 9,967	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ARRA Grant No. 1	2,695	0	0	0	0	0	0
Other Federal through State	3,000	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Police Service (Lake Area)	9,719	0	0	0	0	0	0
ARRA Grant No. 6	20,150	0	0	0	0	0	0
Total Federal Government	\$ 45,531	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	6,620	500	0	0	0	0	0
Citizens Groups							
Donations	7,853	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 14,473	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 4,383,329	\$ 638,318	\$ 398,358	\$ 3,527	\$ 30,562	\$ 1,234,909	

(Continued)

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

	Debt Service Funds			Capital Projects		Total
	General	Education	Debt Service	General	Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 147,895	\$ 236,630	\$ 0	\$ 0	\$ 2,697,908	
Trustee's Collections - Prior Year	9,182	14,693	0	0	163,135	
Circuit/Clerk & Master Collections - Prior Years	2,361	3,777	0	0	40,705	
Interest and Penalty	1,724	2,758	0	0	30,968	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	26,346	
Payments in-Lieu-of Taxes - Other	0	0	0	0	12,150	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	413,159	
Wheel Tax	0	310,737	0	0	310,737	
Litigation Tax - General	0	0	0	0	28,118	
Litigation Tax - Special Purpose	0	0	0	0	74,397	
Litigation Tax - Jail, Workhouse, or Courthouse	25,772	0	0	0	27,733	
Business Tax	1,408	2,252	0	0	22,268	
Adequate Facilities/Development Tax	0	23,000	0	0	23,055	
Other County Local Option Taxes	0	0	0	0	30,476	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	67,233	
Wholesale Beer Tax	0	0	0	0	140,716	
Interstate Telecommunications Tax	0	0	0	0	588	
Other Statutory Local Taxes	0	0	0	0	35,487	
<u>City Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	165,346	
Total Local Taxes	\$ 188,342	\$ 593,847	\$ 0	\$ 0	\$ 4,310,525	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,706	
<u>Permits</u>						
Building Permits	0	0	0	0	16,918	
Other Permits	0	0	0	0	735	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,359	

(Continued)

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

	Debt Service Funds			Capital Projects		Total
	General	Education	Debt Service	General	Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0 \$	0 \$	0 \$	0 \$	2,000
Officers Costs		0	0	0	0	2,601
Drug Control Fines		0	0	0	0	1,377
Data Entry Fee - Circuit Court		0	0	0	0	957
<u>General Sessions Court</u>						
Fines		0	0	0	0	13,141
Officers Costs		0	0	0	0	30,925
Game and Fish Fines		0	0	0	0	178
Drug Control Fines		0	0	0	0	1,650
Jail Fees		891	0	0	0	1,601
DUI Treatment Fines		0	0	0	0	3,102
Data Entry Fee - General Sessions Court		0	0	0	0	5,104
Courtroom Security Fee		0	0	0	0	26,605
<u>Juvenile Court</u>						
Officers Costs		0	0	0	0	411
DUI Treatment Fines		0	0	0	0	3,230
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	1,190
Data Entry Fee - Chancery Court		0	0	0	0	434
<u>Courts in Other District Counties</u>						
District Attorney General Fees		0	0	0	0	29,263
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures		0	0	0	0	500
Other Fines, Forfeitures, and Penalties		0	0	0	0	
Other Fines, Forfeitures, and Penalties		0	0	0	0	13,850
Total Fines, Forfeitures, and Penalties	\$	891 \$	0 \$	0 \$	0 \$	138,119
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$	0 \$	0 \$	0 \$	0 \$	107,740

(Continued)

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

	Debt Service Funds			Capital Projects		Total
	General	Education	Debt Service	General	Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	149,037
Patient Charges	0	0	0	0	0	492,837
Zoning Studies	0	0	0	0	0	300
Other General Service Charges	0	0	0	0	0	5,829
<u>Fees</u>						
Copy Fees	0	0	0	0	0	6,599
Telephone Commissions	0	0	0	0	0	2,881
Data Processing Fee - Register	0	0	0	0	0	2,976
Data Processing Fee - Sheriff	0	0	0	0	0	128
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,200
Data Processing Fee - County Clerk	0	0	0	0	0	422
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	769,949
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 19,147	\$ 0	\$ 0	\$ 0	165,692
Lease/Rentals	0	0	0	0	0	26,120
Commissary Sales	0	0	0	0	0	7,265
Sale of Recycled Materials	0	0	0	0	0	13,916
Miscellaneous Refunds	8,666	0	0	0	0	13,614
<u>Nonrecurring Items</u>						
Damages Recovered from Individuals	0	0	0	0	0	215
Contributions and Gifts	0	0	0	0	0	2,658
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	397
Total Other Local Revenues	\$ 8,666	\$ 19,147	\$ 0	\$ 0	\$ 0	229,877
<u>Fees Received from County Officials</u>						
Fees in-Lieu-of Salary	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	78,695
County Clerk	0	0	0	0	0	78,695

(Continued)

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

	Debt Service Funds			Capital Projects		Total
	General	Education	Debt Service	General	Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	31,668
General Sessions Court Clerk	0	0	0	0	0	92,331
Clerk and Master	0	0	0	0	0	30,314
Register	0	0	0	0	0	24,783
Sheriff	0	0	0	0	0	3,644
Trustee	0	0	0	0	0	138,804
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	400,239
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,500
Aging Programs	0	0	0	0	0	28,000
State Reappraisal Grant	0	0	0	0	0	2,339
Solid Waste Grants	0	0	0	0	0	5,752
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	10,200
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	0	0	0	0	0	7,960
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	20,438
Litter Program	0	0	0	0	0	28,999
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	39,149
Beer Tax	0	0	0	0	0	18,965
Alcoholic Beverage Tax	0	0	0	0	0	12,508
Contracted Prisoner Boarding	0	0	0	0	0	140,140
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,200,927
Petroleum Special Tax	0	0	0	0	0	10,972
Registrar's Salary Supplement	0	0	0	0	0	20,475
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,560,324

(Continued)

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

	<u>Debt Service Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Debt Service</u>	<u>Education Debt Service</u>	<u>Fund</u>	<u>Projects</u>	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	9,967
ARRA Grant No. 1	0	0	364,388	367,083	367,083
Other Federal through State	0	0	0	0	3,000
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0	0	9,719
ARRA Grant No. 6	0	0	0	0	20,150
<u>Total Federal Government</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 364,388</u>	<u>\$ 409,919</u>	
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 170,000	\$ 75,000	\$ 5,800	\$ 250,800	250,800
Contracted Services	0	0	0	0	7,120
Citizens Groups	0	0	0	0	7,853
Donations	0	0	0	0	7,853
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 170,000</u>	<u>\$ 75,000</u>	<u>\$ 5,800</u>	<u>\$ 265,773</u>	
<u>Total</u>	<u>\$ 367,899</u>	<u>\$ 687,994</u>	<u>\$ 370,188</u>	<u>\$ 8,115,084</u>	

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 897,197	\$ 0	\$ 897,197
Trustee's Collections - Prior Year	55,738	0	55,738
Circuit/Clerk & Master Collections - Prior Years	14,349	0	14,349
Interest and Penalty	10,457	0	10,457
Payments in-Lieu-of Taxes - T.V.A.	157,672	0	157,672
<u>County Local Option Taxes</u>			
Local Option Sales Tax	474,556	0	474,556
Business Tax	8,842	0	8,842
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	681	0	681
Total Local Taxes	\$ 1,619,492	\$ 0	\$ 1,619,492
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 750	\$ 0	\$ 750
Total Licenses and Permits	\$ 750	\$ 0	\$ 750
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 23,280	\$ 0	\$ 23,280
Tuition - Other	12,963	0	12,963
Receipts from Individual Schools	181	0	181
Total Charges for Current Services	\$ 36,424	\$ 0	\$ 36,424
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Sale of Materials and Supplies	\$ 4,376	\$ 0	\$ 4,376
Refund of Telecommunication and Internet Fees (E-Rate)	14,431	0	14,431
Miscellaneous Refunds	58,816	0	58,816
<u>Nonrecurring Items</u>			
Contributions and Gifts	3,807	0	3,807
Total Other Local Revenues	\$ 81,430	\$ 0	\$ 81,430
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 60,713	\$ 0	\$ 60,713
<u>Health and Welfare Grants</u>			
Other Health and Welfare Grants	16,360	0	16,360
<u>State Education Funds</u>			
Basic Education Program	6,791,293	0	6,791,293
Basic Education Program - ARRA	242,900	0	242,900
Early Childhood Education	95,082	0	95,082
School Food Service	7,538	0	7,538
Driver Education	7,352	0	7,352
Coordinated School Health - ARRA	89,130	0	89,130
Statewide Student Management System (SSMS) - ARRA	3,365	0	3,365
Career Ladder Program	62,336	0	62,336
Career Ladder - Extended Contract - ARRA	1,141	0	1,141

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues</u>			
Other State Grants	\$ 123,952	\$ 0	\$ 123,952
Safe Schools - ARRA	7,500	0	7,500
Total State of Tennessee	<u>\$ 7,508,662</u>	<u>\$ 0</u>	<u>\$ 7,508,662</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 260,142	\$ 0	\$ 260,142
USDA - Commodities	28,922	0	28,922
Breakfast	68,905	0	68,905
USDA - Other	8,145	0	8,145
USDA Food Service Equipment Grant - ARRA	8,760	0	8,760
Adult Education State Grant Program	53,674	0	53,674
Vocational Education - Basic Grants to States	0	19,591	19,591
Title I Grants to Local Education Agencies	0	329,551	329,551
Special Education - Grants to States	23,162	462,700	485,862
Special Education Preschool Grants	0	13,712	13,712
Eisenhower Professional Development State Grants	0	89,198	89,198
Other Federal through State	21,457	4,353	25,810
Total Federal Government	<u>\$ 473,167</u>	<u>\$ 919,105</u>	<u>\$ 1,392,272</u>
Total	<u>\$ 9,719,925</u>	<u>\$ 919,105</u>	<u>\$ 10,639,030</u>

Exhibit K-7

Hartsville/Trousdale County Government, 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	\$	5,625	
Other Per Diem and Fees		2,250	
Social Security		488	
Employer Medicare		114	
Audit Services		2,178	
Dues and Memberships		1,000	
Legal Notices, Recording, and Court Costs		432	
Other Contracted Services		2,103	
Office Supplies		14	
Other Charges		60	
Total County Commission	\$		14,264

Beer Board

Board and Committee Members Fees	\$	100	
Legal Notices, Recording, and Court Costs		10	
Total Beer Board			110

County Mayor/Executive

County Official/Administrative Officer	\$	60,350	
Secretary(ies)		59,533	
In-Service Training		433	
Social Security		7,121	
State Retirement		9,360	
Medical Insurance		13,680	
Employer Medicare		1,665	
Data Processing Services		5,742	
Maintenance and Repair Services - Office Equipment		50	
Printing, Stationery, and Forms		1,294	
Travel		2,913	
Office Supplies		2,050	
Premiums on Corporate Surety Bonds		200	
Other Charges		208	
Data Processing Equipment		1,655	
Office Equipment		1,736	
Total County Mayor/Executive			167,990

County Attorney

County Official/Administrative Officer	\$	14,686	
Legal Services		1,460	
Total County Attorney			16,146

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	43,858	
Election Commission		3,000	
In-Service Training		400	
Social Security		2,838	
State Retirement		3,434	
Medical Insurance		2,660	
Employer Medicare		664	
Data Processing Services		2,900	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		648	
Maintenance and Repair Services - Equipment		8,655	
Printing, Stationery, and Forms		521	
Travel		1,122	
Office Supplies		408	
Other Charges		136	
Total Election Commission			\$ 71,394

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		9,000	
Social Security		3,646	
State Retirement		4,091	
Medical Insurance		4,560	
Employer Medicare		853	
Data Processing Services		2,826	
Dues and Memberships		80	
Maintenance and Repair Services - Office Equipment		111	
Printing, Stationery, and Forms		428	
Office Supplies		855	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			78,801

Planning

County Official/Administrative Officer	\$	40,494
Other Salaries and Wages		1,163
In-Service Training		246
Social Security		2,441
State Retirement		3,171
Medical Insurance		4,560
Employer Medicare		571

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Dues and Memberships	\$	7,750	
Printing, Stationery, and Forms		500	
Gasoline		945	
Office Supplies		127	
Other Supplies and Materials		200	
Other Charges		1,515	
Total Planning			\$ 63,683

County Buildings

Attendants	\$	10,895	
Custodial Personnel		11,264	
Social Security		739	
State Retirement		744	
Medical Insurance		4,560	
Employer Medicare		173	
Architects		11,164	
Legal Notices, Recording, and Court Costs		370	
Maintenance and Repair Services - Buildings		24,383	
Maintenance and Repair Services - Equipment		687	
Pest Control		734	
Custodial Supplies		6,084	
Electricity		37,914	
Natural Gas		18,422	
Water and Sewer		2,816	
Other Charges		2,110	
Total County Buildings			133,059

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		22,942	
Board and Committee Members Fees		840	
Social Security		4,397	
State Retirement		5,888	
Medical Insurance		9,120	
Employer Medicare		1,028	
Dues and Memberships		722	
Maintenance and Repair Services - Vehicles		1,082	
Postal Charges		1,355	
Printing, Stationery, and Forms		2,740	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	2,505	
Gasoline		777	
Office Supplies		66	
Office Equipment		210	
Total Property Assessor's Office			\$ 105,923

County Trustee's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		22,942	
Social Security		3,953	
State Retirement		5,888	
Medical Insurance		8,754	
Employer Medicare		925	
Data Processing Services		5,731	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		19	
Printing, Stationery, and Forms		1,068	
Office Supplies		770	
Premiums on Corporate Surety Bonds		938	
Office Equipment		99	
Total County Trustee's Office			103,438

County Clerk's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		22,942	
Social Security		4,585	
State Retirement		5,888	
Medical Insurance		8,570	
Employer Medicare		1,072	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		10	
Printing, Stationery, and Forms		764	
Office Supplies		302	
Premiums on Corporate Surety Bonds		225	
Total County Clerk's Office			96,709

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		52,936	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Overtime Pay	\$	119	
Jury and Witness Expense		4,812	
Social Security		6,298	
State Retirement		8,246	
Medical Insurance		12,947	
Employer Medicare		1,473	
Data Processing Services		93	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		137	
Printing, Stationery, and Forms		5,048	
Office Supplies		663	
Premiums on Corporate Surety Bonds		225	
Total Circuit Court			\$ 145,308

General Sessions Court

Judge(s)	\$	59,919	
Social Security		2,994	
State Retirement		4,692	
Medical Insurance		4,560	
Employer Medicare		700	
Legal Services		2,470	
Other Contracted Services		460	
Total General Sessions Court			75,795

Chancery Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		5,739	
Social Security		3,502	
State Retirement		4,091	
Medical Insurance		4,560	
Employer Medicare		819	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		620	
Printing, Stationery, and Forms		1,202	
Office Supplies		170	
Premiums on Corporate Surety Bonds		225	
Total Chancery Court			73,239

Judicial Commissioners

In-Service Training	\$	823	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Social Security	\$	909	
Employer Medicare		213	
Dues and Memberships		70	
Other Contracted Services		14,660	
Gasoline		1,200	
Office Equipment		1,546	
Total Judicial Commissioners			\$ 19,421

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,477	
Deputy(ies)		362,460	
Salary Supplements		7,800	
Dispatchers/Radio Operators		99,203	
Overtime Pay		25,522	
In-Service Training		4,480	
Social Security		32,635	
State Retirement		39,880	
Medical Insurance		60,515	
Employer Medicare		7,621	
Communication		340	
Data Processing Services		119	
Dues and Memberships		1,275	
Maintenance and Repair Services - Equipment		12,391	
Maintenance and Repair Services - Office Equipment		2,413	
Maintenance and Repair Services - Vehicles		16,196	
Medical and Dental Services		973	
Printing, Stationery, and Forms		1,258	
Rentals		4,548	
Tow-in Services		190	
Travel		4,369	
Electricity		764	
Gasoline		36,568	
Law Enforcement Supplies		9,265	
Office Supplies		1,654	
Uniforms		9,401	
Other Supplies and Materials		628	
Premiums on Corporate Surety Bonds		125	
Other Charges		746	
Law Enforcement Equipment		13,374	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Motor Vehicles	\$	73,402	
Office Equipment		1,638	
Other Equipment		5,167	
Total Sheriff's Department			\$ 894,397

Drug Enforcement

Deputy(ies)	\$	34,902	
Social Security		1,975	
State Retirement		2,686	
Medical Insurance		4,560	
Employer Medicare		462	
Gasoline		2,480	
Total Drug Enforcement			47,065

Administration of the Sexual Offender Registry

Other Supplies and Materials	\$	400	
Other Equipment		3,956	
Total Administration of the Sexual Offender Registry			4,356

Jail

Guards	\$	413,674	
Cafeteria Personnel		10,721	
Overtime Pay		3,225	
In-Service Training		912	
Social Security		25,058	
State Retirement		33,480	
Medical Insurance		65,236	
Employer Medicare		5,860	
Communication		929	
Data Processing Services		3,150	
Legal Notices, Recording, and Court Costs		70	
Maintenance and Repair Services - Buildings		1,895	
Maintenance and Repair Services - Equipment		2,825	
Medical and Dental Services		81,530	
Pest Control		240	
Printing, Stationery, and Forms		636	
Custodial Supplies		8,462	
Electricity		16,026	
Food Supplies		28,546	
Natural Gas		4,351	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Office Supplies	\$	619	
Prisoners Clothing		836	
Uniforms		835	
Water and Sewer		7,112	
Other Supplies and Materials		890	
Other Charges		2,583	
Total Jail			\$ 719,701

Workhouse

Guards	\$	50,112	
Overtime Pay		94	
Social Security		2,832	
State Retirement		3,931	
Medical Insurance		8,754	
Employer Medicare		662	
Gasoline		742	
Total Workhouse			67,127

Juvenile Services

Other Salaries and Wages	\$	13,142	
Social Security		815	
Employer Medicare		191	
Travel		42	
Other Charges		14,875	
Total Juvenile Services			29,065

Fire Prevention and Control

In-Service Training	\$	2,710	
Contributions		14,360	
Dues and Memberships		50	
Maintenance and Repair Services - Equipment		1,991	
Maintenance and Repair Services - Vehicles		5,063	
Medical and Dental Services		597	
Electricity		210	
Equipment and Machinery Parts		131	
Gasoline		765	
Other Charges		1,224	
Other Equipment		6,524	
Total Fire Prevention and Control			33,625

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Legal Notices, Recording, and Court Costs	\$	20	
Maintenance and Repair Services - Equipment		1,868	
Maintenance and Repair Services - Vehicles		885	
Electricity		1,743	
Equipment and Machinery Parts		76	
Gasoline		2,003	
Natural Gas		1,090	
Water and Sewer		275	
Other Supplies and Materials		190	
Other Equipment		12,348	
Total Civil Defense	\$		20,498

Inspection and Regulation

Drugs and Medical Supplies	\$	167	
Total Inspection and Regulation			167

County Coroner/Medical Examiner

Other Contracted Services	\$	13,790	
Total County Coroner/Medical Examiner			13,790

Public Health and Welfare

Local Health Center

Communication	\$	1,349	
Contributions		13,500	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		3,280	
Maintenance and Repair Services - Equipment		2,469	
Pest Control		120	
Postal Charges		176	
Custodial Supplies		290	
Electricity		3,851	
Natural Gas		1,736	
Office Supplies		62	
Periodicals		16	
Water and Sewer		275	
Other Charges		192	
Total Local Health Center			27,516

Ambulance/Emergency Medical Services

Supervisor/Director	\$	42,745	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Medical Personnel	\$	389,510	
Overtime Pay		211,514	
In-Service Training		350	
Social Security		39,778	
State Retirement		46,284	
Medical Insurance		54,516	
Employer Medicare		9,303	
Communication		12,943	
Contracts with Private Agencies		33,630	
Evaluation and Testing		815	
Laundry Service		600	
Legal Notices, Recording, and Court Costs		11	
Licenses		1,518	
Maintenance and Repair Services - Buildings		1,049	
Maintenance and Repair Services - Equipment		1,431	
Maintenance and Repair Services - Vehicles		9,252	
Pest Control		120	
Printing, Stationery, and Forms		1,071	
Rentals		2,817	
Travel		97	
Other Contracted Services		99,085	
Custodial Supplies		1,185	
Drugs and Medical Supplies		11,587	
Electricity		3,606	
Gasoline		11,822	
Natural Gas		3,827	
Office Supplies		301	
Water and Sewer		770	
Refunds		2,092	
Workers' Compensation Insurance		106,757	
Furniture and Fixtures		980	
Motor Vehicles		3,000	
Office Equipment		2,027	
Site Development		65,029	
Total Ambulance/Emergency Medical Services			\$ 1,171,422
<u>Other Local Health Services</u>			
Other Contracted Services	\$	1,300	
Other Supplies and Materials		6,660	
Total Other Local Health Services			7,960

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Education Media Personnel	\$	5,698	
Guards		10,293	
Clerical Personnel		2,202	
Social Security		1,000	
State Retirement		1,088	
Employer Medicare		234	
Advertising		297	
Maintenance and Repair Services - Vehicles		95	
Travel		40	
Custodial Supplies		757	
Gasoline		1,741	
Instructional Supplies and Materials		4,338	
Other Supplies and Materials		293	
Motor Vehicles		1,157	
Total Sanitation Education/Information			\$ 29,233

Other Public Health and Welfare

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	17,169	
Part-time Personnel		10,010	
Social Security		1,624	
State Retirement		1,344	
Employer Medicare		380	
Communication		1,229	
Maintenance and Repair Services - Office Equipment		22	
Maintenance and Repair Services - Vehicles		83	
Pest Control		200	
Travel		55	
Custodial Supplies		61	
Food Supplies		500	
Gasoline		284	
Office Supplies		698	
Periodicals		16	
Other Supplies and Materials		1,277	
Other Equipment		1,843	
Total Senior Citizens Assistance			36,795

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Assistant(s)	\$	18,779	
Librarians		21,844	
Social Security		2,330	
State Retirement		3,037	
Medical Insurance		8,618	
Employer Medicare		545	
Contributions		21,428	
Water and Sewer		255	
Total Libraries			\$ 76,836

Parks and Fair Boards

Supervisor/Director	\$	7,833	
Laborers		7,323	
Temporary Personnel		14,553	
Social Security		1,815	
State Retirement		1,742	
Medical Insurance		912	
Employer Medicare		424	
Legal Notices, Recording, and Court Costs		119	
Maintenance and Repair Services - Buildings		5,149	
Maintenance and Repair Services - Equipment		1,865	
Maintenance and Repair Services - Vehicles		216	
Permits		680	
Custodial Supplies		389	
Electricity		9,936	
Fertilizer, Lime, and Seed		292	
Food Supplies		832	
Gasoline		2,590	
Water and Sewer		1,267	
Other Supplies and Materials		548	
Other Charges		172	
Site Development		1,500	
Other Equipment		2,062	
Total Parks and Fair Boards			62,219

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	16,132	
Secretary(ies)		7,850	
Social Security		1,835	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

State Retirement	\$	3,123	
Communication		2,993	
Contributions		3,875	
Dues and Memberships		250	
Travel		391	
Office Supplies		1,114	
Other Charges		29	
Office Equipment		245	
Total Agriculture Extension Service			\$ 37,837

Soil Conservation

Contributions	\$	11,812	
Total Soil Conservation			11,812

Other Operations

Other Charges

Mechanic(s)	\$	24,544	
Overtime Pay		106	
Social Security		1,528	
State Retirement		1,930	
Medical Insurance		4,194	
Employer Medicare		357	
Communication		28,007	
Evaluation and Testing		1,296	
Maintenance and Repair Services - Vehicles		304	
Postal Charges		9,667	
Rentals		15,374	
Fuel Oil		7,282	
Other Supplies and Materials		20	
Liability Insurance		41,926	
Trustee's Commission		55,532	
Workers' Compensation Insurance		44,291	
Other Charges		959	
Total Other Charges			237,317

Employee Benefits

Handling Charges and Administrative Costs	\$	660	
Unemployment Compensation		10,882	
Total Employee Benefits			11,542

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 6

Other Equipment	\$ 20,150	
Total ARRA Grant No. 6		\$ 20,150

Miscellaneous

Contributions	\$ 15,000	
Dues and Memberships	3,763	
Total Miscellaneous		18,763

Principal on Debt

General Government

Principal on Capital Leases	\$ 26,000	
Total General Government		26,000

Total General Fund		\$ 4,782,473
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Urban Services Fund

Public Safety

Sheriff's Department

Deputy(ies)	\$ 167,736	
Salary Supplements	2,400	
Dispatchers/Radio Operators	37,659	
Overtime Pay	8,374	
Social Security	13,048	
State Retirement	39,173	
Medical Insurance	21,700	
Employer Medicare	3,052	
Maintenance and Repair Services - Vehicles	8,001	
Gasoline	9,222	
Motor Vehicles	22,173	
Total Sheriff's Department		\$ 332,538

Fire Prevention and Control

Gasoline	\$ 1,039	
Other Charges	2,085	
Total Fire Prevention and Control		3,124

Public Health and Welfare

Rabies and Animal Control

Overtime Pay	\$ 248	
Other Salaries and Wages	4,893	

(Continued)

Exhibit K-7

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

Urban Services Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Social Security	\$	216	
State Retirement		403	
Medical Insurance		585	
Employer Medicare		51	
Maintenance and Repair Services - Buildings		207	
Maintenance and Repair Services - Vehicles		622	
Veterinary Services		551	
Animal Food and Supplies		16	
Custodial Supplies		1,007	
Gasoline		606	
Water and Sewer		275	
Other Supplies and Materials		83	
Other Charges		889	
Motor Vehicles		4,143	
Other Capital Outlay		428	
Total Rabies and Animal Control			\$ 15,223

Waste Pickup

Supervisor/Director	\$	16,570	
Truck Drivers		23,579	
Laborers		40,490	
Overtime Pay		240	
Social Security		4,821	
State Retirement		8,362	
Medical Insurance		14,072	
Employer Medicare		1,128	
Maintenance and Repair Services - Vehicles		16,955	
Medical and Dental Services		512	
Printing, Stationery, and Forms		190	
Disposal Fees		18,228	
Gasoline		4,042	
Other Supplies and Materials		322	
Other Charges		18	
Other Capital Outlay		197	
Total Waste Pickup			149,726

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Charges	\$	1,100	
Total Other Social, Cultural, and Recreational			1,100

(Continued)

Exhibit K-7

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

Urban Services Fund (Cont.)

Other Operations

Other Charges

Electricity	\$ 65,317	
Trustee's Commission	10,326	
Workers' Compensation Insurance	25,230	
Other Charges	49	
Total Other Charges		\$ 100,922

Employee Benefits

State Retirement	\$ 1,350	
Total Employee Benefits		1,350

Highways

Highway and Bridge Maintenance

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

Principal on Debt

General Government

Principal on Capital Leases	\$ 7,854	
Total General Government		7,854

Total Urban Services Fund \$ 663,637

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 15,667
Truck Drivers	44,898
Attendants	43,294
Overtime Pay	4,486
Social Security	6,509
State Retirement	18,322
Medical Insurance	10,761
Employer Medicare	1,522
Maintenance and Repair Services - Buildings	96
Maintenance and Repair Services - Equipment	325
Maintenance and Repair Services - Vehicles	21,600
Printing, Stationery, and Forms	249
Electricity	2,293
Gasoline	21,510
Water and Sewer	368

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Other Supplies and Materials	\$	520	
Other Charges		150	
Site Development		94	
Solid Waste Equipment		7,588	
Total Convenience Centers			\$ 200,252

Other Waste Disposal

Disposal Fees	\$	147,515	
Trustee's Commission		6,630	
Total Other Waste Disposal			154,145

Postclosure Care Costs

Engineering Services	\$	4,400	
Landfill Closure/Postclosure Care Costs		901	
Total Postclosure Care Costs			5,301

Other Operations

Other Charges

Workers' Compensation Insurance	\$	14,360	
Total Other Charges			14,360

Total Solid Waste/Sanitation Fund \$ 374,058

Drug Control Fund

Public Safety

Drug Enforcement

Law Enforcement Supplies	\$	3,745	
Other Supplies and Materials		316	
Trustee's Commission		34	
Law Enforcement Equipment		2,410	
Total Drug Enforcement			\$ 6,505

Total Drug Control Fund 6,505

District Attorney General Fund

Administration of Justice

District Attorney General

Jury and Witness Expense	\$	5,535	
Dues and Memberships		150	
Maintenance and Repair Services - Office Equipment		82	

(Continued)

Exhibit K-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Postal Charges	\$	305	
Printing, Stationery, and Forms		874	
Travel		7,629	
Other Contracted Services		1,075	
Library Books/Media		1,997	
Office Supplies		7,621	
Other Supplies and Materials		896	
Trustee's Commission		293	
In Service/Staff Development		4,142	
Other Charges		100	
Other Equipment		243	
Total District Attorney General			\$ 30,942

Total District Attorney General Fund \$ 30,942

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,477
Accountants/Bookkeepers		29,854
Other Salaries and Wages		2,113
Board and Committee Members Fees		1,200
Social Security		5,029
State Retirement		6,768
Employer Medicare		1,176
Communication		5,819
Data Processing Services		4,603
Dues and Memberships		1,801
Legal Notices, Recording, and Court Costs		61
Maintenance and Repair Services - Buildings		1,492
Pest Control		85
Postal Charges		556
Printing, Stationery, and Forms		239
Travel		315
Custodial Supplies		204
Data Processing Supplies		684
Drugs and Medical Supplies		253
Electricity		3,353
Natural Gas		1,717
Office Supplies		401

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Propane Gas	\$	399	
Water and Sewer		969	
Other Charges		381	
Total Administration			\$ 126,949

Highway and Bridge Maintenance

Foremen	\$	171,090	
Equipment Operators		107,663	
Truck Drivers		116,256	
Laborers		34,172	
Social Security		25,054	
State Retirement		30,873	
Employer Medicare		5,859	
Rentals		3,540	
Asphalt - Cold Mix		2,186	
Asphalt - Hot Mix		191,984	
Crushed Stone		56,957	
Electricity		117	
General Construction Materials		2,149	
Other Road Supplies		917	
Pipe		10,043	
Road Signs		4,314	
Salt		7,019	
Small Tools		59	
Wood Products		334	
Other Supplies and Materials		526	
Other Charges		305	
Total Highway and Bridge Maintenance			771,417

Operation and Maintenance of Equipment

Mechanic(s)	\$	17,182	
Social Security		1,003	
State Retirement		1,275	
Employer Medicare		235	
Maintenance and Repair Services - Equipment		9,630	
Maintenance and Repair Services - Vehicles		8,796	
Diesel Fuel		25,911	
Equipment and Machinery Parts		36,886	
Garage Supplies		1,684	
Gasoline		42,716	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	4,804	
Small Tools		135	
Tires and Tubes		6,967	
Other Supplies and Materials		825	
Total Operation and Maintenance of Equipment			\$ 158,049

Other Charges

Evaluation and Testing	\$	653	
Other Contracted Services		1,978	
Trustee's Commission		12,091	
Vehicle and Equipment Insurance		41,926	
Workers' Compensation Insurance		70,488	
Liability Claims		386	
Other Charges		200	
Total Other Charges			127,722

Employee Benefits

Handling Charges and Administrative Costs	\$	66	
Medical Insurance		45,515	
Unemployment Compensation		5,813	
Total Employee Benefits			51,394

Capital Outlay

Engineering Services	\$	15,923	
Bridge Construction		20,438	
Building Improvements		19,860	
Communication Equipment		799	
Data Processing Equipment		165	
Total Capital Outlay			57,185

Principal on Debt

Highways and Streets

Principal on Notes	\$	53,295	
Total Highways and Streets			53,295

Interest on Debt

Highways and Streets

Interest on Notes	\$	6,705	
Total Highways and Streets			6,705

Total Highway/Public Works Fund \$ 1,352,716

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 110,000	
Total General Government		\$ 110,000

Education

Principal on Other Loans	\$ 170,000	
Total Education		170,000

Interest on Debt

General Government

Interest on Notes	\$ 34,689	
Total General Government		34,689

Education

Interest on Other Loans	\$ 7,460	
Total Education		7,460

Other Debt Service

General Government

Trustee's Commission	\$ 3,505	
Total General Government		3,505

Education

Other Debt Service	\$ 6,916	
Total Education		<u>6,916</u>

Total General Debt Service Fund		\$ 332,570
---------------------------------	--	------------

Education Debt Service Fund

Principal on Debt

Education

Principal on Other Loans	\$ 392,000	
Total Education		\$ 392,000

Interest on Debt

Education

Interest on Other Loans	\$ 23,442	
Total Education		23,442

(Continued)

Exhibit K-7

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

Education Debt Service Fund (Cont.)

Other Debt Service

Education

Trustee's Commission

\$ 8,718

Other Debt Service

38,265

Total Education

\$ 46,983

Total Education Debt Service Fund

\$ 462,425

General Capital Projects Fund

Other Operations

ARRA Grant No. 1

Building Improvements

\$ 373,053

Total ARRA Grant No. 1

\$ 373,053

Capital Projects

General Administration Projects

Architects

\$ 6,919

Consultants

3,400

Total General Administration Projects

10,319

Total General Capital Projects Fund

383,372

Total Governmental Funds - Primary Government

\$ 8,388,698

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 2,642,405	
Career Ladder Program	23,000	
Career Ladder Extended Contracts	13,663	
Homebound Teachers	1,034	
Salary Supplements	14,586	
Educational Assistants	22,959	
Certified Substitute Teachers	31,466	
Non-certified Substitute Teachers	44,072	
Social Security	159,185	
State Retirement	169,783	
Medical Insurance	265,741	
Unemployment Compensation	2,471	
Employer Medicare	37,998	
Travel	681	
Tuition	2,775	
Other Contracted Services	3,408	
Instructional Supplies and Materials	139,589	
Textbooks	103,573	
Regular Instruction Equipment	107,736	
Total Regular Instruction Program		\$ 3,786,125

Alternative Instruction Program

Teachers	\$ 42,087	
Social Security	2,555	
State Retirement	2,706	
Medical Insurance	1,809	
Unemployment Compensation	81	
Employer Medicare	598	
Other Contracted Services	18,000	
Total Alternative Instruction Program		67,836

Special Education Program

Teachers	\$ 434,564	
Career Ladder Program	8,500	
Homebound Teachers	3,699	
Educational Assistants	47,486	
Certified Substitute Teachers	2,353	
Social Security	28,891	
State Retirement	31,964	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	49,561	
Unemployment Compensation		1,191	
Employer Medicare		6,757	
Contracts with Other School Systems		25,000	
Total Special Education Program			\$ 639,966

Vocational Education Program

Teachers	\$	220,045	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,450	
Social Security		12,990	
State Retirement		14,288	
Medical Insurance		21,502	
Unemployment Compensation		508	
Employer Medicare		3,038	
Instructional Supplies and Materials		10,079	
Other Charges		563	
Vocational Instruction Equipment		6,597	
Total Vocational Education Program			292,060

Adult Education Program

Teachers	\$	19,233	
Social Security		1,192	
State Retirement		626	
Employer Medicare		279	
Instructional Supplies and Materials		1,978	
Textbooks		2,000	
Other Charges		6,942	
Total Adult Education Program			32,250

Support Services

Attendance

Supervisor/Director	\$	20,000	
Employer Medicare		290	
Total Attendance			20,290

Health Services

Supervisor/Director	\$	45,530	
Medical Personnel		49,182	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Clerical Personnel	\$	14,210	
Non-certified Substitute Teachers		840	
Social Security		6,763	
State Retirement		7,887	
Medical Insurance		4,197	
Unemployment Compensation		1,048	
Employer Medicare		1,582	
Travel		1,096	
Other Contracted Services		1,000	
Drugs and Medical Supplies		1,419	
Instructional Supplies and Materials		6,576	
Other Supplies and Materials		1,289	
In Service/Staff Development		1,118	
Other Charges		9,357	
Health Equipment		935	
Total Health Services			\$ 154,029

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		94,990	
Career Ladder Extended Contracts		8,000	
Other Salaries and Wages		7,574	
Social Security		6,854	
State Retirement		7,343	
Medical Insurance		4,235	
Unemployment Compensation		242	
Employer Medicare		1,603	
Contracts with Government Agencies		49,205	
In Service/Staff Development		98	
Total Other Student Support			183,144

Regular Instruction Program

Supervisor/Director	\$	35,861	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		10,000	
Librarians		140,633	
Instructional Computer Personnel		95,800	
Social Security		16,421	
State Retirement		19,175	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	27,009	
Unemployment Compensation		804	
Employer Medicare		3,841	
Travel		256	
Library Books/Media		19,749	
In Service/Staff Development		78	
Total Regular Instruction Program			\$ 381,627

Special Education Program

Supervisor/Director	\$	58,067	
Career Ladder Program		2,000	
Psychological Personnel		30,984	
Social Security		5,485	
State Retirement		5,858	
Medical Insurance		11,260	
Unemployment Compensation		280	
Employer Medicare		1,283	
Total Special Education Program			115,217

Vocational Education Program

Supervisor/Director	\$	24,831	
Unemployment Compensation		59	
Employer Medicare		360	
Total Vocational Education Program			25,250

Adult Programs

Supervisor/Director	\$	24,000	
Clerical Personnel		7,364	
Social Security		1,807	
State Retirement		2,105	
Employer Medicare		422	
Communication		1,539	
Travel		381	
Total Adult Programs			37,618

Other Programs

On-Behalf Payments to OPEB	\$	60,713	
Total Other Programs			60,713

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	1,740	
Board and Committee Members Fees		6,250	
Social Security		387	
Unemployment Compensation		29	
Employer Medicare		91	
Advertising		567	
Dues and Memberships		8,414	
Legal Services		2,107	
Other Contracted Services		2,500	
Office Supplies		276	
Trustee's Commission		39,107	
Workers' Compensation Insurance		26,793	
Fines, Assessments, and Penalties		6,312	
Refund to Applicant for Criminal Investigation		768	
Other Charges		4,008	
Total Board of Education			\$ 99,349

Director of Schools

County Official/Administrative Officer	\$	84,799	
Secretary(ies)		31,363	
Social Security		7,022	
State Retirement		7,380	
Medical Insurance		8,006	
Unemployment Compensation		400	
Employer Medicare		1,642	
Communication		35,192	
Travel		347	
Other Contracted Services		3,793	
Office Supplies		1,423	
Other Charges		3,194	
Furniture and Fixtures		1,358	
Total Director of Schools			185,919

Office of the Principal

Principals	\$	189,311	
Career Ladder Program		4,000	
Accountants/Bookkeepers		91,505	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	150,890	
Secretary(ies)		18,545	
Social Security		26,811	
State Retirement		30,723	
Medical Insurance		22,957	
Unemployment Compensation		1,034	
Employer Medicare		6,270	
Other Supplies and Materials		5,032	
Total Office of the Principal			\$ 547,078

Fiscal Services

Accountants/Bookkeepers	\$	75,194	
Social Security		4,523	
State Retirement		5,796	
Unemployment Compensation		230	
Employer Medicare		1,058	
Other Contracted Services		17,595	
Office Supplies		2,747	
Other Charges		408	
Total Fiscal Services			107,551

Operation of Plant

Custodial Personnel	\$	139,192	
Social Security		8,604	
State Retirement		7,980	
Unemployment Compensation		460	
Employer Medicare		2,012	
Other Contracted Services		5,496	
Custodial Supplies		22,505	
Electricity		223,777	
Natural Gas		59,719	
Water and Sewer		22,883	
Other Supplies and Materials		529	
Building and Contents Insurance		61,717	
Other Charges		528	
Total Operation of Plant			555,402

Maintenance of Plant

Supervisor/Director	\$	40,201	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Social Security	\$	2,489	
State Retirement		3,144	
Unemployment Compensation		229	
Employer Medicare		582	
Maintenance and Repair Services - Buildings		64,949	
Other Contracted Services		11,043	
Other Supplies and Materials		529	
Other Charges		33	
Maintenance Equipment		680	
Total Maintenance of Plant			\$ 123,879

Transportation

Supervisor/Director	\$	2,659	
Mechanic(s)		27,278	
Bus Drivers		179,390	
Other Salaries and Wages		7,880	
Social Security		12,822	
State Retirement		15,857	
Medical Insurance		6,611	
Unemployment Compensation		508	
Employer Medicare		2,999	
Maintenance and Repair Services - Vehicles		1,356	
Other Contracted Services		455	
Diesel Fuel		47,445	
Gasoline		7,863	
Lubricants		1,154	
Tires and Tubes		8,393	
Vehicle Parts		7,655	
Other Charges		1,792	
Total Transportation			332,117

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	30,250	
Social Security		1,875	
State Retirement		2,369	
Unemployment Compensation		108	
Employer Medicare		438	
Payments to Schools - Lunch		344,729	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Contracted Services	\$	3,300	
USDA - Commodities		28,922	
Other Supplies and Materials		233	
In Service/Staff Development		653	
Other Charges		1,782	
Food Service Equipment		11,368	
Total Food Service			\$ 426,027

Community Services

Teachers	\$	110,770	
Social Security		6,868	
State Retirement		5,012	
Unemployment Compensation		360	
Employer Medicare		1,606	
Instructional Supplies and Materials		23,235	
Other Supplies and Materials		6,492	
Total Community Services			154,343

Early Childhood Education

Supervisor/Director	\$	7,250	
Teachers		36,715	
Educational Assistants		11,680	
Other Salaries and Wages		50	
Social Security		3,134	
State Retirement		2,341	
Medical Insurance		6,933	
Unemployment Compensation		125	
Employer Medicare		733	
Instructional Supplies and Materials		28,214	
In Service/Staff Development		393	
Other Equipment		2,367	
Total Early Childhood Education			99,935

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	185,298	
Building Improvements		170,166	
Furniture and Fixtures		6,936	
Maintenance Equipment		6,684	
Total Regular Capital Outlay			369,084

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 245,000	
Total Education		<u>\$ 245,000</u>

Total General Purpose School Fund \$ 9,041,809

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 136,004	
Educational Assistants	36,577	
Other Salaries and Wages	4,278	
Social Security	10,215	
State Retirement	11,887	
Medical Insurance	19,853	
Unemployment Compensation	122	
Employer Medicare	2,389	
Tuition	252	
Instructional Supplies and Materials	24,385	
Regular Instruction Equipment	<u>96,350</u>	
Total Regular Instruction Program		\$ 342,312

Special Education Program

Teachers	\$ 163,291	
Educational Assistants	181,198	
Other Salaries and Wages	2,870	
Social Security	21,024	
State Retirement	24,572	
Unemployment Compensation	152	
Employer Medicare	4,917	
Contracts with Private Agencies	36,345	
Other Contracted Services	250	
Instructional Supplies and Materials	15,019	
Textbooks	1,530	
Other Supplies and Materials	232	
Special Education Equipment	<u>5,133</u>	
Total Special Education Program		456,533

Vocational Education Program

Instructional Supplies and Materials	\$ 5,063	
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(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 9,141	
Total Vocational Education Program		\$ 14,204

Support Services

Other Student Support

Travel	\$ 4,471	
Other Contracted Services	361	
Total Other Student Support		4,832

Regular Instruction Program

Supervisor/Director	\$ 42,314	
In-Service Training	775	
Social Security	2,672	
State Retirement	2,755	
Employer Medicare	625	
Travel	24	
Other Supplies and Materials	1,922	
In Service/Staff Development	27,545	
Other Charges	2,957	
Total Regular Instruction Program		81,589

Special Education Program

Psychological Personnel	\$ 25,351	
State Retirement	3,694	
Employer Medicare	368	
Other Contracted Services	465	
Other Supplies and Materials	4,733	
In Service/Staff Development	151	
Total Special Education Program		34,762

Vocational Education Program

Travel	\$ 900	
Total Vocational Education Program		900

Transportation

Bus Drivers	\$ 314	
Other Salaries and Wages	1,870	
Social Security	188	
State Retirement	70	

(Continued)

Exhibit K-8

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Transportation (Cont.)</u>		
Unemployment Compensation	\$	2
Employer Medicare		60
Contracts with Parents		4,941
Lubricants		54
Tires and Tubes		537
Vehicle Parts		373
Total Transportation		<u>8,409</u>
Total School Federal Projects Fund		<u>\$ 943,541</u>
Total Governmental Funds - Hartsville/Trousdale County School Department		<u><u>\$ 9,985,350</u></u>

Exhibit K-9

Hartsville/Trousdale County Government, Tennessee
Schedule of Utility Rates
June 30, 2010

Utility Rates in Effect

Water Inside Town:

First 1,000 gallons	\$ 11.46	per month
All over 2,000 gallons	3.74	per 1,000 gallons

Water Outside Town-Suburban:

First 2,000 gallons	15.63	per month
All over 2,000 gallons	6.57	per 1,000 gallons

Water Outside Town-Rural:

First 2,000 gallons	19.24	per month
All over 2,000 gallons	6.57	per 1,000 gallons

Number of Customers 2,782

Exhibit K-10

Hartsville/Trousdale County Government, Tennessee
Schedule of Unaccounted for Water
For the Year Ended June 30, 2010

(amounts in gallons)

Water Treated and Purchased:		
Water Pumped (potable)	281,273,000	
Water Purchased	<u>0</u>	
Total Water Treated and Purchased		281,273,000
Accounted for Water:		
Water Sold	(169,382,867)	
Metered for Consumption (in-house usage)	(21,110)	
Fire Departments Usage	(95,000)	
Flushing	(3,816,497)	
Tank Filling/Cleaning	(556,331)	
Street Cleaning	0	
Bulk Sales	0	
Water Bill Adjustments	<u>(5,794,979)</u>	
Total Accounted for Water		<u>(179,666,784)</u>
Unaccounted for Water		<u><u>101,606,216</u></u>
Percentage Unaccounted for Water		36.1%

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

Hartsville/Trousdale County Government, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2010

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Other General Service Charges	\$ 25,221
Water Sales	1,024,562
Forfeited Discounts	20,427
Water Tap Sales	39,750
Service Charges	270,219
Other Charges for Services	90
Total Charges for Current Services	<u>\$ 1,380,269</u>
<u>Other Local Revenues</u>	
Miscellaneous Refunds	\$ 7,420
Other Local Revenues	7,230
Total Other Local Revenues	<u>\$ 14,650</u>
<u>Other Government and Citizens Groups</u>	
Contributions	\$ 40,780
Total Other Government and Citizens Groups	<u>\$ 40,780</u>
Total Operating Revenues	<u>\$ 1,435,699</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 24,816
Grant Income	450,234
Total Nonoperating Revenues	<u>\$ 475,050</u>
Total Revenues	<u><u>\$ 1,910,749</u></u>
<u>Operating Expenses</u>	
<u>Other Public Health and Welfare</u>	
Supervisor/Director	\$ 55,120
Accountants/Bookkeepers	46,640
Clerical Personnel	101,230
Overtime Pay	35,074
Other Salaries and Wages	309,473
In-Service Training	3,363
Social Security	39,486
State Retirement	121,150
Medical Insurance	61,440

(Continued)

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

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Operating Expenses (Cont.)</u>	
<u>Other Public Health and Welfare</u>	
Communication	\$ 30,621
Data Processing Services	15,286
Dues and Memberships	5,999
Engineering Services	6,037
Legal Notices, Recording, and Court Costs	929
Maintenance and Repair Services - Buildings	2,208
Maintenance and Repair Services - Equipment	46,395
Maintenance and Repair Services - Office Equipment	817
Maintenance and Repair Services - Vehicles	5,999
Postal Charges	14,640
Rentals	3,470
Travel	338
Other Contracted Services	42,912
Electricity	168,469
Gasoline	26,855
Natural Gas	5,894
Office Supplies	5,413
Tires and Tubes	1,436
Vehicle Parts	640
Water and Sewer	2,938
Testing	12,275
Chemicals	64,313
Other Supplies and Materials	22,150
Liability Insurance	63,275
Depreciation	335,680
Other Charges	27,656
Office Equipment	3,254
Other Construction	37,966
Other Capital Outlay	68,598
Total Operating Expenses	<u>\$ 1,795,439</u>
<u>Nonoperating Expenses</u>	
Interest on Bonds	\$ 18,483
Loss on Disposal of Capital Assets	8,270
Total Operating Expenses	<u>\$ 26,753</u>
Total Expenses	<u><u>\$ 1,822,192</u></u>

SINGLE AUDIT SECTION



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

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

February 3, 2011

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise a portion of Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated February 3, 2011. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Hartsville/Trousdale County Government Emergency Communications District as described in our report on Hartsville/Trousdale County Government's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting as items 10.03 and 10.05. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

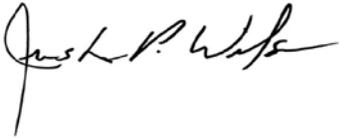
As part of obtaining reasonable assurance about whether Hartsville/Trousdale County Government's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.01, 10.02, and 10.04.

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

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

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/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

February 3, 2011

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

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

In our opinion, Hartsville/Trousdale County Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Hartsville/Trousdale County Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hartsville/Trousdale County Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Hartsville/Trousdale County Government'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 Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise a portion of Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated February 3, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hartsville/Trousdale County Government's basic financial statements. The accompanying

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

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

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

Yours very truly,

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

Hartsville/Trousdale County Government, 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	(2)	\$ 28,922 (3)
Cooperative Forestry Assistance	10.664	(2)	3,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	68,905
National School Lunch Program	10.555	(2)	260,142 (3)
After-school Snack	10.555	(2)	8,145 (3)
Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	(2)	8,760
Total U.S. Department of Agriculture			<u>\$ 377,874</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	GG-09-27981-00	\$ 450,234
Total U.S. Department of Housing and Urban Development			<u>\$ 450,234</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	\$ 7,301
Total U.S. Department of the Interior			<u>\$ 7,301</u>
U.S. Department of Justice:			
Direct Program:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	\$ 20,150
Passed-through State Commission on Children and Youth:			
Enforcing Underage Drinking Laws Program	16.727	Z-08-73534-00	21,457
Total U.S. Department of Justice			<u>\$ 41,607</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction, Recovery Act	20.205	(2)	\$ 367,083
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-08-023834-00	9,967
Total U.S. Department Transportation			<u>\$ 377,050</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-10-218553-00	\$ 53,674
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	246,176
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	98,882
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	234,006
Special Education - Grants to States, Recovery Act	84.391	N/A	225,369
Special Education - Preschool Grants	84.173	N/A	7,408
Special Education - Preschool Grants, Recovery Act	84.392	N/A	6,332
Career and Technical Education - Basic Grants to States	84.048	(2)	20,050
Safe and Drug-free Schools and Communities State Grants	84.186A	(2)	40

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education: (Cont.)			
Passed-through State Department of Education: (Cont.)			
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	\$ 1,703
Education Technology State Grants, Recovery Act	84.386	(2)	2,648
Improving Teacher Quality State Grants	84.367	N/A	61,020
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	(2)	242,900
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	(2)	101,136
Total U.S. Department of Education			\$ 1,301,344
Total Expenditures of Federal Awards			\$ 2,555,410

State Grants		Contract Number	Expenditures
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	\$ 2,339
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	13,500
Aging Programs - State Commission on Aging	N/A	(2)	28,000
Lottery for Education: Afterschool Programs - State Department of Education	N/A	119-09-1-017	106,061
Early Childhood Education - State Department of Education	N/A	(2)	95,082
Optional Tire Program - State Department of Environment and Conservation	N/A	(2)	5,752
Project Diabetes - State Department of Health	N/A	(2)	16,360
Rural Local Health Services - State Department of Health (H1N1)	N/A	Z-10-222132-00	7,960
Law Enforcement Training - State Department of Safety	N/A	(2)	7,800
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-10-218553-00	17,891
Litter Program - State Department of Transportation	N/A	(2)	28,999
Total State Grants			\$ 329,744

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 \$297,209.

Hartsville/Trousdale County Government, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

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

OFFICE OF SUPERINTENDENT OF ROADS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.05	177	A formal purchase order system had not been established

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.06	178	Payroll taxes were not deposited timely, resulting in assessments of interest and penalties

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.11	181	Duties were not segregated adequately in the Offices of Superintendent of Roads, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hartsville/Trousdale County Government is unqualified.
2. The audit of the financial statements of Hartsville/Trousdale County Government disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Hartsville/Trousdale County Government.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Community Development Block Grants/State's Program (CFDA No. 14.228); the Highway Planning and Construction, Recovery Act (CFDA No. 20.205); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hartsville/Trousdale County Government did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses of the current county executive, and director of schools are paraphrased in this report.

OFFICE OF COUNTY EXECUTIVE

FINDING 10.01 A REVENUE ANTICIPATION NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTE
(Noncompliance Under Government Auditing Standards)

During the year, the General Capital Projects Fund borrowed \$101,400 from the General Fund to provide cash for operations in anticipation of revenue collections. This loan was not approved by the state Comptroller's Office. Section 9-21-801, Tennessee Code Annotated, allows the Metropolitan Commission to issue revenue anticipation notes with the approval of the state Comptroller's Office. This deficiency resulted from a lack of oversight by management.

RECOMMENDATION

Revenue anticipation notes should be approved by the state Comptroller's Office as required by state statute.

MANAGEMENT'S RESPONSE – CURRENT COUNTY EXECUTIVE

This action was taken by the prior administration. However, the current administration is aware of the requirements for the issuance of notes and will adhere to state statutes in future loan procedures.

FINDING 10.02 CERTAIN FINANCIAL ACTIVITY OF THE HARTSVILLE/ TROUSDALE COUNTY PUBLIC LIBRARY WAS NOT AUDITED, AND THE LIBRARY WAS NOT SUBJECT TO BUDGETARY CONTROL OF THE COUNTY COMMISSION
(Noncompliance Under Government Auditing Standards)

The Hartsville/Trousdale County Public Library operates as a department within the county's General Fund. A significant portion of the library's expenditures for the year was paid through the county's General Fund (\$76,836), which is included in the financial statements of this report. However, the Library Board maintained one checking account outside of the county's control to deposit various revenues and to pay certain operating expenses (\$26,918). The balance of the checking account totaled \$10,545 on June 30, 2010. The funds channeled through the checking account did not flow through the county's budgetary process, have not been audited, and are not included in the financial statements of this report. We do not consider the exclusion of these amounts to be material to the financial statements of this report.

Section 5-9-401, Tennessee Code Annotated (TCA), states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” Also, Section 10-3-106, TCA, states that “all library accounts of every character shall be audited annually by or under the county legislative body and/or city governing body.”

RECOMMENDATION

The Hartsville/Trousdale County Public Library should remit all collections to the county’s General Fund. All revenues and expenditures related to the library’s operation should be audited and subject to budgetary control of the Metropolitan Commission as required by state statutes.

MANAGEMENT’S RESPONSE – CURRENT COUNTY EXECUTIVE

I concur. Corrective action was taken July 1, 2010. The library manager deposited all funds to the county’s General Fund. Funds are now deposited in a bank clearing account during the month, and all funds are transferred to the trustee by check at the end of each month, leaving a zero balance in the bank account. All funds will be available for audit.

OFFICE OF SUPERINTENDENT OF ROADS

FINDING 10.03 **A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.04 PAYROLL TAXES WERE NOT DEPOSITED TIMELY, RESULTING IN ASSESSMENTS OF INTEREST AND PENALTIES TOTALING \$5,557
(Noncompliance Under Government Auditing Standards)

Payroll taxes were not deposited with the Internal Revenue Service (IRS) timely for the quarter ended June 30, 2009. IRS Circular E – Employer’s Tax Guide requires employers to deposit employee payroll taxes in a U.S. Treasury bank account within three days of each payroll. This deficiency was the result of a lack of management oversight. As a result, the office was required to pay interest and penalty charges totaling \$5,557. This deficiency can be attributed to the failure of management to correct this finding noted in the 2008-09 audit report where we reported the office was required to pay interest and penalty charges totaling \$18,043.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We do concur that this is a serious issue, which has plagued our school system for the last three years. Procedures were put in place last year to safeguard against future interest and penalty assessments by the IRS. Although the amount of the penalty payments has been drastically reduced since the prior year, a change in finance supervisor was made on June 15, 2010, to remedy such penalty assessments in the future. No incidences of untimely tax deposits have occurred since the change in the finance supervisor.

OTHER FINDING AND RECOMMENDATION

FINDING 10.05 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE, SUPERINTENDENT OF ROADS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Superintendent of Roads, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of

management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CURRENT COUNTY EXECUTIVE

Under current budget restraints, funding is not available for adequate staff to segregate duties. During the next budget process, funding will be requested to adequately staff the office.

AUDITOR'S COMMENT

We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, as noted above, our professional standards require that we bring this matter to your attention.

BEST PRACTICES

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

ITEM 1. **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

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

ITEM 2. **HARTSVILLE/TROUSDALE COUNTY GOVERNMENT HAS NOT ESTABLISHED AN AUDIT COMMITTEE**

Hartsville/Trousdale County Government does not have an Audit Committee. An Audit Committee can assist the Metropolitan Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. Metropolitan Government officials should establish an Audit Committee as a best practice.

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

There were no findings and questioned costs for federal awards.

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010

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

Superintendent of the Water and Sewer Department - Summary Schedule of Prior-Year's Findings

FINDINGS 09.03(A) and 09.12

The Water and Sewer Department identified and valued all its capital assets.