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# ANNUAL FINANCIAL REPORT CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT**  
**CARROLL COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT***  
***JAMES R. ARNETTE***  
***Director***

***JAN PAGE, CPA, CFE***  
***Audit Manager***

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***WENDY HEATH, CFE***  
***State Auditors***

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

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# ***Audit Highlights***

Annual Financial Report  
Carroll County, Tennessee  
For the Year Ended June 30, 2011

## ***Scope***

We have audited the basic financial statements of Carroll County as of and for the year ended June 30, 2011.

## ***Results***

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

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

## ***Findings and Best Practices***

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

### **OFFICE OF COUNTY MAYOR**

- ◆ Material audit adjustments were required for proper financial statement presentation.

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### **OFFICE OF HIGHWAY COMMISSION**

- ◆ Highway/Public Works Fund expenditures exceeded appropriations at the major category level of control.
- ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.

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### **OFFICE OF CLERK AND MASTER**

- ◆ The docket trial balance was not reconciled with cash control records.
-

**OFFICES OF HIGHWAY COMMISSION; DIRECTOR OF SCHOOLS;  
CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK;  
CLERK AND MASTER; REGISTER; AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

**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 Carroll County.

- Carroll County should adopt a central system of accounting, budgeting, and purchasing.
- Carroll County should establish an Audit Committee.

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## INTRODUCTORY SECTION

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Carroll County Officials  
June 30, 2011

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**Officials**

Kenny McBride, County Mayor  
Charlotte Tucker, Director of Schools  
Patricia Rich, Trustee  
(1) - Assessor of Property  
Darlene Kirk, County Clerk  
Bertha Taylor, Circuit, General Sessions, and Juvenile Courts Clerk  
Kenneth Todd, Clerk and Master  
Natalie Porter, Register  
Andy Dickson, Sheriff

**Board of County Commissioners**

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

**Highway Commission**

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

**Board of Education**

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

(1) - Assessor of Property Johnny Radford died on May 30, 2011. The position remained vacant until July 11, 2011, when Rita Jones was appointed as the new assessor.

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## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

November 18, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Carroll County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carroll County Board of Public Utilities, a major fund and the entire business-type activities. Also, we did not audit the financial statements of the Carroll County Indigent Care Board (a fiduciary fund), which represent 29.4 percent and 33.5 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carroll County Board of Public Utilities and Carroll County Indigent Care Board, is based on the reports of other auditors.

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

evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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

In our opinion, except for the effects of not including the financial statements of the Carroll County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Carroll County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of June 30, 2011, 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 November 18, 2011, on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

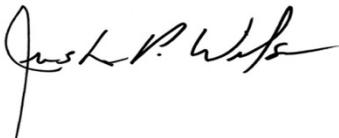
As described in Note V.B., Carroll County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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 77 through 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Carroll County, Tennessee  
Statement of Net Assets  
June 30, 2011

	Primary Government			Component
	Governmental Activities	Business- type Activities	Total	Unit
				Carroll County School Department
<u>ASSETS</u>				
Cash	\$ 44,744	\$ 1,943,101	\$ 1,987,845	\$ 0
Equity in Pooled Cash and Investments	2,527,254	0	2,527,254	5,788,005
Inventories	0	489,320	489,320	0
Investments	0	5,872,494	5,872,494	0
Accounts Receivable	49,902	3,405,372	3,455,274	1,533
Due from Other Governments	594,189	0	594,189	208,106
Property Taxes Receivable	3,938,663	0	3,938,663	537,090
Allowance for Uncollectible Property Taxes	(197,517)	0	(197,517)	(26,935)
Prepaid Items	0	348,378	348,378	0
Other Restricted Assets	0	388,825	388,825	0
Deferred Charges - Debt Issuance Costs	10,574	9,721	20,295	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,747,068	284,070	2,031,138	176,489
Construction in Progress	167,211	480,729	647,940	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,008,939	589,376	5,598,315	1,326,521
Infrastructure	6,670,407	0	6,670,407	0
Other Capital Assets	924,710	19,169,321	20,094,031	1,762,097
Total Assets	<u>\$ 21,486,144</u>	<u>\$ 32,980,707</u>	<u>\$ 54,466,851</u>	<u>\$ 9,772,906</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 11,468	\$ 3,172,773	\$ 3,184,241	\$ 1,384
Payroll Deductions Payable	36,824	0	36,824	12,100
Accrued Leave	0	1,887,904	1,887,904	0
Contracts Payable	81,354	0	81,354	0
Retainage Payable	6,152	0	6,152	0
Accrued Interest Payable	1,558	0	1,558	0
Customer Deposits Payable	0	886,072	886,072	0
Current Liabilities Payable from				
Restricted Assets	0	6,335	6,335	0
Deferred Revenue - Current Property Taxes	3,619,055	0	3,619,055	493,507
Noncurrent Liabilities:				
Due Within One Year	137,553	150,000	287,553	0
Due in More Than One Year (net of unamortized discount on debt)	1,884,169	645,831	2,530,000	38,013
Total Liabilities	<u>\$ 5,778,133</u>	<u>\$ 6,748,915</u>	<u>\$ 12,527,048</u>	<u>\$ 545,004</u>

(Continued)

Exhibit A

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

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>	<u>Unit</u>
	<u>Activities</u>	<u>type</u>		<u>Carroll</u>
		<u>Activities</u>		<u>County</u>
				<u>School</u>
				<u>Department</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 12,783,156	\$ 19,727,665	\$ 32,510,821	\$ 0
Invested in Capital Assets	0	0	0	3,265,107
Restricted for:				
Debt Service	824,970	382,490	1,207,460	0
Highway/Public Works	691,386	0	691,386	0
Solid Waste/Sanitation	69,125	0	69,125	0
Public Safety	614,450	0	614,450	0
Public Health and Welfare	117,795	0	117,795	0
Social, Cultural, and Recreational Services	120,198	0	120,198	0
School Transportation	0	0	0	1,259,404
Other Purposes	191,935	0	191,935	5,880
Unrestricted	294,996	6,121,637	6,416,633	4,697,511
Total Net Assets	<u>\$ 15,708,011</u>	<u>\$ 26,231,792</u>	<u>\$ 41,939,803</u>	<u>\$ 9,227,902</u>

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

Exhibit B

Carroll County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										Component Unit	
	Program Revenues					Primary Government						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Carroll County School Department				
<b>Primary Government:</b>												
Governmental Activities:												
General Government	\$ 1,020,091	\$ 103,158	\$ 15,164	\$ 0	\$ 0	\$ (901,769)	\$ 0	\$ (901,769)	\$ 0			
Finance	669,046	555,713	0	0	0	(113,333)	0	(113,333)	0			
Administration of Justice	1,049,261	673,080	0	0	0	(376,181)	0	(376,181)	0			
Public Safety	4,586,113	655,903	774,763	0	0	(3,155,447)	0	(3,155,447)	0			
Public Health and Welfare	1,837,832	1,163,591	736,035	0	0	61,794	0	61,794	0			
Social, Cultural, and Recreational Services	591,223	34,712	62,340	0	0	(494,171)	0	(494,171)	0			
Agriculture and Natural Resources	107,029	0	0	0	0	(107,029)	0	(107,029)	0			
Other Operations	676,854	88,580	9,013	0	0	(579,261)	0	(579,261)	0			
Highways/Public Works	3,022,168	6,051	2,288,421	213,746	0	(513,950)	0	(513,950)	0			
Interest on Long-term Debt	10,776	0	0	0	0	(10,776)	0	(10,776)	0			
Other Debt Service	20,131	0	0	0	0	(20,131)	0	(20,131)	0			
<b>Total Governmental Activities</b>	<b>\$ 13,590,524</b>	<b>\$ 3,280,788</b>	<b>\$ 3,885,736</b>	<b>\$ 213,746</b>	<b>\$ (6,210,254)</b>	<b>\$ 0</b>	<b>\$ (6,210,254)</b>	<b>\$ 0</b>	<b>\$ (6,210,254)</b>	<b>\$ 0</b>		
<b>Business-type Activities:</b>												
Public Utility	\$ 37,900,544	\$ 38,373,267	0	0	0	0	0	0	472,723	0		
<b>Total Business-type Activities</b>	<b>\$ 37,900,544</b>	<b>\$ 38,373,267</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>472,723</b>	<b>\$ 472,723</b>	<b>0</b>	
<b>Total Primary Government</b>	<b>\$ 51,491,068</b>	<b>\$ 41,654,055</b>	<b>\$ 3,885,736</b>	<b>\$ 213,746</b>	<b>\$ (6,210,254)</b>	<b>\$ 472,723</b>	<b>\$ (5,737,531)</b>	<b>\$ 0</b>	<b>\$ (5,737,531)</b>	<b>\$ 0</b>		
<b>Component Unit:</b>												
Carroll County School Department	\$ 3,815,189	\$ 698,729	\$ 356,027	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,760,433)	
<b>Total Component Unit</b>	<b>\$ 3,815,189</b>	<b>\$ 698,729</b>	<b>\$ 356,027</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (2,760,433)</b>	

(Continued)

Exhibit B

Carroll County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total Governmental Activities	Total	
				Business-type Activities	Other			
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes								
Property Taxes Levied for Debt Service								
Local Option Sales Taxes								
Wheel Tax								
Litigation Taxes								
Business Tax								
Other Local Taxes								
Grants and Contributions Not Restricted to Specific Programs								
Unrestricted Investment Income								
Miscellaneous								
Total General Revenues	\$ 6,174,805	\$ 94,948	\$ 94,948	\$ 0	\$ 113,569	\$ 6,269,753	\$ 3,364,796	\$ 511,957
Transfers								
Change in Net Assets	\$ 306,922	\$ 225,300	\$ 225,300	\$ 0	\$ 532,222	\$ 604,363	\$ 604,363	\$ 604,363
Net Assets, July 1, 2010	14,543,356	26,006,492	26,006,492	0	40,549,848	8,623,539	8,623,539	8,623,539
Prior-period Adjustment	857,733	0	0	0	857,733	0	0	0
Net Assets, June 30, 2011	\$ 15,708,011	\$ 26,231,792	\$ 26,231,792	\$ 0	\$ 41,939,803	\$ 9,227,902	\$ 9,227,902	\$ 9,227,902

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

Exhibit C-1

Carroll County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Cash	\$ 250	\$ 500	\$ 0	\$ 0	\$ 0	\$ 43,994	\$ 44,744
Equity in Pooled Cash and Investments	1,201,108	47,670	391,131	814,981	0	72,364	2,527,254
Accounts Receivable	49,811	0	91	0	0	0	49,902
Due from Other Governments	227,363	18,768	347,240	0	0	818	594,189
Due from Other Funds	419	0	0	0	0	0	419
Property Taxes Receivable	3,109,110	286,448	322,254	220,851	0	0	3,938,663
Allowance for Uncollectible Property Taxes	(153,533)	(14,365)	(16,160)	(13,459)	0	0	(197,517)
<b>Total Assets</b>	<b>\$ 4,434,528</b>	<b>\$ 339,021</b>	<b>\$ 1,044,556</b>	<b>\$ 1,022,373</b>	<b>\$ 117,176</b>	<b>\$ 0</b>	<b>\$ 6,957,654</b>

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$ 7,132	\$ 4,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,468
Accounts Payable	34,832	1,992	0	0	0	0	36,824
Payroll Deductions Payable	81,354	0	0	0	0	0	81,354
Contracts Payable	6,152	0	0	0	0	0	6,152
Retainage Payable	0	0	0	0	0	419	419
Due to Other Funds	2,862,343	263,204	296,105	197,403	0	0	3,619,055
Deferred Revenue - Current Property Taxes	82,667	7,873	8,857	8,857	0	0	108,254
Deferred Revenue - Delinquent Property Taxes	32,279	12,584	173,304	0	0	0	218,167
Other Deferred Revenues	\$ 3,106,759	\$ 289,989	\$ 478,266	\$ 206,260	\$ 419	\$ 0	\$ 4,081,693
Total Liabilities							

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General		Other Governmental Funds	Governmental Funds	
				Debt	Service			
\$	181,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 181,520	
	10,415	0	0	0	0	36,079	46,494	
	577,347	0	0	0	0	37,103	614,450	
	117,795	0	0	0	0	0	117,795	
	120,198	0	0	0	0	0	120,198	
	0	0	16,486	0	0	0	16,486	
	0	0	0	778,864	0	0	778,864	
	0	0	0	0	0	22,034	22,034	
	0	0	0	0	0	21,541	21,541	
	0	49,032	0	0	0	0	49,032	
	0	0	549,804	0	0	0	549,804	
	0	0	0	37,249	0	0	37,249	
	320,494	0	0	0	0	0	320,494	
<b>Total Fund Balances</b>	<b>\$ 1,327,769</b>	<b>\$ 49,032</b>	<b>\$ 566,290</b>	<b>\$ 816,113</b>	<b>\$ 116,757</b>	<b>\$ 116,757</b>	<b>\$ 2,875,961</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,434,528</b>	<b>\$ 339,021</b>	<b>\$ 1,044,556</b>	<b>\$ 1,022,373</b>	<b>\$ 117,176</b>	<b>\$ 117,176</b>	<b>\$ 6,957,654</b>	

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances

Restricted:

Restricted for General Government  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Social, Cultural, and Recreational Services  
 Restricted for Highways/Public Works  
 Restricted for Debt Service

Committed:

Committed for Finance  
 Committed for Administration of Justice  
 Committed for Public Health and Welfare  
 Committed for Highways/Public Works  
 Committed for Debt Service

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Carroll County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 2,875,961	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,747,068		
Add: construction in progress	167,211		
Add: buildings and improvements net of accumulated depreciation	5,008,939		
Add: infrastructure net of accumulated depreciation	6,670,407		
Add: other capital assets net of accumulated depreciation	<u>924,710</u>	14,518,335	
(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	\$ (26,000)		
Less: other loans payable	(1,685,000)		
Less: capital leases payable	(34,753)		
Add: deferred charges - debt issuance costs	10,574		
Less: accrued interest on notes and capital leases	(1,558)		
Less: compensated absences payable	<u>(275,969)</u>	(2,012,706)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>326,421</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 15,708,011</u>

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

Exhibit C-3

Carroll County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 4,375,818	\$ 280,862	\$ 823,484	\$ 420,535	\$ 0	\$ 0	\$ 5,900,699	
Licenses and Permits	165	0	0	0	0	0	165	
Fines, Forfeitures, and Penalties	188,922	0	0	0	41,435	0	230,357	
Charges for Current Services	291,542	1,063,811	19	0	256,590	0	1,611,962	
Other Local Revenues	394,498	99,780	6,032	0	18,826	0	519,136	
Fees Received from County Officials	797,777	0	0	0	0	0	797,777	
State of Tennessee	1,363,765	28,473	2,132,487	0	0	0	3,524,725	
Federal Government	558,548	0	368,524	0	0	0	927,072	
Other Governments and Citizens Groups	34,879	0	6,725	0	0	0	41,604	
<u>Total Revenues</u>	<u>\$ 8,005,914</u>	<u>\$ 1,472,926</u>	<u>\$ 3,337,271</u>	<u>\$ 420,535</u>	<u>\$ 316,851</u>	<u>\$ 0</u>	<u>\$ 13,553,497</u>	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,280,375	0	0	0	0	0	1,280,375	
Finance	462,761	0	0	0	173,913	0	636,674	
Administration of Justice	842,649	0	0	0	118,435	0	961,084	
Public Safety	4,310,454	0	0	0	83,191	0	4,393,645	
Public Health and Welfare	294,675	1,440,594	0	0	0	0	1,735,269	
Social, Cultural, and Recreational Services	534,232	0	0	0	0	0	534,232	
Agriculture and Natural Resources	89,099	0	0	0	0	0	89,099	
Other Operations	559,854	0	0	0	0	0	559,854	
Highways	0	28,022	3,107,444	0	0	0	3,135,466	
Debt Service:								
Principal on Debt	0	12,000	44,798	170,580	0	0	227,378	
Interest on Debt	0	1,664	3,636	7,053	0	0	12,353	
Other Debt Service	0	0	0	18,914	0	0	18,914	
<u>Total Expenditures</u>	<u>\$ 8,374,099</u>	<u>\$ 1,482,280</u>	<u>\$ 3,155,878</u>	<u>\$ 196,547</u>	<u>\$ 375,539</u>	<u>\$ 0</u>	<u>\$ 13,584,343</u>	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds Other	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service		
Excess (Deficiency) of Revenues Over Expenditures	\$ (368,185) \$	(9,354) \$	181,393 \$	223,988 \$	(58,688) \$	(30,846)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 96,580 \$	0 \$	0 \$	0 \$	0 \$	96,580
Insurance Recovery	48,381	0	18,299	0	0	66,680
Transfers In	261,447	24,900	28,012	28,012	0	342,371
Total Other Financing Sources (Uses)	\$ 406,408 \$	24,900 \$	46,311 \$	28,012 \$	0 \$	505,631
Net Change in Fund Balances	\$ 38,223 \$	15,546 \$	227,704 \$	252,000 \$	(58,688) \$	474,785
Fund Balance, July 1, 2010	1,289,546	33,486	338,586	564,113	175,445	2,401,176
Fund Balance, June 30, 2011	\$ 1,327,769 \$	49,032 \$	566,290 \$	816,113 \$	116,757 \$	2,875,961

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

Exhibit C-4

Carroll County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2011

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)		\$	474,785
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	943,368	
Less: current-year depreciation expense		<u>(1,216,916)</u>	(273,548)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and disposals) is to increase net assets.			
Add: assets donated and capitalized			48,840
(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, 2011	\$	326,421	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(373,683)</u>	(47,262)
(4) The issuance of long-term debt (e.g. notes, other loans, capital leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: note proceeds	\$	(96,580)	
Less: change in deferred debt issuance costs		(1,217)	
Add: principal payments on notes		108,580	
Add: principal payments on other loans		74,000	
Add: principal payments on capital leases		<u>44,798</u>	129,581
(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	\$	1,577	
Change in compensated absences payable		<u>(27,051)</u>	<u>(25,474)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 306,922</u>

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

Exhibit D-1

Carroll County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	Public Utility
	<u>Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,943,101
Inventories	489,320
Investments	5,872,494
Accounts Receivable	3,405,372
Prepaid Items and Other Current Assets	348,378
Total Current Assets	<u>\$ 12,058,665</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 388,825
Deferred Charges - Debt Issuance Costs	9,721
Capital Assets:	
Assets Not Depreciated:	
Land	284,070
Construction in Progress	480,729
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	589,376
Other Capital Assets	19,169,321
Total Noncurrent Assets	<u>\$ 20,922,042</u>
Total Assets	<u>\$ 32,980,707</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,172,773
Accrued Leave	1,887,904
Current Liabilities Payable from Restricted Assets (Includes Current Maturities of Long-term Debt)	156,335
Customer Deposits	886,072
Total Current Liabilities	<u>\$ 6,103,084</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 660,000
Unamortized Discount on Bonds Payable	(14,169)
Total Noncurrent Liabilities	<u>\$ 645,831</u>
Total Liabilities	<u>\$ 6,748,915</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service Unrestricted	\$ 19,727,665 382,490 <u>6,121,637</u>
Total Net Assets	<u>\$ 26,231,792</u>

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

Exhibit D-2

Carroll County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 37,577,855
Other Electric Revenue	795,412
Total Operating Revenues	<u>\$ 38,373,267</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 31,910,486
Operations Expense	2,147,338
Maintenance Expense	1,344,362
Administrative Expense	1,089,379
Depreciation and Amortization	1,023,165
Other Taxes	197,746
Tax Equivalents	140,635
Total Operating Expenses	<u>\$ 37,853,111</u>
Operating Income (Loss)	<u>\$ 520,156</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 94,948
Interest Expense	(43,144)
Amortization of Debt Expense	(4,289)
Total Nonoperating Revenues (Expenses)	<u>\$ 47,515</u>
Income Before Transfers	\$ 567,671
Transfers In (Out)	<u>(342,371)</u>
Change in Net Assets	\$ 225,300
Net Assets, July 1, 2010	<u>26,006,492</u>
Net Assets, June 30, 2011	<u>\$ 26,231,792</u>

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

Exhibit D-3

Carroll County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2011

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 38,123,958
Payments to Suppliers and Employees	(36,298,938)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,825,020</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (1,465,324)
Plant Removal Cost	(119,790)
Materials Salvaged from Retirements	146,929
Principal Paid on Bonds	(140,000)
Interest Paid on Bonds	(44,170)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,622,355)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (342,371)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (342,371)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (15,796,339)
Proceeds from Sale of Investments	15,214,537
Interest Earned	94,948
Net Cash Provided By (Used In) Investing Activities	<u>\$ (486,854)</u>
Net Increase (Decrease) in Cash	\$ (626,560)
Cash, July 1, 2010	<u>2,703,863</u>
Cash, June 30, 2011	<u><u>\$ 2,077,303</u></u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 520,156
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	1,023,165
(Increase) Decrease in Accounts Receivable	(204,058)

(Continued)

Exhibit D-3

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

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities (Cont.)</u>	
(Increase) Decrease in Materials and Supplies	\$ 10,818
(Increase) Decrease in Prepayments and Other Current Assets	(23,302)
(Increase) Decrease in Customer Deposits	(23,650)
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>521,891</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,825,020</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 1,943,101
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>134,202</u>
Cash, June 30, 2011	<u><u>\$ 2,077,303</u></u>

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

Exhibit E-1

Carroll County, Tennessee  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	<u>Other Trust Funds</u>		Total Other Trust Funds	Agency Funds
	<u>Endowment Principal</u>	<u>Indigent Care Trust</u>		
<u>ASSETS</u>				
Cash	\$ 0	\$ 385,564	\$ 385,564	\$ 1,633,001
Equity in Pooled Cash and Investments	90,449	0	90,449	295,509
Investments	0	2,816,401	2,816,401	0
Due from Other Governments	0	0	0	790,509
Taxes Receivable	0	0	0	5,051,359
Allowance for Uncollectible Taxes	0	0	0	(261,354)
Prepaid Items	0	91	91	0
Accrued Interest Receivable	133	11,626	11,759	0
Total Assets	<u>\$ 90,582</u>	<u>\$ 3,213,682</u>	<u>\$ 3,304,264</u>	<u>\$ 7,509,024</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 28,334	\$ 28,334	\$ 0
Due to Other Taxing Units	0	0	0	5,876,023
Due to Litigants, Heirs, and Others	0	0	0	1,633,001
Total Liabilities	<u>\$ 0</u>	<u>\$ 28,334</u>	<u>\$ 28,334</u>	<u>\$ 7,509,024</u>
<u>NET ASSETS</u>				
Held in Trust for Underprivileged Children	\$ 90,582	\$ 0	\$ 90,582	
Held in Trust for Indigent Care	0	3,185,348	3,185,348	
Total Net Assets	<u>\$ 90,582</u>	<u>\$ 3,185,348</u>	<u>\$ 3,275,930</u>	

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

Exhibit E-2

Carroll County, Tennessee  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2011

	<u>Other Trust Funds</u>		<u>Total</u>
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>
			<u>Funds</u>
<u>ADDITIONS</u>			
Investment Income:			
Interest	\$ 1,058	\$ 147,533	\$ 148,591
Net Increase (Decrease) in Fair Value of Investments	0	12,388	12,388
Net Investment Income	\$ 1,058	\$ 159,921	\$ 160,979
Total Additions	\$ 1,058	\$ 159,921	\$ 160,979
<u>DEDUCTIONS</u>			
Donations	\$ 1,000	\$ 0	\$ 1,000
Payments for Indigent Care	0	116,875	116,875
Safekeeping Fees and Service Charges	0	151	151
Audit Fees	0	2,250	2,250
Insurance	0	363	363
Total Deductions	\$ 1,000	\$ 119,639	\$ 120,639
Change in Net Assets	\$ 58	\$ 40,282	\$ 40,340
Net Assets, July 1, 2010	90,524	3,145,066	3,235,590
Net Assets, June 30, 2011	\$ 90,582	\$ 3,185,348	\$ 3,275,930

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

**CARROLL COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

The Carroll County School Department operates the Carroll County Vocational Center, the Carroll County Special Learning Center, and three adult and community education programs in the county. The School Department also operates the transportation program for all students in the county including students attending the special school districts. The School Department's board is elected by the voters of Carroll County. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

Administrative Office:

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

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

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

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

Carroll County issues all debt for the discretely presented Carroll County School Department. No debt was issued by the county for the School Department during the year under examination.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are

excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Carroll County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Carroll County reports only one proprietary fund, a major enterprise fund.

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

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

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

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

Carroll County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund is used to account for Carroll County’s garbage collection and recycling operations. Local taxes and general service charges are the foundational revenues of this fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Carroll County reports the following major proprietary fund:

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

Additionally, Carroll County reports the following fund types:

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

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

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

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

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

**School Transportation Fund** – This special revenue fund is used to account for transportation of all students in the county school system and the special school districts. Local taxes are the foundational revenues of this fund.

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

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

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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

**1. Deposits and Investments**

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

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

**2. Receivables and Payables**

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

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.66 percent of total taxes levied.

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

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

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

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

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

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government (excluding the Carroll County Board of Public

Utilities, enterprise fund) as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**4. Compensated Absences**

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

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

**5. Long-term Obligations**

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

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

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

**6. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county’s Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**7. Prior-period Adjustment**

Capital assets were restated \$857,733 from the prior year because several roads and bridges had been omitted.

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

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

### **Primary Government**

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

### **Discretely Presented Carroll County School Department**

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds 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 changes in net assets of governmental activities reported in the government-wide Statement of Activities.

### **Discretely Presented Carroll County School Department**

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

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

### **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) and the Constitutional Officers - Fees Fund (special revenue fund), which are not budgeted. All annual appropriations lapse at fiscal year end.

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

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

the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the Carroll County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2011, Carroll County and the Carroll County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
General	Health Department Renovation	\$ 181,520
Highway/Public Works	Bridge Construction	248,762
School Department:		
Major Fund:		
General Purpose School	Buses	408,870

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Operation and Maintenance of Equipment and Other Charges major appropriation categories (the legal level of control) of the Highway/Public Works Fund by \$13,735 and \$5,735, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

## Deposits

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

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

## Investments

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

The county (excluding the Carroll County Indigent Care Board, fiduciary fund, which is discussed in Note VII.B.1., and the Carroll County Board of Public Utilities, enterprise fund, which is discussed in Note VI.C.1.) had no pooled and nonpooled investments as of June 30, 2011.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	* Restated			
	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,747,068	\$ 0	\$ 0	\$ 1,747,068
Construction in Progress	297,146	167,211	297,146	167,211
Total Capital Assets Not Depreciated	<u>\$ 2,044,214</u>	<u>\$ 167,211</u>	<u>\$ 297,146</u>	<u>\$ 1,914,279</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,311,857	\$ 37,102	\$ 0	\$ 9,348,959
Infrastructure	12,527,113	800,978	0	13,328,091
Other Capital Assets	6,274,525	284,063	71,333	6,487,255
Total Capital Assets Depreciated	<u>\$ 28,113,495</u>	<u>\$ 1,122,143</u>	<u>\$ 71,333</u>	<u>\$ 29,164,305</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,044,235	\$ 295,785	\$ 0	\$ 4,340,020
Infrastructure	6,152,777	504,907	0	6,657,684
Other Capital Assets	5,217,654	416,224	71,333	5,562,545
Total Accumulated Depreciation	<u>\$ 15,414,666</u>	<u>\$ 1,216,916</u>	<u>\$ 71,333</u>	<u>\$ 16,560,249</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,698,829</u>	<u>\$ (94,773)</u>	<u>\$ 0</u>	<u>\$ 12,604,056</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,743,043</u>	<u>\$ 72,438</u>	<u>\$ 297,146</u>	<u>\$ 14,518,335</u>

\* See Note I.D.7. for the prior-period adjustment.

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

**Governmental Activities:**

General Government	\$	14,148
Finance		9,314
Administration of Justice		74,399
Public Safety		299,906
Public Health and Welfare		87,919
Social, Cultural, and Recreational Services		45,118
Agriculture and Natural Resources		5,197
Other Operations		254,704
Highway/Public Works		<u>426,211</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,216,916</u></u>

**Discretely Presented Carroll County School Department**

**Governmental Activities:**

	Balance		Balance	
	7-1-10	Increases	Decreases	6-30-11
Capital Assets Not Depreciated:				
Land	\$ 176,489	\$ 0	\$ 0	\$ 176,489
Total Capital Assets Not Depreciated	<u>\$ 176,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,489</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,866,594	\$ 0	\$ 0	\$ 2,866,594
Other Capital Assets	3,704,747	307,674	186,310	3,826,111
Total Capital Assets Depreciated	<u>\$ 6,571,341</u>	<u>\$ 307,674</u>	<u>\$ 186,310</u>	<u>\$ 6,692,705</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,431,335	\$ 108,738	\$ 0	\$ 1,540,073
Other Capital Assets	1,991,943	258,381	186,310	2,064,014
Total Accumulated Depreciation	<u>\$ 3,423,278</u>	<u>\$ 367,119</u>	<u>\$ 186,310</u>	<u>\$ 3,604,087</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,148,063</u>	<u>\$ (59,445)</u>	<u>\$ 0</u>	<u>\$ 3,088,618</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,324,552</u>	<u>\$ (59,445)</u>	<u>\$ 0</u>	<u>\$ 3,265,107</u>

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

**Governmental Activities:**

Instruction	\$ 101,806
Support Services	264,663
Capital Outlay	<u>650</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 367,119</u></u>

**C. Construction Commitments**

At June 30, 2011, the county had uncompleted construction contracts of approximately \$181,520 for health department renovations. Funding for these future expenditures has been received. The Highway Department had uncompleted construction contracts of \$248,762 for bridge construction. Funding for these future expenditures is expected to be received from state grants.

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 419

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>			
	General Fund	Solid Waste/ Sanitation Fund	Highway/ Public Works Fund	General Debt Service Fund
Public Utility	\$ 261,447	\$ 24,900	\$ 28,012	\$ 28,012

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**E. Capital Leases**

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

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 155,185
Less: Accumulated Depreciation	<u>(103,616)</u>
Total Book Value	<u>\$ 51,569</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 36,414
Total Minimum Lease Payments	\$ 36,414
Less: Amount Representing Interest	<u>(1,661)</u>
Present Value of Minimum Lease Payments	<u>\$ 34,753</u>

**F. Long-term Debt**

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to five years for notes and up to 24 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes and other loans included in long-term debt as of June 30, 2011, will be retired from the General Debt Service or Solid Waste/Sanitation funds.

Capital outlay notes, other loans, and capital leases outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Note	5.2 %	\$ 60,000	\$ 26,000
Other Loans	variable	2,200,000	1,685,000
Capital Leases	4.5 to 4.95	141,415	34,753

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Carroll County for various capital projects. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (letter of credit, debt remarketing, administrative, etc.) in connection with this loan. At June 30, 2011, the variable interest rate was .22 percent based on the LIBOR rate and other fees totaled approximately .5 percent (letter of credit), .08 percent (debt remarketing), and .15 percent (administrative) of the outstanding loan principal.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 13,000	\$ 1,014	\$ 14,014
2013	13,000	338	13,338
Total	\$ 26,000	\$ 1,352	\$ 27,352

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 76,000	\$ 3,707	\$ 12,300	\$ 92,007
2013	79,000	3,540	11,746	94,286
2014	81,000	3,366	11,169	95,535
2015	84,000	3,188	10,578	97,766
2016	86,000	3,003	9,964	98,967
2017-2021	475,000	12,046	39,968	527,014
2022-2026	556,000	6,474	21,484	583,958
2027-2028	248,000	822	2,730	251,552
Total	\$ 1,685,000	\$ 36,146	\$ 119,939	\$ 1,841,085

There is \$816,113 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes, other loans, and capital leases totaled \$61, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) for the year ended June 30, 2011, was as follows:

##### Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2010	\$ 38,000	\$ 1,759,000
Additions	96,580	0
Deductions	(108,580)	(74,000)
Balance, June 30, 2011	\$ 26,000	\$ 1,685,000
Balance Due Within One Year	\$ 13,000	\$ 76,000

Governmental Activities (Cont.):

	Capital Leases	Compensated Absences
Balance, July 1, 2010	\$ 79,551	\$ 248,918
Additions	0	207,414
Deductions	(44,798)	(180,363)
Balance, June 30, 2011	<u>\$ 34,753</u>	<u>\$ 275,969</u>
Balance Due Within One Year	<u>\$ 34,753</u>	<u>\$ 13,800</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 2,021,722
Less: Balance Due Within One Year	<u>(137,553)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,884,169</u>

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

**Discretely Presented Carroll County School Department**

Long-term liability activity for the discretely presented Carroll County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2010	\$ 30,810
Additions	19,073
Deductions	<u>(11,870)</u>
Balance, June 30, 2011	<u>\$ 38,013</u>
Balance Due Within One Year	<u>\$ 0</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carroll County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$2,984 and \$1,253, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

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

**Employee Health Insurance**

Carroll County purchases commercial health insurance for employees. On November 8, 2010, the county adopted a resolution providing that retirees are not allowed to remain in the employee health insurance program.

**Workers' Compensation Insurance**

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

**Liability, Property, and Casualty**

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

through commercial insurance companies for claims exceeding \$100,000 for each insured event.

### **Discretely Presented Carroll County School Department**

#### **Employee Health Insurance**

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

#### **Liability, Property, Casualty, and Workers' Compensation Insurance**

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

### **B. Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Carroll County and the Carroll County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**D. Changes in Administration**

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

On May 30, 2011, Johnny Radford, the assessor of property, died. The office remained vacant until July 11, 2011, when the County Commission appointed Rita Jones as the assessor of property.

**E. Joint Ventures**

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2011, and does not have any equity interest in this joint venture.

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

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

Administrative Offices:

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

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

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

**F. Retirement Commitments**

**Plan Description**

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

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

## **Funding Policy**

### County Employees

Carroll County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.5 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### School Board Employees

Carroll County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 62.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

## **Annual Pension Cost**

### County Employees

For the year ended June 30, 2011, Carroll County's annual pension cost of \$448,189 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 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 ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six 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
6-30-11	\$448,189	100%	\$0
6-30-10	392,759	100	0
6-30-09	354,297	100	0

School Board Employees

For the year ended June 30, 2011, Carroll County's annual pension cost of \$8,837 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 2.5 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 ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was zero years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$8,837	100%	\$0
6-30-10	8,995	100	0
6-30-09	4,812	100	0

**Funded Status and Funding Progress**

County Employees

As of July 1, 2009, the most recent actuarial valuation date, the plan was 89.75 percent funded. The actuarial accrued liability for benefits was \$14 million, and the actuarial value of assets was \$12 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered

payroll (annual payroll of active employees covered by the plan) was \$5 million, and the ratio of the UAAL to the covered payroll was 26.59 percent.

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

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

#### School Board Employees

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

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

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

#### School Teachers

##### **Plan Description**

The Carroll County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 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, 2011, 2010, and 2009, were \$78,208, \$56,260, and \$58,321, respectively, equal to the required contributions for each year.

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

### **Plan Description**

The Carroll County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for teachers and support personnel. Prior to reaching the age of 65, all members

have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2011, the Carroll County School Department contributed \$11,870 for postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<u>Plan</u>
ARC	\$ 19,000
Interest on the NPO	1,386
Adjustment to the ARC	(1,313)
Annual OPEB cost	<u>\$ 19,073</u>
Less: Amount of contribution	<u>(11,870)</u>
Increase/decrease in NPO	\$ 7,203
Net OPEB obligation, 7-1-10	<u>30,810</u>
 Net OPEB obligation, 6-30-11	 <u><u>\$ 38,013</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 19,295	36%	\$ 23,900
6-30-10	"	18,056	62	30,810
6-30-11	"	19,073	62	38,013

#### Funding Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 193,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 193,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 830,696
UAAL as a % of covered payroll	23%

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

#### Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

#### **H. Purchasing Laws**

##### Offices of County Mayor and Highway Commission

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

##### Office of Director of Schools

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

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

#### **A. Summary of Significant Accounting Policies**

##### **1. Reporting Entity**

*Tennessee Code Annotated*, Section 7-52-117(c) states “Subject to the provisions of Section 7-52-132, the superintendent, with the approval

of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this part. The title of such property shall be taken in the name of the municipality” (county); therefore, the Carroll County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity, and it is considered a proprietary fund of Carroll County, Tennessee.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

**Deposits and Investments**

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

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

### **Accounts Receivable**

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

### **Inventories and Prepaid Items**

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

### **Restricted Assets**

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

### **Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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

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

**Compensated Absences**

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

**Long-term Obligations**

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

**Net Assets**

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

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

**B. Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

C. **Detailed Notes on All Funds**

1. **Deposits and Investments**

Investments consisted entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2011.

**Custodial Credit Risk.** The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.3. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2011, all bank deposits were fully collateralized or insured.

2. **Receivables**

Receivables as of the fiscal year ended June 30, 2011, consisted of the following:

Billed services for utility customers	\$ 3,285,477
Other receivables for utility service	157,895
Allowance for doubtful accounts	<u>(38,000)</u>
Total	<u><u>\$ 3,405,372</u></u>

The electric system maintains an open work order in the Construction in Process as a grant receivable of \$414,072, which is not reflected in the above amount. There is no grant contract in place as of June 30, 2011; however, an estimated reimbursement from the Federal Emergency Management Agency of \$414,072 is expected for storm damage repairs.

**3. Restricted Assets**

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

June 30, 2011

Restricted assets consist of the following:

2001 Electric Plant Revenue Bond Fund:

Interest and Sinking Fund	\$ <u>134,203</u>
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Certificates of deposit and savings accounts totaled	\$ <u>254,622</u>
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**4. Capital Assets**

Capital assets activity during the year was as follows:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 253,775	\$ 30,295	\$ 0	\$ 284,070
Construction in Progress	126,823	353,906	0	480,729
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 380,598</b>	<b>\$ 384,201</b>	<b>\$ 0</b>	<b>\$ 764,799</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 877,910	\$ 7,875	\$ 0	\$ 885,785
Other Capital Assets	34,517,710	1,200,539	463,594	35,254,655
<b>Total Capital Assets Depreciated</b>	<b>\$ 35,395,620</b>	<b>\$ 1,208,414</b>	<b>\$ 463,594</b>	<b>\$ 36,140,440</b>

Capital Assets (Cont.)

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Less Accumulated Depreciation For: Buildings and Improvements	\$ 298,135	\$ 17,723	\$ 19,449	\$ 296,409
Other Capital Assets	15,369,606	1,132,734	417,006	16,085,334
Total Accumulated Depreciation	<u>\$ 15,667,741</u>	<u>\$ 1,150,457</u>	<u>\$ 436,455</u>	<u>\$ 16,381,743</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,727,879</u>	<u>\$ 57,957</u>	<u>\$ 27,139</u>	<u>\$ 19,758,697</u>
Capital Assets, Net	<u>\$ 20,108,477</u>	<u>\$ 442,158</u>	<u>\$ 27,139</u>	<u>\$ 20,523,496</u>

Depreciation expense totaled \$1,023,165 for the fiscal year ended June 30, 2011.

**5. Long-term Debt**

Long-term debt consists of the following:

Revenue Bonds:

Electric Plant Revenue Bonds, Series 2001, interest at 3.2 to 4.75 percent due serially through 2016	<u>\$ 810,000</u>
Total Revenue Bonds	<u>\$ 810,000</u>
Total Current Portion of Revenue Bonds	<u>\$ 150,000</u>
Total Long-term Portion of Revenue Bonds	<u>\$ 660,000</u>

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

The following is a summary of long-term debt transactions for the year ended June 30, 2011.

	Balance 7-1-10	Retirements	Balance 6-30-11	Due Within One Year
Revenue Bonds				
Payable	\$ 950,000	\$ 140,000	\$ 810,000	\$ 150,000

The scheduled annual requirements for long-term debt at June 30, 2011, are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 150,000	\$ 37,940	\$ 187,940
2013	155,000	31,115	186,115
2014	160,000	23,908	183,908
2015	170,000	16,387	186,387
2016	175,000	8,313	183,313
Total	\$ 810,000	\$ 117,663	\$ 927,663

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

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

## 6. Net Assets

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

Invested in capital assets, net of related liabilities:	
Net property, plant, and equipment in services	\$ 20,523,496
Unamortized discount	14,169
Less: debt	<u>(810,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 19,727,665</u>

Net Assets (Cont.)

Restricted for debt service:

Restricted cash and cash equivalents	\$	134,203
Restricted investments		254,622
Less: accrued interest payable from restricted assets		<u>(6,335)</u>
Total restricted for debt service	\$	<u>382,490</u>
Unrestricted	\$	<u>6,121,637</u>
Total net assets	\$	<u><u>26,231,792</u></u>

**D. Other Information**

**1. Pension Plan**

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

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

For the year ended June 30, 2011, total employer contributions were \$224,131 based on total covered wages of \$2,359,274.

**2. Power Contract**

The electric system has a power contract with the Tennessee Valley Authority (TVA) to purchase all of its electric power from TVA and is subject to certain restrictions and conditions as provided for in the

power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, or property to other operations of the county, and the purchase or payment of or providing security for indebtedness on other obligations applicable to such other operations.

**3. Risk Management**

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2011, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

**4. Other Postemployment Benefits (OPEB)**

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Components of Net OPEB Obligation

Annual Required Contribution	\$ 22,916
Interest on the Net OPEB Obligation	675
Adjustment to the Annual Required Contribution	<u>(740)</u>
Annual OPEB Cost (Expense)	\$ 22,851
Less: Contributions and Subsidy	<u>0</u>
Increase/decrease in Net Obligation	\$ 22,851
Net OPEB Obligation, 7-1-10	<u>14,998</u>
 Net OPEB Obligation, 6-30-11	 <u><u>\$ 37,849</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-09	\$ 23,526	122.40 %	\$ (5,273)
6-30-10	22,078	8.18	14,998
6-30-11	22,851	0.00	37,849

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$231,249 and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$231,249. The covered payroll (annual payroll of active employees covered by the plan) was \$2,494,041 and the ratio of the UAAL to the covered payroll was 9.27 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a seven percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after ten years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2010, was 28 years.

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

### **A. Summary of Significant Accounting Policies**

#### **1. Reporting Entity**

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

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

A nine-member board of trustees was appointed (three by the county legislative body, three by the Baptist Memorial Hospital, and three by the board itself) to carry out the stated purposes of the private act.

The board has appointed Carroll Bank and Trust as the trustee of the fund.

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

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

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

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

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

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

**B. Detailed Notes on Accounts**

1. **Deposits and Investments**

At year-end, the carrying amount of the board's deposits was \$385,564, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities

pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

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

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2011, all bank deposits were fully collateralized or insured.

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

The Indigent Care Board invests mainly in securities backed by the United States government. The total book value of these investments as of June 30, 2011, was \$2,686,422, and the total market value was \$2,816,401. As mentioned, these investments are valued at fair value. At June 30, 2011, market values exceeded book value by \$129,979.

Securities at market value consist of:

FHLMC Securities	\$ 1,027,352
FNMA Securities	444,910
GNMA Securities	540,606
Stripped Adjustable Mortgage Securities	94,942
Various Mortgage-Backed Securities	<u>708,591</u>
Total	<u><u>\$ 2,816,401</u></u>

## **2. Equity**

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

**3. Indigent Accounts**

At July 1, 2010, approved indigent care accounts totaling \$1,695,339 were available for payment. During the year, new claims totaling \$563,546 were approved, and \$119,225 was paid during the year, bringing the unpaid balance at June 30, 2011, to \$2,139,660. These claims represent a contingent liability for the board. The amount of approved claims is accrued only if funds are available to pay them. The remaining claims approved will be paid in subsequent periods when funds become available. Net earnings available for payment of indigent accounts, which represent second quarter 2011 earnings, have been accrued as a liability entitled accrued indigent payments of \$28,334 because this amount represents an actual liability as of the end of the year.

**C. Other Information**

**Risk Management**

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,375,818	\$ 0	\$ 0	\$ 4,375,818	\$ 4,771,185	\$ 4,521,185	\$ (145,367)
Licenses and Permits	165	0	0	165	1,200	1,200	(1,035)
Fines, Forfeitures, and Penalties	188,922	0	0	188,922	221,208	221,208	(32,286)
Charges for Current Services	291,542	0	0	291,542	50,700	282,032	9,510
Other Local Revenues	394,498	0	0	394,498	482,018	512,018	(117,520)
Fees Received from County Officials	797,777	0	0	797,777	807,000	807,000	(9,223)
State of Tennessee	1,363,765	0	0	1,363,765	1,717,380	1,491,148	(127,383)
Federal Government	558,548	0	0	558,548	186,863	652,446	(93,898)
Other Governments and Citizens Groups	34,879	0	0	34,879	38,664	38,664	(3,785)
<b>Total Revenues</b>	<b>\$ 8,005,914</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,005,914</b>	<b>\$ 8,276,218</b>	<b>\$ 8,526,901</b>	<b>\$ (520,987)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 61,329	\$ 0	\$ 0	\$ 61,329	\$ 70,994	\$ 70,994	\$ 9,665
Board of Equalization	12,813	0	0	12,813	13,433	13,433	620
Beer Board	0	0	0	0	500	500	500
Other Boards and Committees	466	0	0	466	1,845	1,845	1,379
County Mayor/Executive	218,094	0	0	218,094	225,491	225,491	7,397
County Attorney	6,690	0	0	6,690	15,000	15,000	8,310
Election Commission	162,950	0	0	162,950	173,978	173,978	11,028
Register of Deeds	168,729	0	0	168,729	178,588	178,588	9,859
County Buildings	649,304	0	181,520	830,824	516,004	917,276	86,452
<u>Finance</u>							
Property Assessor's Office	214,845	0	0	214,845	230,815	230,815	15,970
Reappraisal Program	27,650	0	0	27,650	28,350	28,350	700

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 178,150	\$ 0	0	\$ 178,150	\$ 182,921	\$ 182,921	\$ 4,771
County Clerk's Office	42,116	0	0	42,116	43,127	43,127	1,011
<u>Administration of Justice</u>							
Circuit Court	352,109	0	0	352,109	372,076	372,076	19,967
General Sessions Judge	125,582	0	0	125,582	126,161	126,161	579
Drug Court	0	0	0	0	7,000	7,000	7,000
Chancery Court	182,953	0	0	182,953	187,926	187,926	4,973
Juvenile Court	173,053	0	0	173,053	173,454	173,454	401
Judicial Commissioners	5,204	0	0	5,204	5,236	5,236	32
Victims Assistance Programs	3,748	0	0	3,748	4,000	4,000	252
<u>Public Safety</u>							
Sheriff's Department	1,739,689	0	0	1,739,689	1,616,113	1,747,793	8,104
Administration of the Sexual Offender Registry	3,418	0	0	3,418	4,000	4,000	582
Jail	1,390,109	0	0	1,390,109	1,421,045	1,421,045	30,936
Juvenile Services	802,930	0	0	802,930	887,369	887,369	84,439
Fire Prevention and Control	181,147	0	0	181,147	210,958	210,958	29,811
Civil Defense	121,938	0	0	121,938	150,027	215,920	93,982
County Coroner/Medical Examiner	24,976	0	0	24,976	28,675	27,675	2,699
Other Public Safety	46,247	0	0	46,247	51,858	51,858	5,611
<u>Public Health and Welfare</u>							
Local Health Center	261,816	0	0	261,816	365,563	365,563	103,747
Rabies and Animal Control	20,353	0	0	20,353	20,353	20,353	0
General Welfare Assistance	1,600	0	0	1,600	2,400	2,400	800
Other Local Welfare Services	10,906	0	0	10,906	11,406	11,406	500

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	\$ 4,379	\$ 0	\$ 0	\$ 4,379	\$ 8,000	\$ 8,000	\$ 3,621
Senior Citizens Assistance	81,362	0	0	81,362	94,850	94,850	13,488
Libraries	84,420	0	0	84,420	79,304	85,391	971
Parks and Fair Boards	115,398	0	0	115,398	119,548	119,548	4,150
Other Social, Cultural, and Recreational Agriculture and Natural Resources	248,673	0	0	248,673	260,000	260,000	11,327
Agriculture Extension Service	52,414	0	0	52,414	52,441	52,441	27
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	26,435	0	0	26,435	26,455	26,455	20
Flood Control	8,250	0	0	8,250	8,250	8,250	0
<u>Other Operations</u>							
Industrial Development	10,000	0	0	10,000	10,000	10,000	0
Other Economic and Community Development	17,000	0	0	17,000	17,000	17,000	0
Airport	165,302	(10,414)	0	154,888	183,115	183,115	28,227
Veterans' Services	26,372	0	0	26,372	29,904	29,904	3,532
Other Charges	256,367	0	0	256,367	203,295	256,880	513
Contributions to Other Agencies	4,950	0	0	4,950	5,650	5,650	700
ARRA Grant # 1	79,863	0	0	79,863	79,863	79,863	0
Total Expenditures	\$ 8,374,099	\$ (10,414)	\$ 181,520	\$ 8,545,205	\$ 8,506,341	\$ 9,163,858	\$ 618,653
Excess (Deficiency) of Revenues Over Expenditures	\$ (368,185)	\$ 10,414	\$ (181,520)	\$ (539,291)	\$ (230,123)	\$ (636,957)	\$ 97,666

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 96,580	\$ 0	\$ 0	\$ 96,580	\$ 0	\$ 96,580	\$ 0
Insurance Recovery	48,381	0	0	48,381	0	39,000	9,381
Transfers In	261,447	0	0	261,447	0	250,000	11,447
Total Other Financing Sources (Uses)	\$ 406,408	\$ 0	\$ 0	\$ 406,408	\$ 0	\$ 385,580	\$ 20,828
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 38,223	\$ 10,414	\$ (181,520)	\$ (132,883)	\$ (230,123)	\$ (251,377)	\$ 118,494
Fund Balance, June 30, 2011	1,289,546	(10,414)	0	1,279,132	1,370,535	1,370,535	(91,403)
	\$ 1,327,769	\$ 0	\$ (181,520)	\$ 1,146,249	\$ 1,140,412	\$ 1,119,158	\$ 27,091

Exhibit F-2

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 280,862	\$ 299,403	\$ 275,403	\$ 5,459
Charges for Current Services	1,063,811	1,219,200	1,219,200	(155,389)
Other Local Revenues	99,780	79,000	79,000	20,780
State of Tennessee	28,473	53,798	53,798	(25,325)
Total Revenues	<u>\$ 1,472,926</u>	<u>\$ 1,651,401</u>	<u>\$ 1,627,401</u>	<u>\$ (154,475)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,028,793	\$ 1,070,703	\$ 1,070,703	\$ 41,910
Recycling Center	411,801	457,890	457,890	46,089
<u>Highways</u>				
Litter and Trash Collection	28,022	33,298	33,298	5,276
<u>Principal on Debt</u>				
General Government	12,000	12,000	12,000	0
<u>Interest on Debt</u>				
General Government	1,664	1,664	1,664	0
Total Expenditures	<u>\$ 1,482,280</u>	<u>\$ 1,575,555</u>	<u>\$ 1,575,555</u>	<u>\$ 93,275</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,354)</u>	<u>\$ 75,846</u>	<u>\$ 51,846</u>	<u>\$ (61,200)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 24,900	\$ 0	\$ 24,000	\$ 900
Total Other Financing Sources (Uses)	<u>\$ 24,900</u>	<u>\$ 0</u>	<u>\$ 24,000</u>	<u>\$ 900</u>
Net Change in Fund Balance	\$ 15,546	\$ 75,846	\$ 75,846	\$ (60,300)
Fund Balance, July 1, 2010	33,486	17,453	17,453	16,033
Fund Balance, June 30, 2011	<u>\$ 49,032</u>	<u>\$ 93,299</u>	<u>\$ 93,299</u>	<u>\$ (44,267)</u>

Exhibit F-3

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 823,484	\$ 0	\$ 823,484	\$ 849,600	\$ 849,600	\$ (26,116)
Charges for Current Services	19	0	19	50	50	(31)
Other Local Revenues	6,032	0	6,032	1,500	1,500	4,532
State of Tennessee	2,132,487	0	2,132,487	2,136,000	2,136,000	(3,513)
Federal Government	368,524	0	368,524	300,000	300,000	68,524
Other Governments and Citizens Groups	6,725	0	6,725	1,000	1,000	5,725
Total Revenues	\$ 3,337,271	\$ 0	\$ 3,337,271	\$ 3,288,150	\$ 3,288,150	\$ 49,121
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 232,146	\$ 0	\$ 232,146	\$ 235,918	\$ 235,918	\$ 3,772
Highway and Bridge Maintenance	705,363	0	705,363	745,150	745,150	39,787
Operation and Maintenance of Equipment	465,235	0	465,235	451,500	451,500	(13,735)
Other Charges	118,735	0	118,735	113,000	113,000	(5,735)
Employee Benefits	528,249	0	528,249	547,700	547,700	19,451
Capital Outlay	1,057,716	248,762	1,306,478	1,308,800	1,308,800	2,322
Principal on Debt						
Highways and Streets	44,798	0	44,798	45,530	44,809	11
Interest on Debt	3,636	0	3,636	2,925	3,646	10
Highways and Streets	\$ 3,155,878	\$ 248,762	\$ 3,404,640	\$ 3,450,523	\$ 3,450,523	\$ 45,883
Total Expenditures						
Excess (Deficiency) of Revenues Over Expenditures	\$ 181,393	\$ (248,762)	\$ (67,369)	\$ (162,373)	\$ (162,373)	\$ 95,004

(Continued)

Exhibit F-3

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 18,299	\$ 0	\$ 18,299	\$ 0	\$ 0	\$ 18,299
Transfers In	28,012	0	28,012	0	0	28,012
Total Other Financing Sources (Uses)	\$ 46,311	\$ 0	\$ 46,311	\$ 0	\$ 0	\$ 46,311
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 227,704	\$ (248,762)	\$ (21,058)	\$ (162,373)	\$ (162,373)	\$ 141,315
	338,586	0	338,586	176,290	176,290	162,296
Fund Balance, June 30, 2011	\$ 566,290	\$ (248,762)	\$ 317,528	\$ 13,917	\$ 13,917	\$ 303,611

Exhibit F-4

Carroll County, Tennessee  
Schedule of Funding Progress — Pension Plan  
Primary Government and Discretely Presented Carroll County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
County Employees	7-1-09	\$ 12,199	\$ 13,591	\$ 1,392	89.75 %	\$ 5,237	26.59 %
"	7-1-07	11,288	12,082	794	93.43	4,972	15.97
Board of Education Employees	7-1-09	0	0	0	0	0	0
"	7-1-07	11,288	12,082	794	93.43	4,972	15.97

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

Exhibit F-5

Carroll County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Carroll County Board of Public Utilities Fund and  
Discretely Presented Carroll County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-07	\$ 0	\$ 146	\$ 146	0	\$ 752	19 %
"	7-1-09	0	187	187	0	733	26
"	7-1-10	0	193	193	0	831	23
Carroll County Board of Public Utilities Fund	7-1-08	0	226	226	0	2,431	9
"	7-1-09	0	214	214	0	2,494	9
"	7-1-10	0	231	231	0	2,494	9

**CARROLL COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**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 Carroll County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2011, Carroll County reported the following significant encumbrances for the General and Highway/Public Works funds:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
General	Health Department Renovation	\$ 181,520
Highway/Public Works	Bridge Construction	248,762

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the Operation and Maintenance of Equipment and Other Charges major appropriation categories (the legal level of control) of the Highway/Public Works Fund by \$13,735 and \$5,735, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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

Exhibit G-1

Carroll County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 43,994	\$ 43,994
Equity in Pooled Cash and Investments	37,103	35,261	0	72,364
Due from Other Governments	0	818	0	818
Total Assets	\$ 37,103	\$ 36,079	\$ 43,994	\$ 117,176
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 419	\$ 419
Total Liabilities	\$ 0	\$ 0	\$ 419	\$ 419
<u>Fund Balances</u>				
Restricted:				
Restricted for Administration of Justice	\$ 0	\$ 36,079	\$ 0	\$ 36,079
Restricted for Public Safety	37,103	0	0	37,103
Committed:				
Committed for Finance	0	0	22,034	22,034
Committed for Administration of Justice	0	0	21,541	21,541
Total Fund Balances	\$ 37,103	\$ 36,079	\$ 43,575	\$ 116,757
Total Liabilities and Fund Balances	\$ 37,103	\$ 36,079	\$ 43,994	\$ 117,176

Exhibit G-2

Carroll County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 17,223	\$ 24,212	\$ 0	\$ 41,435
Charges for Current Services	0	0	256,590	256,590
Other Local Revenues	18,826	0	0	18,826
Total Revenues	\$ 36,049	\$ 24,212	\$ 256,590	\$ 316,851
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 173,913	\$ 173,913
Administration of Justice	0	13,797	104,638	118,435
Public Safety	83,191	0	0	83,191
Total Expenditures	\$ 83,191	\$ 13,797	\$ 278,551	\$ 375,539
Excess (Deficiency) of Revenues Over Expenditures	\$ (47,142)	\$ 10,415	\$ (21,961)	\$ (58,688)
Net Change in Fund Balances	\$ (47,142)	\$ 10,415	\$ (21,961)	\$ (58,688)
Fund Balance, July 1, 2010	84,245	25,664	65,536	175,445
Fund Balance, June 30, 2011	\$ 37,103	\$ 36,079	\$ 43,575	\$ 116,757

Exhibit G-3

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 17,223	\$ 22,000	\$ 22,000	\$ (4,777)
Other Local Revenues	18,826	100	18,926	(100)
Total Revenues	<u>\$ 36,049</u>	<u>\$ 22,100</u>	<u>\$ 40,926</u>	<u>\$ (4,877)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 83,191	\$ 71,880	\$ 90,706	\$ 7,515
Total Expenditures	<u>\$ 83,191</u>	<u>\$ 71,880</u>	<u>\$ 90,706</u>	<u>\$ 7,515</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (47,142)</u>	<u>\$ (49,780)</u>	<u>\$ (49,780)</u>	<u>\$ 2,638</u>
Net Change in Fund Balance	\$ (47,142)	\$ (49,780)	\$ (49,780)	\$ 2,638
Fund Balance, July 1, 2010	<u>84,245</u>	<u>84,245</u>	<u>84,245</u>	<u>0</u>
Fund Balance, June 30, 2011	<u><u>\$ 37,103</u></u>	<u><u>\$ 34,465</u></u>	<u><u>\$ 34,465</u></u>	<u><u>\$ 2,638</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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Exhibit H

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 420,535	\$ 434,628	\$ 406,616	\$ 13,919
Total Revenues	\$ 420,535	\$ 434,628	\$ 406,616	\$ 13,919
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 170,580	\$ 169,001	\$ 170,581	\$ 1
<u>Interest on Debt</u>				
General Government	7,053	55,946	43,057	36,004
<u>Other Debt Service</u>				
General Government	18,914	7,605	18,914	0
Total Expenditures	\$ 196,547	\$ 232,552	\$ 232,552	\$ 36,005
Excess (Deficiency) of Revenues Over Expenditures	\$ 223,988	\$ 202,076	\$ 174,064	\$ 49,924
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 28,012	\$ 0	\$ 28,012	\$ 0
Total Other Financing Sources (Uses)	\$ 28,012	\$ 0	\$ 28,012	\$ 0
Net Change in Fund Balance	\$ 252,000	\$ 202,076	\$ 202,076	\$ 49,924
Fund Balance, July 1, 2010	564,113	807,236	807,236	(243,123)
Fund Balance, June 30, 2011	\$ 816,113	\$ 1,009,312	\$ 1,009,312	\$ (193,199)

# Fiduciary Funds

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

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

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

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

Exhibit I-1

Carroll County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	Agency Funds			Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,633,001	\$ 1,633,001
Equity in Pooled Cash and Investments	0	295,509	0	295,509
Due from Other Governments	384,422	406,087	0	790,509
Taxes Receivable	0	5,051,359	0	5,051,359
Allowance for Uncollectible Taxes	0	(261,354)	0	(261,354)
Total Assets	<u>\$ 384,422</u>	<u>\$ 5,491,601</u>	<u>\$ 1,633,001</u>	<u>\$ 7,509,024</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 384,422	\$ 5,491,601	\$ 0	\$ 5,876,023
Due to Litigants, Heirs, and Others	0	0	1,633,001	1,633,001
Total Liabilities	<u>\$ 384,422</u>	<u>\$ 5,491,601</u>	<u>\$ 1,633,001</u>	<u>\$ 7,509,024</u>

Exhibit I-2

Carroll County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,133,562	\$ 2,133,562	\$ 0
Due from Other Governments	365,440	384,422	365,440	384,422
Total Assets	\$ 365,440	\$ 2,517,984	\$ 2,499,002	\$ 384,422
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 365,440	\$ 2,517,984	\$ 2,499,002	\$ 384,422
Total Liabilities	\$ 365,440	\$ 2,517,984	\$ 2,499,002	\$ 384,422
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 315,809	\$ 7,657,782	\$ 7,678,082	\$ 295,509
Accounts Receivable	1,832	0	1,832	0
Due from Other Governments	383,230	406,087	383,230	406,087
Taxes Receivable	5,438,422	5,051,359	5,438,422	5,051,359
Allowance for Uncollectible Taxes	(341,164)	(261,354)	(341,164)	(261,354)
Total Assets	\$ 5,798,129	\$ 12,853,874	\$ 13,160,402	\$ 5,491,601
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,798,129	\$ 12,853,874	\$ 13,160,402	\$ 5,491,601
Total Liabilities	\$ 5,798,129	\$ 12,853,874	\$ 13,160,402	\$ 5,491,601
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,542,045	\$ 6,260,073	\$ 6,169,117	\$ 1,633,001
Total Assets	\$ 1,542,045	\$ 6,260,073	\$ 6,169,117	\$ 1,633,001
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,542,045	\$ 6,260,073	\$ 6,169,117	\$ 1,633,001
Total Liabilities	\$ 1,542,045	\$ 6,260,073	\$ 6,169,117	\$ 1,633,001

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,542,045	\$ 6,260,073	\$ 6,169,117	\$ 1,633,001
Equity in Pooled Cash and Investments	315,809	9,791,344	9,811,644	295,509
Accounts Receivable	1,832	0	1,832	0
Due from Other Governments	748,670	790,509	748,670	790,509
Taxes Receivable	5,438,422	5,051,359	5,438,422	5,051,359
Allowance for Uncollectible Taxes	(341,164)	(261,354)	(341,164)	(261,354)
Total Assets	<u>\$ 7,705,614</u>	<u>\$ 21,631,931</u>	<u>\$ 21,828,521</u>	<u>\$ 7,509,024</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 6,163,569	\$ 15,371,858	\$ 15,659,404	\$ 5,876,023
Due to Litigants, Heirs, and Others	1,542,045	6,260,073	6,169,117	1,633,001
Total Liabilities	<u>\$ 7,705,614</u>	<u>\$ 21,631,931</u>	<u>\$ 21,828,521</u>	<u>\$ 7,509,024</u>

# Carroll County School Department

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

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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.

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

Exhibit J-1

Carroll County, Tennessee  
Statement of Activities  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 1,191,808	\$ 645,935	\$ 193,448	\$ (352,425)
Support Services	2,596,697	49,786	152,135	(2,394,776)
Operation of Non-Instructional Services	26,684	3,008	10,444	(13,232)
Total Governmental Activities	\$ 3,815,189	\$ 698,729	\$ 356,027	\$ (2,760,433)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$	511,957
Local Option Sales Taxes				62,956
Other Local Taxes				49
Grants and Contributions Not Restricted to Specific Programs				2,766,280
Miscellaneous				23,554
Total General Revenues			\$	3,364,796
Change in Net Assets			\$	604,363
Net Assets, July 1, 2010				8,623,539
Net Assets, June 30, 2011			\$	9,227,902

Exhibit J-2

Carroll County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Carroll County School Department  
June 30, 2011

	<u>Major Funds</u>		Total Govern- mental Funds
	General Purpose School	School Transpor- tation	
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 4,528,125	\$ 1,259,880	\$ 5,788,005
Accounts Receivable	1,533	0	1,533
Due from Other Governments	208,106	0	208,106
Property Taxes Receivable	0	537,090	537,090
Allowance for Uncollectible Property Taxes	0	(26,935)	(26,935)
<b>Total Assets</b>	<b>\$ 4,737,764</b>	<b>\$ 1,770,035</b>	<b>\$ 6,507,799</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 1,084	\$ 300	\$ 1,384
Payroll Deductions Payable	10,037	2,063	12,100
Deferred Revenue - Current Property Taxes	0	493,507	493,507
Deferred Revenue - Delinquent Property Taxes	0	14,761	14,761
Other Deferred Revenues	5,523	0	5,523
<b>Total Liabilities</b>	<b>\$ 16,644</b>	<b>\$ 510,631</b>	<b>\$ 527,275</b>
<b><u>Fund Balances</u></b>			
<b>Restricted:</b>			
Restricted for Instruction	\$ 324	\$ 0	\$ 324
Restricted for Support Services	0	439,253	439,253
Restricted for Operation of Non-Instructional Services	5,556	0	5,556
<b>Committed:</b>			
Committed for Support Services	0	820,151	820,151
<b>Assigned:</b>			
Assigned for Support Services	408,870	0	408,870
Unassigned	4,306,370	0	4,306,370
<b>Total Fund Balances</b>	<b>\$ 4,721,120</b>	<b>\$ 1,259,404</b>	<b>\$ 5,980,524</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,737,764</b>	<b>\$ 1,770,035</b>	<b>\$ 6,507,799</b>

Exhibit J-3

Carroll County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Carroll County School Department  
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)			\$ 5,980,524
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	176,489	
Add: buildings and improvements net of accumulated depreciation		1,326,521	
Add: other capital assets net of accumulated depreciation		<u>1,762,097</u>	3,265,107
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(38,013)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>20,284</u>
Net assets of governmental activities (Exhibit A)			<u><u>\$ 9,227,902</u></u>

Exhibit J-4

Carroll County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2011

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 62,998	\$ 574,881	\$ 0	\$ 637,879
Licenses and Permits	61	0	0	61
Charges for Current Services	688,937	2,092	0	691,029
Other Local Revenues	31,183	85	0	31,268
State of Tennessee	2,060,077	758,072	0	2,818,149
Federal Government	138,628	0	103,375	242,003
Total Revenues	<u>\$ 2,981,884</u>	<u>\$ 1,335,130</u>	<u>\$ 103,375</u>	<u>\$ 4,420,389</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 950,490	\$ 0	\$ 103,375	\$ 1,053,865
Support Services	1,533,149	1,111,014	0	2,644,163
Operation of Non-Instructional Services	26,034	0	0	26,034
Capital Outlay	28,934	0	0	28,934
Total Expenditures	<u>\$ 2,538,607</u>	<u>\$ 1,111,014</u>	<u>\$ 103,375</u>	<u>\$ 3,752,996</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 443,277</u>	<u>\$ 224,116</u>	<u>\$ 0</u>	<u>\$ 667,393</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 4,455	\$ 0	\$ 4,455
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 4,455</u>	<u>\$ 0</u>	<u>\$ 4,455</u>
Net Change in Fund Balances	\$ 443,277	\$ 228,571	\$ 0	\$ 671,848
Fund Balance, July 1, 2010	4,277,843	1,030,833	0	5,308,676
Fund Balance, June 30, 2011	<u>\$ 4,721,120</u>	<u>\$ 1,259,404</u>	<u>\$ 0</u>	<u>\$ 5,980,524</u>

Exhibit J-5

Carroll County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2011

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)		\$ 671,848
<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	\$ 307,674	
Less: current-year depreciation expense	<u>(367,119)</u>	(59,445)
<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, 2011	\$ 20,284	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(21,121)</u>	(837)
<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>(7,203)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 604,363</u>

Exhibit J-6

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Carroll County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 62,998	\$ 0	\$ 0	\$ 62,998	\$ 60,100	\$ 60,100	\$ 2,898
Licenses and Permits	61	0	0	61	50	50	11
Charges for Current Services	688,937	0	0	688,937	681,000	684,500	4,437
Other Local Revenues	31,183	0	0	31,183	32,400	32,420	(1,237)
State of Tennessee	2,060,077	0	0	2,060,077	2,059,518	2,063,885	(3,808)
Federal Government	138,628	0	0	138,628	96,946	104,446	34,182
Total Revenues	\$ 2,981,884	\$ 0	\$ 0	\$ 2,981,884	\$ 2,930,014	\$ 2,945,401	\$ 36,483
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 23,914	\$ 0	\$ 0	\$ 23,914	\$ 57,174	\$ 57,174	\$ 33,260
Alternative Instruction Program	71,424	0	0	71,424	72,474	72,474	1,050
Special Education Program	452,715	0	0	452,715	522,653	522,653	69,938
Vocational Education Program	368,147	0	0	368,147	533,149	469,278	101,131
Adult Education Program	34,290	0	0	34,290	37,061	42,561	8,271
<u>Support Services</u>							
Attendance	22,268	0	0	22,268	23,782	23,782	1,514
Health Services	111,480	0	0	111,480	122,803	122,803	11,323
Other Student Support	44,494	0	0	44,494	46,406	46,406	1,912
Special Education Program	73,607	0	0	73,607	114,515	114,515	40,908
Vocational Education Program	44,036	0	0	44,036	59,752	59,752	15,716
Adult Programs	56,829	0	0	56,829	56,166	57,666	837
Other Programs	4,237	0	0	4,237	0	4,237	0
Board of Education	138,299	0	0	138,299	147,912	147,912	9,613

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 91,215	\$ 0	\$ 0	\$ 91,215	\$ 94,516	\$ 94,516	\$ 3,301
Office of the Principal	91,010	0	0	91,010	95,635	95,635	4,625
Fiscal Services	70,893	0	0	70,893	75,099	75,099	4,206
Operation of Plant	127,579	0	0	127,579	147,340	147,340	19,761
Maintenance of Plant	95,902	0	0	95,902	125,282	125,282	29,380
Transportation	458,862	(308,135)	408,870	559,597	574,082	630,953	71,356
Central and Other	102,438	0	0	102,438	124,063	124,063	21,625
<u>Operation of Non-Instructional Services</u>							
Food Service	26,034	0	0	26,034	15,181	29,331	3,297
<u>Capital Outlay</u>							
Regular Capital Outlay	28,934	0	0	28,934	100,000	100,000	71,066
Total Expenditures	\$ 2,538,607	\$ (308,135)	\$ 408,870	\$ 2,639,342	\$ 3,145,045	\$ 3,163,432	\$ 524,090
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 443,277	\$ 308,135	\$ (408,870)	\$ 342,542	\$ (215,031)	\$ (218,031)	\$ 560,573
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2010	\$ 443,277	\$ 308,135	\$ (408,870)	\$ 342,542	\$ (215,031)	\$ (218,031)	\$ 560,573
	4,277,843	(308,135)	0	3,969,708	3,969,708	3,969,708	0
<u>Fund Balance, June 30, 2011</u>	\$ 4,721,120	\$ 0	\$ (408,870)	\$ 4,312,250	\$ 3,754,677	\$ 3,751,677	\$ 560,573

Exhibit J-7

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carroll County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 103,375	\$ 103,375	\$ 103,375	\$ 0
Total Revenues	\$ 103,375	\$ 103,375	\$ 103,375	\$ 0
<u>Expenditures</u>				
<u>Instruction</u>				
Vocational Education Program	\$ 103,375	\$ 103,375	\$ 103,375	\$ 0
Total Expenditures	\$ 103,375	\$ 103,375	\$ 103,375	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2010	0	0	0	0
Fund Balance, June 30, 2011	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit J-8

Carroll County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Carroll County School Department  
School Transportation Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 574,881	\$ 568,531	\$ 568,531	\$ 6,350
Charges for Current Services	2,092	0	0	2,092
Other Local Revenues	85	0	0	85
State of Tennessee	758,072	740,922	740,922	17,150
Total Revenues	<u>\$ 1,335,130</u>	<u>\$ 1,309,453</u>	<u>\$ 1,309,453</u>	<u>\$ 25,677</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 18,936	\$ 20,500	\$ 20,500	\$ 1,564
Transportation	1,092,078	1,131,937	1,131,937	39,859
Total Expenditures	<u>\$ 1,111,014</u>	<u>\$ 1,152,437</u>	<u>\$ 1,152,437</u>	<u>\$ 41,423</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 224,116</u>	<u>\$ 157,016</u>	<u>\$ 157,016</u>	<u>\$ 67,100</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,455	\$ 0	\$ 0	\$ 4,455
Total Other Financing Sources (Uses)	<u>\$ 4,455</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,455</u>
Net Change in Fund Balance	\$ 228,571	\$ 157,016	\$ 157,016	\$ 71,555
Fund Balance, July 1, 2010	<u>1,030,833</u>	<u>1,030,833</u>	<u>1,030,833</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 1,259,404</u>	<u>\$ 1,187,849</u>	<u>\$ 1,187,849</u>	<u>\$ 71,555</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Carroll County, Tennessee  
 Schedule of Changes in Long-term Notes, Capital Leases, and Other Loans  
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>NOTES PAYABLE</u>								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Solid Waste Bailer	\$ 60,000	5.2 %	10-2-07	10-1-12	\$ 38,000	\$ 0	\$ 12,000	\$ 26,000
<u>Payable through General Debt Service Fund</u>								
Sheriff Department Vehicles	96,580	2.81	3-25-11	5-16-11	0	96,580	96,580	0
Total Notes Payable					\$ 38,000	\$ 96,580	\$ 108,580	\$ 26,000
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Front-end Loader	99,975	4.5	5-18-07	7-5-11	\$ 40,979	\$ 0	\$ 20,029	\$ 20,950
Utility Tractor	44,721	4.95	2-15-08	2-15-11	11,632	0	11,632	0
Utility Tractor	41,440	4.95	2-16-10	2-16-12	26,940	0	13,137	13,803
Total Capital Leases Payable					\$ 79,551	\$ 0	\$ 44,798	\$ 34,753
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,759,000	\$ 0	\$ 74,000	\$ 1,685,000
Total Other Loans Payable					\$ 1,759,000	\$ 0	\$ 74,000	\$ 1,685,000

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 13,000	\$ 1,014	\$ 14,014
2013	13,000	338	13,338
Total	<u>\$ 26,000</u>	<u>\$ 1,352</u>	<u>\$ 27,352</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2012	\$ 34,753	\$ 1,661	\$ 36,414
Total	<u>\$ 34,753</u>	<u>\$ 1,661</u>	<u>\$ 36,414</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 76,000	\$ 3,707	\$ 12,300	\$ 92,007
2013	79,000	3,540	11,746	94,286
2014	81,000	3,366	11,169	95,535
2015	84,000	3,188	10,578	97,766
2016	86,000	3,003	9,964	98,967
2017	89,000	2,814	9,337	101,151
2018	92,000	2,618	8,687	103,305
2019	95,000	2,416	8,015	105,431
2020	98,000	2,207	7,322	107,529
2021	101,000	1,991	6,607	109,598
2022	104,000	1,769	5,869	111,638
2023	108,000	1,540	5,110	114,650
2024	111,000	1,302	4,322	116,624
2025	115,000	1,058	3,511	119,569
2026	118,000	805	2,672	121,477
2027	122,000	545	1,810	124,355
2028	126,000	277	920	127,197
Total	<u>\$ 1,685,000</u>	<u>\$ 36,146</u>	<u>\$ 119,939</u>	<u>\$ 1,841,085</u>

Exhibit K-3

Carroll County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 261,447
"	Solid Waste/Sanitation	"	24,900
"	Highway/Public Works	"	28,012
"	General Debt Service	"	<u>28,012</u>
Total Transfers			<u><u>\$ 342,371</u></u>

Carroll County, Tennessee  
 Schedule of Salaries and Official Bonds of Principal Officials  
 Primary Government and Discretely Presented Carroll County School Department  
 For the Year Ended June 30, 2011

Official	Authorization for Salary	\$	(1)	(2)	(3)	Bond	Surety	Salary Paid During Period
County Mayor	Section 8-24-102, TCA, and County Commission	\$	81,322	(1)		75,000	RLI Insurance Company	
Road Supervisors	Section 8-24-102, TCA, and County Commission		135,132	(2)		20,000	"	
Director of Schools	State Board of Education and Carroll County Board of Education		69,336	(4)		50,000	"	
Trustee	Section 8-24-102, TCA		61,751			758,200	"	
Assessor of Property (7-1-10 through 5-30-11)	Section 8-24-102, TCA		56,348	(5)		10,000	"	
County Clerk:								
Carolyn Halter Lutz (7-1-10 through 8-31-10)	Section 8-24-102, TCA		10,292			50,000	"	
Darlene Kirk (9-1-10 through 6-30-11)	Section 8-24-102, TCA		51,459			50,000	"	
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA		61,751			50,000	"	
Clerk and Master	Section 8-24-102, TCA		61,751	(6)		60,000	Auto-Owners Insurance Company	
Register	Section 8-24-102, TCA		61,751			25,000	RLI Insurance Company	
Sheriff:								
Bendell Bartholomew (7-1-10 through 8-31-10)	Section 8-24-102, TCA		11,321			25,000	"	
Andy Dickson (9-1-10 through 6-30-11)	Section 8-24-102, TCA		56,606	(7)		25,000	"	
Employee Bonds:								
Employee Blanket Bond - General County Government Board of Education						150,000	Local Government Property and Casualty Fund	
						150,000	Tennessee Risk Management Trust	

(1) Includes a purchasing agent salary of \$10,000.  
 (2) Includes four road supervisors' salaries at \$33,783 each.  
 (3) Includes four road supervisors' bonds at \$5,000 each.  
 (4) Includes a chief executive officer training supplement of \$1,000. Does not include health insurance premiums of \$12,518.  
 (5) The assessor of property died on May 30, 2011. The office was vacant until July 11, 2011.  
 (6) Does not include special commissioner fees of \$18,645.  
 (7) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Carroll County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2011

	Special Revenue Funds										Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Total				
								General	Debt	Service		
<u>Local Taxes</u>												
<u>County Property Taxes</u>												
Current Property Tax	\$ 2,654,610	\$ 252,820	\$ 0	\$ 0	\$ 0	\$ 285,574	\$ 284,442	\$ 3,477,446				
Trustee's Collections - Prior Year	104,088	9,913	0	0	0	10,020	11,151	135,172				
Trustee's Collections - Bankruptcy	1,803	191	0	0	0	233	203	2,430				
Circuit/Clerk & Master Collections - Prior Years	73,726	7,936	0	0	0	9,867	8,197	99,726				
Interest and Penalty	18,299	1,793	0	0	0	2,049	2,014	24,155				
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	0	12				
Payments in-Lieu-of Taxes - Local Utilities	10,246	976	0	0	0	1,197	1,099	13,518				
Payments in-Lieu-of Taxes - Other	75,949	7,233	0	0	0	8,137	8,138	99,457				
<u>County Local Option Taxes</u>												
Local Option Sales Tax	182,276	0	0	0	0	0	0	182,276				
Wheel Tax	837,635	0	0	0	0	471,170	0	1,308,805				
Litigation Tax - General	67,847	0	0	0	0	0	0	67,847				
Litigation Tax - Special Purpose	79,137	0	0	0	0	0	0	79,137				
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0				
Business Tax	177,281	0	0	0	0	0	0	105,291				
Mineral Severance Tax	0	0	0	0	0	35,237	0	177,281				
<u>Statutory Local Taxes</u>												
Bank Excise Tax	45,484	0	0	0	0	0	0	45,484				
Wholesale Beer Tax	45,323	0	0	0	0	0	0	45,323				
Beer Privilege Tax	1,045	0	0	0	0	0	0	1,045				
Interstate Telecommunications Tax	1,057	0	0	0	0	0	0	1,057				
Total Local Taxes	\$ 4,375,818	\$ 280,862	\$ 0	\$ 0	\$ 0	\$ 823,484	\$ 420,535	\$ 5,900,699				
<u>Licenses and Permits</u>												
<u>Permits</u>												
Building Permits	\$ 165	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165				
Total Licenses and Permits	\$ 165	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165				

(Continued)

Exhibit K-5

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

	Special Revenue Funds										Total	
	General					Constituti-			Debt			
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	tional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund				
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	\$ 2,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,012
Officers Costs	4,356	0	0	0	0	0	0	0	0	0	0	4,356
Drug Control Fines	6,367	0	5,065	0	0	0	0	0	0	0	0	11,432
Drug Court Fees	2,296	0	0	0	0	0	0	0	0	0	0	2,296
Jail Fees	1,818	0	0	0	0	0	0	0	0	0	0	1,818
District Attorney General Fees	0	0	0	1,900	0	0	0	0	0	0	0	1,900
DUI Treatment Fines	428	0	0	0	0	0	0	0	0	0	0	428
Data Entry Fee - Circuit Court	421	0	0	0	0	0	0	0	0	0	0	421
Victims Assistance Assessments	3,976	0	0	0	0	0	0	0	0	0	0	3,976
<u>General Sessions Court</u>												
Fines	20,711	0	0	0	0	0	0	0	0	0	0	20,711
Officers Costs	52,994	0	0	0	0	0	0	0	0	0	0	52,994
Game and Fish Fines	481	0	0	0	0	0	0	0	0	0	0	481
Drug Control Fines	3,347	0	4,245	0	0	0	0	0	0	0	0	7,592
Drug Court Fees	4,321	0	0	0	0	0	0	0	0	0	0	4,321
Jail Fees	6,704	0	0	0	0	0	0	0	0	0	0	6,704
District Attorney General Fees	0	0	0	988	0	0	0	0	0	0	0	988
Judicial Commissioner Fees	1,042	0	0	0	0	0	0	0	0	0	0	1,042
DUI Treatment Fines	6,135	0	0	0	0	0	0	0	0	0	0	6,135
Data Entry Fee - General Sessions Court	3,506	0	0	0	0	0	0	0	0	0	0	3,506
Courtroom Security Fee	107	0	0	0	0	0	0	0	0	0	0	107
Victims Assistance Assessments	2,057	0	0	0	0	0	0	0	0	0	0	2,057
<u>Juvenile Court</u>												
Fines	50	0	0	0	0	0	0	0	0	0	0	50
Data Entry Fee - Juvenile Court	1,342	0	0	0	0	0	0	0	0	0	0	1,342
<u>Chancery Court</u>												
Officers Costs	2,166	0	0	0	0	0	0	0	0	0	0	2,166
Data Entry Fee - Chancery Court	2,327	0	0	0	0	0	0	0	0	0	0	2,327
<u>Courts in Other District Counties</u>												
District Attorney General Fees	0	0	0	21,324	0	0	0	0	0	0	0	21,324

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 4,208	\$ 0	\$ 0	\$ 0	\$ 4,208
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	8,100	0	3,705	0	0	0	11,805
Other Fines, Forfeitures, and Penalties	51,858	0	0	0	0	0	51,858
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 188,922</b>	<b>\$ 0</b>	<b>\$ 17,223</b>	<b>\$ 24,212</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 230,357</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Residential Waste Collection Charge	\$ 0	\$ 1,063,786	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,063,786
Solid Waste Disposal Fees	0	25	0	0	0	0	25
Other General Service Charges	1,610	0	0	0	0	0	1,610
<u>Fees</u>							
Copy Fees	246	0	0	0	0	0	246
Archives and Records Management Fee - County Clerk	6,328	0	0	0	0	0	6,328
Greenbelt Late Application Fee	650	0	0	0	0	0	650
Telephone Commissions	35,925	0	0	0	0	0	35,925
Vending Machine Collections	149	0	0	0	0	19	168
Constitutional Officers' Fees and Commissions	0	0	0	0	256,590	0	256,590
Data Processing Fee - Register	8,758	0	0	0	0	0	8,758
Data Processing Fee - Sheriff	5,269	0	0	0	0	0	5,269
Sexual Offender Registration Fees - Sheriff	3,000	0	0	0	0	0	3,000
<u>Education Charges</u>							
Tuition - Other	275	0	0	0	0	0	275
Contract for Instructional Services with Other LEAs	229,332	0	0	0	0	0	229,332
<b>Total Charges for Current Services</b>	<b>\$ 291,542</b>	<b>\$ 1,063,811</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 256,590</b>	<b>\$ 19</b>	<b>\$ 1,611,962</b>
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 83,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,600
Lease/Rentals	46,062	0	0	0	0	0	46,062

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues (Cont.)</u>								
<u>Recurring Items (Cont.)</u>								
Sale of Materials and Supplies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,584	\$ 0	\$ 5,584
Commissary Sales	21,748	0	0	0	0	0	0	21,748
Sale of Gasoline	75,620	0	0	0	0	0	0	75,620
Sale of Recycled Materials	234	99,762	0	0	0	0	0	99,996
Miscellaneous Refunds	28,243	18	18,826	0	0	448	0	47,535
<u>Nonrecurring Items</u>								
Sale of Equipment	11,580	0	0	0	0	0	0	11,580
Sale of Property	17,361	0	0	0	0	0	0	17,361
Contributions and Gifts	7,545	0	0	0	0	0	0	7,545
<u>Other Local Revenues</u>								
Other Local Revenues	102,505	0	0	0	0	0	0	102,505
Total Other Local Revenues	\$ 394,498	\$ 99,780	\$ 18,826	\$ 0	\$ 0	\$ 6,032	\$ 0	\$ 519,136
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 65,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 65,645
Clerk and Master	22,866	0	0	0	0	0	0	22,866
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	109,149	0	0	0	0	0	0	109,149
General Sessions Court Clerk	153,527	0	0	0	0	0	0	153,527
Juvenile Court Clerk	35,512	0	0	0	0	0	0	35,512
Register	94,001	0	0	0	0	0	0	94,001
Sheriff	7,996	0	0	0	0	0	0	7,996
Trustee	309,081	0	0	0	0	0	0	309,081
Total Fees Received from County Officials	\$ 797,777	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 797,777
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	1,863	0	0	0	0	0	0	1,863

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>									
<u>General Government Grants (Cont.)</u>									
Aging Programs	\$ 56,245	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,245
Alternative School Program	650,809	0	0	0	0	0	0	0	650,809
Solid Waste Grants	0	9,762	0	0	0	0	0	0	9,762
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	13,800	0	0	0	0	0	0	0	13,800
Other Public Safety Grants	3,500	0	0	0	0	0	0	0	3,500
<u>Health and Welfare Grants</u>									
Health Department Programs	215,425	0	0	0	0	0	0	0	215,425
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	0	213,746	0	0	213,746
Litter Program	0	18,711	0	0	0	0	0	0	18,711
<u>Other State Revenues</u>									
Income Tax	26,309	0	0	0	0	0	0	0	26,309
Beer Tax	18,724	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	59,496	0	0	0	0	0	0	0	59,496
Mixed Drink Tax	2,300	0	0	0	0	0	0	0	2,300
Contracted Prisoner Boarding	278,880	0	0	0	0	0	0	0	278,880
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,895,071	0	0	1,895,071
Petroleum Special Tax	0	0	0	0	0	23,670	0	0	23,670
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	15,164
Other State Grants	7,150	0	0	0	0	0	0	0	7,150
Other State Revenues	5,100	0	0	0	0	0	0	0	5,100
Total State of Tennessee	\$ 1,363,765	\$ 28,473	\$ 0	\$ 0	\$ 0	\$ 2,132,487	\$ 0	\$ 0	\$ 3,524,725
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 37,699	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,699
Disaster Relief	0	0	0	0	0	367,990	0	0	367,990
Homeland Security Grants	41,296	0	0	0	0	0	0	0	41,296
ARRA Grant No. 1	79,863	0	0	0	0	0	0	0	79,863

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund
	General	Solid Waste/ Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	
<u>Federal Government (Cont.)</u>								
<u>Federal Through State (Cont.)</u>								
Other Federal through State	\$ 399,690	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 399,690
Direct Federal Revenue								
Forest Service	0	0	0	0	0	534	0	534
Total Federal Government	\$ 558,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 368,524	\$ 0	\$ 927,072
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 11,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,725
Paving and Maintenance	0	0	0	0	0	6,725	0	6,725
<u>Citizens Groups</u>								
Donations	4,000	0	0	0	0	0	0	4,000
<u>Other</u>								
Other	19,154	0	0	0	0	0	0	19,154
Total Other Governments and Citizens Groups	\$ 34,879	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,725	\$ 0	\$ 41,604
Total	\$ 8,005,914	\$ 1,472,926	\$ 36,049	\$ 24,212	\$ 256,590	\$ 3,337,271	\$ 420,535	\$ 13,553,497

Exhibit K-6

Carroll County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	School Transpor - tation	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 0	\$ 0	\$ 474,017	\$ 474,017
Trustee's Collections - Prior Year	0	0	18,588	18,588
Trustee's Collections - Bankruptcy	0	0	386	386
Circuit/Clerk & Master Collections - Prior Years	0	0	16,445	16,445
Interest and Penalty	0	0	3,366	3,366
Payments in-Lieu-of Taxes - Local Utilities	0	0	48,517	48,517
Payments in-Lieu-of Taxes - Other	0	0	13,562	13,562
<u>County Local Option Taxes</u>				
Local Option Sales Tax	62,943	0	0	62,943
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	55	0	0	55
<b>Total Local Taxes</b>	<b>\$ 62,998</b>	<b>\$ 0</b>	<b>\$ 574,881</b>	<b>\$ 637,879</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 61	\$ 0	\$ 0	\$ 61
<b>Total Licenses and Permits</b>	<b>\$ 61</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 61</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 1,220	\$ 0	\$ 0	\$ 1,220
Lunch Payments - Adults	1,788	0	0	1,788
Transportation - Other State Systems	39,994	0	2,092	42,086
Contract for Instructional Services with Other LEAs	601,301	0	0	601,301
<u>Other Charges for Services</u>				
Other Charges for Services	44,634	0	0	44,634
<b>Total Charges for Current Services</b>	<b>\$ 688,937</b>	<b>\$ 0</b>	<b>\$ 2,092</b>	<b>\$ 691,029</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 14	\$ 0	\$ 0	\$ 14
Lease/Rentals	7,700	0	0	7,700
Sale of Materials and Supplies	1,198	0	0	1,198
Miscellaneous Refunds	12,127	0	0	12,127
<u>Nonrecurring Items</u>				
Sale of Equipment	8,281	0	0	8,281
Damages Recovered from Individuals	68	0	85	153
Contributions and Gifts	1,795	0	0	1,795
<b>Total Other Local Revenues</b>	<b>\$ 31,183</b>	<b>\$ 0</b>	<b>\$ 85</b>	<b>\$ 31,268</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 4,237	\$ 0	\$ 0	\$ 4,237
<u>State Education Funds</u>				
Basic Education Program	1,665,037	0	0	1,665,037
Basic Education Program - ARRA	280,963	0	0	280,963
School Food Service	135	0	0	135
Driver Education	1,731	0	0	1,731

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	School Transpor - tation	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Coordinated School Health - ARRA	\$ 95,000	\$ 0	\$ 0	\$ 95,000
Statewide Student Management System (SSMS) - ARRA	12	0	0	12
Career Ladder Program	11,728	0	0	11,728
Career Ladder - Extended Contract - ARRA	1,167	0	0	1,167
<u>Other State Revenues</u>				
Mixed Drink Tax	67	0	0	67
State Revenue Sharing - T.V.A.	0	0	758,072	758,072
Total State of Tennessee	\$ 2,060,077	\$ 0	\$ 758,072	\$ 2,818,149
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 9,551	\$ 0	\$ 0	\$ 9,551
USDA - Commodities	744	0	0	744
Adult Education State Grant Program	83,608	0	0	83,608
Other Federal through State	44,725	103,375	0	148,100
Total Federal Government	\$ 138,628	\$ 103,375	\$ 0	\$ 242,003
Total	\$ 2,981,884	\$ 103,375	\$ 1,335,130	\$ 4,420,389

Exhibit K-7

Carroll County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,850	
Social Security		1,999	
State Retirement		8,837	
Employee and Dependent Insurance		4	
Unemployment Compensation		52	
Employer Medicare		467	
Audit Services		8,843	
Consultants		1,250	
Dues and Memberships		3,449	
Legal Notices, Recording, and Court Costs		1,594	
Periodicals		715	
Other Charges		1,269	
Total County Commission			\$ 61,329

Board of Equalization

Board and Committee Members Fees	\$	1,590	
Data Processing Services		11,223	
Total Board of Equalization			12,813

Other Boards and Committees

Secretary(ies)	\$	23	
Board and Committee Members Fees		300	
Social Security		1	
State Retirement		2	
Legal Notices, Recording, and Court Costs		140	
Total Other Boards and Committees			466

County Mayor/Executive

County Official/Administrative Officer	\$	71,322	
Assistant(s)		36,952	
Purchasing Personnel		10,000	
Secretary(ies)		27,187	
Part-time Personnel		7,660	
Social Security		8,906	
State Retirement		10,910	
Employee and Dependent Insurance		18,826	
Unemployment Compensation		385	
Employer Medicare		2,083	
Communication		2,260	
Data Processing Services		5,415	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Dues and Memberships	\$	1,500	
Maintenance Agreements		3,005	
Postal Charges		2,495	
Printing, Stationery, and Forms		800	
Travel		4,284	
Office Supplies		3,991	
Data Processing Equipment		113	
Total County Mayor/Executive			\$ 218,094

County Attorney

Consultants	\$	3,000	
Legal Services		3,690	
Total County Attorney			6,690

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		25,448	
Part-time Personnel		9,040	
Election Commission		3,780	
Election Workers		20,610	
Social Security		5,282	
State Retirement		6,077	
Employee and Dependent Insurance		5,119	
Unemployment Compensation		393	
Employer Medicare		1,235	
Communication		798	
Legal Notices, Recording, and Court Costs		2,187	
Maintenance Agreements		15,725	
Maintenance and Repair Services - Equipment		302	
Postal Charges		2,077	
Printing, Stationery, and Forms		4,319	
Travel		1,451	
Office Supplies		1,999	
Office Equipment		1,532	
Total Election Commission			162,950

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,635	
Part-time Personnel		2,414	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Social Security	\$	6,815	
State Retirement		8,579	
Employee and Dependent Insurance		15,358	
Unemployment Compensation		306	
Employer Medicare		1,594	
Communication		2,112	
Data Processing Services		6,704	
Dues and Memberships		878	
Maintenance Agreements		3,005	
Postal Charges		542	
Travel		1,399	
Other Contracted Services		2,375	
Office Supplies		2,262	
Total Register of Deeds			\$ 168,729

County Buildings

Custodial Personnel	\$	20,209
Maintenance Personnel		27,893
Social Security		2,686
State Retirement		3,608
Employee and Dependent Insurance		14,925
Unemployment Compensation		270
Employer Medicare		628
Communication		878
Maintenance Agreements		6,285
Maintenance and Repair Services - Buildings		60,150
Maintenance and Repair Services - Equipment		2,959
Maintenance and Repair Services - Vehicles		2,136
Permits		330
Other Contracted Services		9,000
Custodial Supplies		5,656
Electricity		95,149
Gasoline		1,986
Natural Gas		14,137
Water and Sewer		5,829
Other Supplies and Materials		213
Building and Contents Insurance		41,782
Liability Insurance		87,879
Other Charges		8,498
Building Construction		167,343

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Building Improvements	\$	43,400	
Data Processing Equipment		<u>25,475</u>	
Total County Buildings	\$		649,304

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	56,348	
Deputy(ies)		78,083	
In-Service Training		257	
Social Security		6,992	
State Retirement		10,082	
Employee and Dependent Insurance		39,545	
Unemployment Compensation		405	
Employer Medicare		1,635	
Communication		1,096	
Contracts with Private Agencies		11,980	
Dues and Memberships		1,295	
Maintenance Agreements		2,297	
Postal Charges		352	
Travel		65	
Gasoline		288	
Office Supplies		2,695	
Office Equipment		<u>1,430</u>	
Total Property Assessor's Office			214,845

Reappraisal Program

Deputy(ies)	\$	17,224	
Social Security		180	
Unemployment Compensation		44	
Employer Medicare		42	
Communication		230	
Data Processing Services		4,527	
Postal Charges		5,089	
Travel		22	
Office Supplies		<u>292</u>	
Total Reappraisal Program			27,650

County Trustee's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,635	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Part-time Personnel	\$	3,016	
Social Security		6,538	
State Retirement		8,579	
Employee and Dependent Insurance		24,737	
Unemployment Compensation		315	
Employer Medicare		1,529	
Communication		559	
Data Processing Services		3,600	
Dues and Memberships		693	
Legal Notices, Recording, and Court Costs		192	
Maintenance Agreements		1,342	
Postal Charges		8,180	
Travel		665	
Office Supplies		2,914	
Office Equipment		905	
Total County Trustee's Office			\$ 178,150

County Clerk's Office

State Retirement	\$	12,020	
Employee and Dependent Insurance		26,876	
Communication		389	
Maintenance Agreements		379	
Office Supplies		2,452	
Total County Clerk's Office			42,116

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751
Deputy(ies)		151,956
Board and Committee Members Fees		150
Jury and Witness Expense		8,324
Social Security		12,214
State Retirement		16,028
Employee and Dependent Insurance		38,807
Unemployment Compensation		810
Employer Medicare		2,857
Communication		2,688
Data Processing Services		25,514
Dues and Memberships		653
Legal Notices, Recording, and Court Costs		1,473

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Maintenance Agreements	\$	6,285	
Postal Charges		3,833	
Travel		1,036	
Office Supplies		13,536	
Other Charges		86	
Data Processing Equipment		210	
Office Equipment		3,898	
Total Circuit Court			\$ 352,109

General Sessions Judge

Judge(s)	\$	98,639	
Social Security		5,797	
State Retirement		7,398	
Employee and Dependent Insurance		10,152	
Employer Medicare		1,356	
Dues and Memberships		70	
Travel		1,472	
Office Supplies		698	
Total General Sessions Judge			125,582

Chancery Court

Deputy(ies)	\$	100,521	
Social Security		5,443	
State Retirement		12,170	
Employee and Dependent Insurance		45,972	
Unemployment Compensation		540	
Employer Medicare		1,273	
Communication		1,918	
Data Processing Services		6,783	
Dues and Memberships		563	
Maintenance Agreements		2,942	
Postal Charges		1,487	
Office Supplies		3,200	
Data Processing Equipment		141	
Total Chancery Court			182,953

Juvenile Court

Supervisor/Director	\$	49,639	
Youth Service Officer(s)		35,250	
Guidance Personnel		33,999	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

In-Service Training	\$	30	
Social Security		6,745	
State Retirement		8,917	
Employee and Dependent Insurance		32,542	
Unemployment Compensation		330	
Employer Medicare		1,577	
Communication		1,524	
Maintenance Agreements		379	
Postal Charges		318	
Travel		235	
Other Contracted Services		568	
Office Supplies		1,000	
Total Juvenile Court			\$ 173,053

Judicial Commissioners

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

Victims Assistance Programs

Remittance of Revenue Collected	\$	3,748	
Total Victims Assistance Programs			3,748

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		744,368	
Detective(s)		5,344	
Investigator(s)		116,459	
Salary Supplements		13,800	
Part-time Personnel		5,528	
Overtime Pay		43,479	
Other Salaries and Wages		18,320	
In-Service Training		26,609	
Social Security		59,323	
State Retirement		72,917	
Employee and Dependent Insurance		151,503	
Unemployment Compensation		3,684	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Employer Medicare	\$	13,874	
Contracts with Other Public Agencies		2,680	
Dues and Memberships		2,050	
Maintenance Agreements		21,590	
Maintenance and Repair Services - Equipment		2,779	
Maintenance and Repair Services - Vehicles		47,816	
Postal Charges		1,747	
Travel		8,699	
Electricity		13,469	
Gasoline		105,759	
Law Enforcement Supplies		2,354	
Natural Gas		863	
Office Supplies		7,720	
Uniforms		32,302	
Water and Sewer		1,327	
Other Supplies and Materials		1,712	
Other Charges		247	
Data Processing Equipment		5,016	
Motor Vehicles		96,580	
Other Equipment		41,844	
Total Sheriff's Department			\$ 1,739,689

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	700	
Data Processing Supplies		898	
Data Processing Equipment		1,820	
Total Administration of the Sexual Offender Registry			3,418

Jail

Medical Personnel	\$	10,998	
Dispatchers/Radio Operators		182,995	
Guards		440,466	
Clerical Personnel		29,581	
Cafeteria Personnel		46,930	
Part-time Personnel		8,794	
Overtime Pay		32,554	
Social Security		42,765	
State Retirement		53,456	
Employee and Dependents Insurance		153,240	
Unemployment Compensation		4,012	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Employer Medicare	\$	10,002	
Communication		16,133	
Maintenance Agreements		18,665	
Maintenance and Repair Services - Equipment		4,242	
Medical and Dental Services		111,763	
Custodial Supplies		12,631	
Electricity		31,099	
Food Supplies		133,289	
Library Books/Media		1,788	
Natural Gas		8,905	
Prisoners Clothing		2,475	
Uniforms		2,600	
Water and Sewer		18,658	
Other Supplies and Materials		3,820	
Office Equipment		121	
Other Equipment		8,127	
Total Jail			\$ 1,390,109

Juvenile Services

Educational Assistants	\$	519,748
Social Security		30,309
State Retirement		35,557
Employee and Dependent Insurance		76,533
Unemployment Compensation		2,693
Employer Medicare		7,090
Communication		2,423
Dues and Memberships		755
Licenses		930
Maintenance Agreements		4,231
Maintenance and Repair Services - Equipment		100
Maintenance and Repair Services - Vehicles		8,961
Medical and Dental Services		4,174
Postal Charges		200
Travel		118
Other Contracted Services		5,231
Custodial Supplies		3,488
Food Supplies		25,278
Gasoline		27,265
Instructional Supplies and Materials		1,326
Office Supplies		4,422

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Building and Contents Insurance	\$	1,185	
Liability Insurance		12,348	
Workers' Compensation Insurance		3,500	
Other Charges		2,650	
Motor Vehicles		21,500	
Office Equipment		915	
Total Juvenile Services			\$ 802,930

Fire Prevention and Control

Supervisor/Director	\$	33,234	
Other Salaries and Wages		16,000	
In-Service Training		1,424	
Social Security		2,865	
State Retirement		2,493	
Employee and Dependent Insurance		9,734	
Unemployment Compensation		270	
Employer Medicare		670	
Communication		1,549	
Dues and Memberships		100	
Maintenance and Repair Services - Equipment		9,919	
Maintenance and Repair Services - Vehicles		33,558	
Postal Charges		88	
Travel		820	
Gasoline		17,134	
Office Supplies		1,424	
Other Supplies and Materials		21	
Liability Insurance		7,779	
Other Charges		6,637	
Communication Equipment		7,544	
Other Equipment		27,884	
Total Fire Prevention and Control			181,147

Civil Defense

Supervisor/Director	\$	34,128
In-Service Training		1,735
Social Security		1,905
State Retirement		2,560
Employee and Dependent Insurance		9,807
Unemployment Compensation		135
Employer Medicare		446

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Communication	\$	2,773	
Dues and Memberships		390	
Maintenance Agreements		2,330	
Maintenance and Repair Services - Equipment		1,479	
Maintenance and Repair Services - Vehicles		301	
Postal Charges		88	
Travel		1,812	
Gasoline		2,051	
Office Supplies		4,886	
Other Supplies and Materials		41,296	
Other Charges		13,598	
Other Equipment		218	
Total Civil Defense			\$ 121,938

County Coroner/Medical Examiner

Medical Personnel	\$	10,563	
Other Per Diem and Fees		4,955	
Contracts with Government Agencies		7,400	
Transportation - Other than Students		1,235	
Travel		748	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			24,976

Other Public Safety

Law Enforcement Equipment	\$	46,247	
Total Other Public Safety			46,247

Public Health and Welfare

Local Health Center

Medical Personnel	\$	65,304	
Clerical Personnel		76,190	
Social Security		7,932	
State Retirement		5,376	
Employee and Dependent Insurance		34,101	
Unemployment Compensation		982	
Employer Medicare		1,855	
Communication		4,003	
Contracts with Government Agencies		25,066	
Dues and Memberships		200	
Janitorial Services		7,800	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance and Repair Services - Buildings	\$	546	
Maintenance and Repair Services - Office Equipment		1,253	
Matching Share		1,873	
Travel		6,839	
Other Contracted Services		1,157	
Custodial Supplies		3,119	
Drugs and Medical Supplies		2,860	
Office Supplies		3,507	
Utilities		11,520	
Other Supplies and Materials		333	
Total Local Health Center			\$ 261,816

Rabies and Animal Control

Social Security	\$	740	
State Retirement		750	
Employee and Dependent Insurance		88	
Unemployment Compensation		30	
Employer Medicare		173	
Communication		319	
Maintenance and Repair Services - Vehicles		167	
Pest Control		12,445	
Veterinary Services		2,803	
Animal Food and Supplies		993	
Gasoline		1,845	
Total Rabies and Animal Control			20,353

General Welfare Assistance

Contributions	\$	500	
Other Charges		1,100	
Total General Welfare Assistance			1,600

Other Local Welfare Services

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

Social, Cultural, and Recreational Services

Adult Activities

Maintenance Agreements	\$	366	
Maintenance and Repair Services - Vehicles		28	
Postal Charges		132	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Printing, Stationery, and Forms	\$	60	
Travel		1,200	
Food Supplies		205	
Gasoline		1,325	
Office Supplies		234	
Other Supplies and Materials		829	
Total Adult Activities			\$ 4,379

Senior Citizens Assistance

Supervisor/Director	\$	20,000	
Social Workers		15,182	
Other Salaries and Wages		15,634	
Social Security		2,983	
State Retirement		2,639	
Employee and Dependent Insurance		7,457	
Unemployment Compensation		591	
Employer Medicare		698	
Communication		1,814	
Contracts with Other Public Agencies		3,798	
Contracts with Private Agencies		1,295	
Licenses		810	
Maintenance Agreements		379	
Matching Share		780	
Printing, Stationery, and Forms		2,108	
Travel		1,715	
Food Supplies		1,474	
Gasoline		710	
Office Supplies		799	
Other Charges		496	
Total Senior Citizens Assistance			81,362

Libraries

Assistant(s)	\$	14,483	
Librarians		21,219	
Other Salaries and Wages		11,393	
Social Security		2,710	
State Retirement		2,678	
Employee and Dependent Insurance		10,152	
Unemployment Compensation		398	
Employer Medicare		634	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Communication	\$	1,974	
Dues and Memberships		335	
Maintenance and Repair Services - Equipment		1,189	
Postal Charges		786	
Travel		152	
Library Books/Media		9,290	
Office Supplies		4,179	
Periodicals		395	
Office Equipment		2,453	
Total Libraries			\$ 84,420

Parks and Fair Boards

Supervisor/Director	\$	42,707	
Social Security		2,479	
State Retirement		3,203	
Employee and Dependent Insurance		9,815	
Unemployment Compensation		145	
Employer Medicare		580	
Communication		950	
Maintenance Agreements		1,519	
Maintenance and Repair Services - Buildings		5,334	
Maintenance and Repair Services - Equipment		328	
Remittance of Revenue Collected		6,426	
Permits		120	
Other Contracted Services		754	
Custodial Supplies		3,416	
Office Supplies		458	
Utilities		34,820	
Furniture and Fixtures		2,344	
Total Parks and Fair Boards			115,398

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	248,673	
Total Other Social, Cultural, and Recreational			248,673

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	34,092	
Secretary(ies)		5,897	
Other Fringe Benefits		9,350	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Communication	\$	1,576	
Travel		1,275	
Office Equipment		224	
Total Agriculture Extension Service			\$ 52,414

Forest Service

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

Soil Conservation

Secretary(ies)	\$	22,840	
Social Security		1,416	
State Retirement		1,713	
Unemployment Compensation		135	
Employer Medicare		331	
Total Soil Conservation			26,435

Flood Control

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

Other Operations

Industrial Development

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

Other Economic and Community Development

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

Airport

Supervisor/Director	\$	31,843	
Part-time Personnel		11,880	
Social Security		2,522	
State Retirement		2,388	
Employee and Dependent Insurance		9,815	
Unemployment Compensation		311	
Employer Medicare		590	
Communication		3,066	
Maintenance and Repair Services - Buildings		9,052	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Maintenance and Repair Services - Equipment	\$	1,406	
Postal Charges		44	
Travel		759	
Custodial Supplies		580	
Gasoline		69,406	
Office Supplies		474	
Utilities		15,416	
Liability Insurance		3,250	
Airport Improvement		2,500	
Total Airport			\$ 165,302

Veterans' Services

Supervisor/Director	\$	20,715	
Social Security		1,284	
State Retirement		1,554	
Unemployment Compensation		135	
Employer Medicare		300	
Communication		427	
Maintenance Agreements		379	
Postal Charges		176	
Travel		752	
Office Supplies		426	
Office Equipment		224	
Total Veterans' Services			26,372

Other Charges

Handling Charges and Administrative Costs	\$	120	
Contributions		4,000	
Rentals		4,000	
Library Books/Media		11,675	
Road Signs		3,499	
Premiums on Corporate Surety Bonds		10,027	
Trustee's Commission		82,843	
Workers' Compensation Insurance		83,230	
Liability Claims		54,949	
Other Charges		2,024	
Total Other Charges			256,367

Contributions to Other Agencies

Contributions	\$	4,950	
Total Contributions to Other Agencies			4,950

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant # 1

Other Charges	\$ 79,863	
Total ARRA Grant # 1		\$ 79,863

Total General Fund \$ 8,374,099

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$ 19,458	
Social Security	1,050	
State Retirement	1,344	
Employee and Dependent Insurance	3,116	
Unemployment Compensation	117	
Employer Medicare	266	
Communication	509	
Contracts with Private Agencies	939,592	
Legal Services	428	
Legal Notices, Recording, and Court Costs	166	
Postal Charges	568	
Maintenance and Repair Services - Records	59,386	
Office Supplies	925	
Other Charges	1,673	
Office Equipment	195	
Total Waste Pickup		\$ 1,028,793

Recycling Center

Supervisor/Director	\$ 48,354
Clerical Personnel	25,448
Other Salaries and Wages	127,240
Social Security	11,355
State Retirement	15,193
Employee and Dependent Insurance	58,553
Unemployment Compensation	945
Employer Medicare	2,635
Communication	1,018
Contracts with Private Agencies	15,307
Freight Expenses	7,529
Maintenance and Repair Services - Buildings	1,468
Maintenance and Repair Services - Equipment	2,220
Maintenance and Repair Services - Vehicles	4,425

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Transportation - Other than Students	\$	17,054	
Brokerage Fees - Recyclables		42	
Custodial Supplies		102	
Gasoline		26,051	
Office Supplies		598	
Utilities		9,414	
Other Supplies and Materials		1,565	
Building and Contents Insurance		2,050	
Liability Insurance		6,063	
Trustee's Commission		16,465	
Workers' Compensation Insurance		9,301	
Other Charges		1,141	
Building Improvements		265	
Total Recycling Center			\$ 411,801

Highways

Litter and Trash Collection

Truck Drivers	\$	14,500	
Social Security		899	
Unemployment Compensation		145	
Employer Medicare		210	
Contracts with Government Agencies		373	
Maintenance and Repair Services - Vehicles		1,474	
Gasoline		1,976	
Other Supplies and Materials		340	
Other Charges		8,105	
Total Litter and Trash Collection			28,022

Principal on Debt

General Government

Principal on Notes	\$	12,000	
Total General Government			12,000

Interest on Debt

General Government

Interest on Notes	\$	1,664	
Total General Government			1,664

Total Solid Waste/Sanitation Fund \$ 1,482,280

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,195	
Confidential Drug Enforcement Payments		7,825	
Dues and Memberships		90	
Maintenance and Repair Services - Vehicles		211	
Travel		964	
Veterinary Services		112	
Other Contracted Services		6,277	
Animal Food and Supplies		618	
Trustee's Commission		173	
Other Charges		2,941	
Law Enforcement Equipment		548	
Motor Vehicles		59,145	
Special Education Equipment		2,466	
Other Equipment		626	
Total Drug Enforcement			\$ 83,191

Total Drug Control Fund \$ 83,191

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	1,496	
Maintenance and Repair Services - Equipment		64	
Postal Charges		16	
Travel		5,526	
Tuition		2,548	
Custodial Supplies		127	
Office Supplies		803	
Trustee's Commission		244	
Other Charges		2,973	
Total District Attorney General			\$ 13,797

Total District Attorney General Fund 13,797

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	343	
Total County Trustee's Office			\$ 343

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 173,570	
Total County Clerk's Office		\$ 173,570

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 104,638	
Total Chancery Court		<u>104,638</u>

Total Constitutional Officers - Fees Fund		\$ 278,551
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 135,132	
Accountants/Bookkeepers	27,187	
Secretary(ies)	25,448	
Communication	4,405	
Contracts with Other Public Agencies	5,521	
Data Processing Services	6,994	
Dues and Memberships	4,185	
Evaluation and Testing	887	
Maintenance and Repair Services - Equipment	273	
Maintenance and Repair Services - Office Equipment	195	
Medical and Dental Services	68	
Postal Charges	381	
Printing, Stationery, and Forms	80	
Travel	1,736	
Tuition	495	
Data Processing Supplies	473	
Drugs and Medical Supplies	513	
Electricity	5,146	
Natural Gas	2,176	
Office Supplies	486	
Utilities	976	
Water and Sewer	687	
Building and Contents Insurance	7,500	
Data Processing Equipment	330	
Other Equipment	<u>872</u>	
Total Administration		\$ 232,146

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Equipment Operators	\$	281,685	
Truck Drivers		132,536	
Laborers		143,061	
Contracts with Private Agencies		2,531	
Engineering Services		22,376	
Asphalt - Liquid		56,665	
Crushed Stone		20,564	
Fertilizer, Lime, and Seed		116	
Ice		505	
Other Road Supplies		110	
Pipe - Metal		27,777	
Road Signs		10,974	
Wood Products		3,560	
Chemicals		904	
Other Supplies and Materials		1,999	
Total Highway and Bridge Maintenance			\$ 705,363

Operation and Maintenance of Equipment

Mechanic(s)	\$	109,085	
Maintenance and Repair Services - Equipment		9,453	
Maintenance and Repair Services - Vehicles		1,587	
Diesel Fuel		129,610	
Equipment and Machinery Parts		122,706	
Garage Supplies		3,610	
Gasoline		45,867	
Lubricants		10,899	
Small Tools		8	
Tires and Tubes		30,877	
Other Supplies and Materials		440	
Other Charges		1,093	
Total Operation and Maintenance of Equipment			465,235

Other Charges

Liability Insurance	\$	23,444	
Trustee's Commission		30,880	
Workers' Compensation Insurance		61,561	
Liability Claims		2,850	
Total Other Charges			118,735

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	57,361	
State Retirement		64,056	
Medical Insurance		396,805	
Unemployment Compensation		10,027	
Total Employee Benefits			\$ 528,249

Capital Outlay

Bridge Construction	\$	13,393	
Communication Equipment		1,944	
Highway Construction		724,246	
Office Equipment		296	
State Aid Projects		213,746	
Other Equipment		79,095	
Other Construction		1,000	
Other Capital Outlay		23,996	
Total Capital Outlay			1,057,716

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	44,798	
Total Highways and Streets			44,798

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	3,636	
Total Highways and Streets			3,636

Total Highway/Public Works Fund \$ 3,155,878

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	96,580	
Principal on Other Loans		74,000	
Total General Government			\$ 170,580

Interest on Debt

General Government

Interest on Notes	\$	387	
Interest on Other Loans		6,666	
Total General Government			7,053

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$	7,605	
Other Debt Service		<u>11,309</u>	
Total General Government			<u>\$ 18,914</u>

Total General Debt Service Fund \$ 196,547

Total Governmental Funds - Primary Government \$ 13,584,343

Exhibit K-8

Carroll County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Carroll County School Department  
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	11,593	
Career Ladder Program		750	
Employer Medicare		179	
Instructional Supplies and Materials		1,380	
Regular Instruction Equipment		10,012	
Total Regular Instruction Program	\$		23,914

Alternative Instruction Program

Teachers	\$	33,966	
Educational Assistants		14,557	
Certified Substitute Teachers		110	
Non-certified Substitute Teachers		1,775	
Social Security		2,715	
State Retirement		4,211	
Medical Insurance		11,454	
Employer Medicare		636	
Instructional Supplies and Materials		2,000	
Total Alternative Instruction Program			71,424

Special Education Program

Teachers	\$	226,278	
Career Ladder Program		4,498	
Educational Assistants		98,154	
Other Salaries and Wages		6,064	
Certified Substitute Teachers		503	
In-Service Training		4,300	
Non-certified Substitute Teachers		2,975	
Social Security		20,464	
State Retirement		28,592	
Medical Insurance		25,924	
Employer Medicare		4,786	
Maintenance and Repair Services - Equipment		840	
Travel		1,013	
Other Contracted Services		14,203	
Instructional Supplies and Materials		6,363	
Other Supplies and Materials		1,877	
Other Charges		556	
Special Education Equipment		5,325	
Total Special Education Program			452,715

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	246,730	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,150	
Certified Substitute Teachers		155	
In-Service Training		6,000	
Non-certified Substitute Teachers		3,540	
Social Security		15,232	
State Retirement		23,469	
Medical Insurance		26,759	
Employer Medicare		3,563	
Travel		577	
Instructional Supplies and Materials		19,965	
Textbooks		11,373	
Vocational Instruction Equipment		5,634	
Total Vocational Education Program			\$ 368,147

Adult Education Program

Teachers	\$	15,004	
Other Salaries and Wages		13,242	
Social Security		821	
Employer Medicare		410	
Instructional Supplies and Materials		4,813	
Total Adult Education Program			34,290

Support Services

Attendance

Clerical Personnel	\$	18,594	
Social Security		1,153	
State Retirement		1,394	
Employer Medicare		270	
Travel		77	
Other Contracted Services		12	
In Service/Staff Development		519	
Other Equipment		249	
Total Attendance			22,268

Health Services

Medical Personnel	\$	13,813	
Other Salaries and Wages		63,386	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Social Security	\$	4,754	
State Retirement		4,820	
Employer Medicare		1,099	
Communication		545	
Travel		1,952	
Other Contracted Services		1,919	
Drugs and Medical Supplies		661	
Other Supplies and Materials		8,933	
In Service/Staff Development		6,008	
Other Charges		382	
Health Equipment		3,208	
Total Health Services			\$ 111,480

Other Student Support

Secretary(ies)	\$	23,130	
Social Security		1,408	
State Retirement		1,735	
Medical Insurance		5,291	
Employer Medicare		329	
Evaluation and Testing		7,166	
Operating Lease Payments		3,371	
Other Supplies and Materials		2,064	
Total Other Student Support			44,494

Special Education Program

Supervisor/Director	\$	50,540	
Career Ladder Program		2,970	
Career Ladder Extended Contracts		1,970	
Social Security		3,275	
State Retirement		5,021	
Medical Insurance		5,195	
Employer Medicare		766	
Travel		144	
Other Supplies and Materials		451	
In Service/Staff Development		2,955	
Other Charges		320	
Total Special Education Program			73,607

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Secretary(ies)	\$	23,130	
Other Salaries and Wages		48	
Social Security		1,396	
State Retirement		1,738	
Employer Medicare		326	
Operating Lease Payments		5,400	
In Service/Staff Development		11,134	
Other Charges		864	
Total Vocational Education Program			\$ 44,036

Adult Programs

Supervisor/Director	\$	45,128	
Social Security		2,732	
State Retirement		4,084	
Employer Medicare		639	
Communication		2,675	
Other Supplies and Materials		182	
In Service/Staff Development		1,389	
Total Adult Programs			56,829

Other Programs

On-Behalf Payments to OPEB	\$	4,237	
Total Other Programs			4,237

Board of Education

Secretary to Board	\$	12,518	
Board and Committee Members Fees		6,200	
Social Security		979	
State Retirement		1,133	
Unemployment Compensation		7,993	
Employer Medicare		229	
Other Fringe Benefits		275	
Audit Services		2,625	
Dues and Memberships		1,589	
Liability Insurance		45,697	
Trustee's Commission		4,370	
Workers' Compensation Insurance		47,309	
In Service/Staff Development		2,838	
Criminal Investigation of Applicants - TBI		1,056	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Other Charges	\$ 3,488	
Total Board of Education		\$ 138,299

Director of Schools

County Official/Administrative Officer	\$ 68,336	
Career Ladder Program	1,000	
Social Security	3,262	
State Retirement	6,275	
Employer Medicare	763	
Communication	4,972	
Dues and Memberships	1,152	
Postal Charges	2,357	
Travel	86	
Other Supplies and Materials	442	
In Service/Staff Development	899	
Other Charges	1,671	
Total Director of Schools		91,215

Office of the Principal

Principals	\$ 63,300	
Career Ladder Program	1,000	
Career Ladder Extended Contracts	333	
In-Service Training	500	
Social Security	3,554	
State Retirement	5,895	
Medical Insurance	7,639	
Employer Medicare	831	
Communication	4,601	
Postal Charges	880	
Travel	307	
In Service/Staff Development	2,170	
Total Office of the Principal		91,010

Fiscal Services

Accountants/Bookkeepers	\$ 39,331
Clerical Personnel	5,560
Other Salaries and Wages	1,941
Social Security	2,275
State Retirement	3,512

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Medical Insurance	\$	7,028	
Employer Medicare		532	
Data Processing Services		5,730	
Data Processing Supplies		1,190	
Office Supplies		3,510	
In Service/Staff Development		159	
Administration Equipment		125	
Total Fiscal Services			\$ 70,893

Operation of Plant

Janitorial Services	\$	33,720	
Disposal Fees		2,956	
Other Contracted Services		1,156	
Custodial Supplies		9,518	
Electricity		60,747	
Natural Gas		15,982	
Water and Sewer		3,500	
Total Operation of Plant			127,579

Maintenance of Plant

Maintenance Personnel	\$	50,116	
Other Salaries and Wages		2,494	
Social Security		2,922	
State Retirement		3,824	
Medical Insurance		10,903	
Employer Medicare		696	
Maintenance and Repair Services - Buildings		7,803	
Maintenance and Repair Services - Equipment		9,111	
Travel		335	
Other Contracted Services		3,001	
Other Supplies and Materials		4,547	
Other Charges		150	
Total Maintenance of Plant			95,902

Transportation

Bus Drivers	\$	35,956	
Other Salaries and Wages		13,307	
Social Security		3,054	
State Retirement		3,049	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$	714	
Communication		4,325	
Diesel Fuel		65,641	
Other Supplies and Materials		319	
Other Charges		1,610	
Transportation Equipment		307,675	
Other Equipment		23,212	
Total Transportation	\$		458,862

Central and Other

Other Salaries and Wages	\$	28,812	
Social Security		1,738	
State Retirement		2,161	
Medical Insurance		5,060	
Employer Medicare		406	
Travel		47	
Other Contracted Services		8,904	
Other Supplies and Materials		5,100	
In Service/Staff Development		3,554	
Other Charges		16,338	
Other Equipment		30,318	
Total Central and Other			102,438

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	11,244	
Other Salaries and Wages		92	
Social Security		703	
State Retirement		843	
Employer Medicare		164	
Maintenance and Repair Services - Equipment		120	
Food Supplies		9,140	
USDA - Commodities		744	
Other Supplies and Materials		168	
In Service/Staff Development		52	
Other Charges		141	
Food Service Equipment		2,623	
Total Food Service			26,034

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	14,294	
Other Equipment		14,640	
Total Regular Capital Outlay			\$ 28,934

Total General Purpose School Fund \$ 2,538,607

School Federal Projects Fund

Instruction

Vocational Education Program

Teachers	\$	88,217	
Social Security		4,962	
State Retirement		7,984	
Medical Insurance		1,052	
Employer Medicare		1,160	
Total Vocational Education Program			\$ 103,375

Total School Federal Projects Fund 103,375

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	399	
Trustee's Commission		18,537	
Total Board of Education			\$ 18,936

Transportation

Supervisor/Director	\$	37,183
Mechanic(s)		74,131
Bus Drivers		455,704
Clerical Personnel		23,713
Other Salaries and Wages		29,208
In-Service Training		1,017
Social Security		37,964
State Retirement		44,419
Medical Insurance		20,242
Employer Medicare		8,960
Laundry Service		4,522
Maintenance and Repair Services - Equipment		990
Medical and Dental Services		4,387

(Continued)

Exhibit K-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Contracted Services	\$	3,091	
Diesel Fuel		197,914	
Garage Supplies		1,806	
Gasoline		1,860	
Lubricants		7,303	
Small Tools		1,869	
Tires and Tubes		9,803	
Vehicle Parts		118,252	
Gravel and Chert		445	
Other Supplies and Materials		1,605	
In Service/Staff Development		1,623	
Other Charges		4,067	
Total Transportation			\$ <u>1,092,078</u>

Total School Transportation Fund \$ 1,111,014

Total Governmental Funds - Carroll County School Department \$ 3,752,996

Exhibit K-9

Carroll County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2011

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 4,346	\$ 4,346
Circuit/Clerk & Master Collections - Prior Years	0	164,054	164,054
Local Option Sales Tax	2,133,562	2,249,656	4,383,218
Interstate Telecommunications Tax	0	2,312	2,312
City/School District Property Taxes:			
Current Property Tax	0	4,760,066	4,760,066
Prior Year's Property Tax	0	187,701	187,701
Interest and Penalty	0	35,359	35,359
Payments in-Lieu-of Taxes	0	249,757	249,757
Marriage Licenses	0	2,089	2,089
Mixed Drink Tax	0	2,442	2,442
Total Cash Receipts	<u>\$ 2,133,562</u>	<u>\$ 7,657,782</u>	<u>\$ 9,791,344</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,112,226	\$ 7,551,539	\$ 9,663,765
Trustee's Commission	21,336	126,543	147,879
Total Cash Disbursements	<u>\$ 2,133,562</u>	<u>\$ 7,678,082</u>	<u>\$ 9,811,644</u>
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ (20,300)	\$ (20,300)
Cash Balance, July 1, 2010	0	315,809	315,809
Cash Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 295,509</u>	<u>\$ 295,509</u>

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## **SINGLE AUDIT SECTION**

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

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

November 18, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated November 18, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Carroll County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Carroll County Board of Public Utilities and Carroll County Indigent Care as described in our report on Carroll County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 11.01.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.03 and 11.05.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.02 and 11.04.

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

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

Very truly yours,

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

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  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 18, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Carroll County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Carroll County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

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

such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

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

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

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

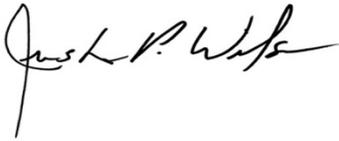
#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Carroll County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Carroll County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 744 (3)
Passed-through State Department of Education:			
National School Lunch Program	10.555	N/A	9,551 (3)
Supplemental Nutrition Assistance Program, Outreach/Participation Program	10.580	N/A	371
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	399,690
Total U.S. Department of Agriculture			<u>\$ 410,356</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Youth Activities	17.259	10-11-001-017-98-00	\$ 24,354
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	Z-09-219702-00	10,648
Total U.S. Department of Labor			<u>\$ 35,002</u>
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128	GG-1134032	\$ 79,863
Total U.S. Department of Energy			<u>\$ 79,863</u>
U.S. Department of Education:			
Passed-through State Department Education:			
Adult Education - Basic Grants to States	84.002	Z-10-218492-00	\$ 72,960
Rural Education	84.358	S358A097547	20,000
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	280,963
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	96,179
Education Jobs Fund	84.410	N/A	103,375
Total U.S. Department of Education			<u>\$ 573,477</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 56,245
Total U.S. Department of Health and Human Services			<u>\$ 56,245</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 367,990
Emergency Management Performance Grants	97.042	(2)	37,699
Homeland Security Grant Program	97.067	(2)	41,296
Total U.S. Department of Homeland Security			<u>\$ 446,985</u>
Total Expenditures of Federal Grants			<u>\$ 1,601,928</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Airport Improvement Program - State Department of Transportation	N/A	(2)	\$ 7,150
Airport Maintenance Program - State Department of Transportation	N/A	(2)	1,863
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	(2)	9,000
Juvenile Court Prevention Services - State Department of Children's Services	N/A	(2)	650,809
Litter Program - State Department of Environment and Conservation	N/A	09-500-4078-04	18,711
Local Health Services - State Department of Health	N/A	GG-11321-07	215,425
Sign Grant - State Department of Safety	N/A	(2)	3,500
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	<u>9,762</u>
 Total State Grants			 <u>\$ 916,220</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$10,295.

Carroll County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Carroll County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

**OFFICE OF HIGHWAY COMMISSION**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.06	166	The Highway Department did not maintain a system to account for materials used on certain types of road projects

**OFFICE OF CLERK AND MASTER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.08	167	The docket trial balance was not reconciled with cash control records

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.10	169	Duties were not segregated adequately in the Offices of Highway Commission; Director of Schools; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**CARROLL COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2011**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Carroll County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Carroll County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557); the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carroll County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY MAYOR**

**FINDING 11.01**      **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Carroll County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

### **RECOMMENDATION**

Carroll County should have appropriate processes in place to ensure that its general ledgers are materially correct.

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### **OFFICE OF HIGHWAY COMMISSION**

**FINDING 11.02**      **HIGHWAY/PUBLIC WORKS FUND EXPENDITURES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL**  
(Noncompliance Under *Government Auditing Standards*)

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Operation and Maintenance of Equipment and Other Charges major appropriation categories (the legal level of control) by \$13,735 and \$5,735, respectively. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines, which 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." This deficiency exists because

management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

**RECOMMENDATION**

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

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**FINDING 11.03**      **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

**RECOMMENDATION**

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

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**OFFICE OF CLERK AND MASTER**

**FINDING 11.04**      **THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS**

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2011, the clerk and master had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, this trial balance did not reconcile with general ledger accounts by \$4,414. Therefore, we were unable to determine if the clerk and master had complied with provisions of the Unclaimed Property Act, Section 66-29-113, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to identify all funds placed on deposit with the court, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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**OFFICES OF HIGHWAY COMMISSION; DIRECTOR OF SCHOOLS; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**

**FINDING 11.05**      **DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

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

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**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 Carroll County.

**ITEM 1.      CARROLL COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Carroll County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. 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.      CARROLL COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Carroll County does not have an Audit Committee. An Audit Committee can assist the County 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. County officials should establish an Audit Committee as a best practice.

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

There were no findings and questioned costs for federal awards.

**CARROLL COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2011**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.