



**ANNUAL FINANCIAL REPORT
BLEDSOE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
BLEDSOE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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***STEPHEN ALRED
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State Auditors***

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

BLEDSOE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Bledsoe County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Bledsoe County as of and for the year ended June 30, 2012.

Results

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

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

Findings and Best Practice

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

OFFICE OF COUNTY MAYOR

- ◆ The Ambulance Service Fund required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in budget operations.

OFFICE OF ROAD SUPERINTENDENT

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in budget operations.
- ◆ The general ledger cash account was not reconciled with county trustee reports monthly.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in computer backup procedures.
-

BLEDSON COUNTY

- ◆ Bledson County has a material recurring audit finding.
-

AMBULANCE SERVICE AND THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICE

Bledson County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Bledson County.

INTRODUCTORY SECTION

Bledsoe County Officials

June 30, 2012

Officials

Bobby Collier, County Mayor
Marvin Smith, Road Superintendent
Phil Kiper, Director of Schools
Deanna Rains, Trustee
Candice Stults, Interim Assessor of Property
Carolyn Terry, County Clerk
Michael Walker, Circuit, General Sessions, and Juvenile Courts Clerk
Greg Forgey, Clerk and Master
Emma Boynton, Register
James Morris, Sheriff

Board of County Commissioners

Craig Mercer, Chairman
Steve Bice
Shayne Bickford
Vince Boring
Tim Campbell
Junior Hankins
Ronnie Hudson
Greg Johnson
Robert Reese
Tanya Roberson
Ronald Sapp
Roger Simmons
Perry Swafford

Board of Education

Charlie Young, Chairman
Bobby Angel
Bennett Boynton
Michael Deakins
Sue Everett
Stephen Smith
Alfred Terry

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
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INDEPENDENT AUDITOR'S REPORT

October 17, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Bledsoe County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bledsoe County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District, component units 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 Bledsoe County Nursing Home and the Bledsoe 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 Bledsoe County Nursing Home and the Bledsoe 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 Bledsoe County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Bledsoe County, Tennessee, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2012, on our consideration of Bledsoe 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.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 59 through 67 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 Bledsoe County's 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, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor

governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bledsoe County's 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 stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Bledsoe County, Tennessee
Statement of Net Assets
June 30, 2012

	<u>Primary Governmental Activities</u>	<u>Component Unit Bledsoe County School Department</u>
<u>ASSETS</u>		
Cash	\$ 3,498	\$ 13,430
Equity in Pooled Cash and Investments	2,542,585	2,163,838
Accounts Receivable	2,801,553	40,134
Allowance for Uncollectible	(1,637,138)	0
Due from Other Governments	631,878	309,303
Property Taxes Receivable	3,035,506	1,616,807
Allowance for Uncollectible Property Taxes	(219,062)	(126,797)
Deferred Charges - Debt Issuance Cost	201,668	0
Capital Assets:		
Assets Not Depreciated:		
Land	173,140	380,847
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,475,418	9,228,321
Infrastructure	4,571,294	87,082
Other Capital Assets	678,007	1,167,920
Total Assets	<u>\$ 20,258,347</u>	<u>\$ 14,880,885</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 176,643	\$ 20,881
Payroll Deductions Payable	6,592	234
Accrued Interest Payable	28,958	34,086
Due to State of Tennessee	1,519	0
Customer Deposits Payable	0	4,329
Deferred Revenue - Current Property Taxes	2,644,245	1,379,868
Noncurrent Liabilities:		
Due Within One Year	304,479	680,697
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	8,635,948	9,512,131
Total Liabilities	<u>\$ 11,798,384</u>	<u>\$ 11,632,226</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 4,305,051	\$ 996,150
Restricted for:		
General Purposes	73,098	2,426
Solid Waste/Sanitation	163,121	0
Ambulance Service	1,287,996	0
Drug Control	30,910	0
Highway/Public Works	294,152	0
Debt Service	467,440	193,249
School Federal Projects	0	57,899
Central Cafeteria	0	350,977
Capital Projects	139,563	0
Other Purposes	30,272	0
Unrestricted	1,668,360	1,647,958
Total Net Assets	<u>\$ 8,459,963</u>	<u>\$ 3,248,659</u>

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

Exhibit B

Bledsoe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
					Government	Component Unit
					Government	Bledsoe County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 645,024	\$ 99,936	\$ 77,767	\$ 0	\$ (467,321)	\$ 0
Finance	334,673	232,211	0	0	(102,462)	0
Administration of Justice	450,254	177,932	13,500	0	(258,822)	0
Public Safety	2,091,992	1,003,748	114,312	0	(973,932)	0
Public Health and Welfare	1,194,746	891,105	111,058	65,308	(127,275)	0
Social, Cultural, and Recreational Services	101,765	3,016	0	0	(98,749)	0
Agriculture and Natural Resources	66,100	0	0	0	(66,100)	0
Other Operations	18,314	151,895	8,306	0	141,887	0
Highways/Public Works	1,818,093	0	1,585,951	198,106	(34,036)	0
Interest on Long-term Debt	382,725	0	0	0	(382,725)	0
Other Debt Service	13,447	0	0	0	(13,447)	0
Total Governmental Activities	\$ 7,117,133	\$ 2,559,843	\$ 1,910,894	\$ 263,414	\$ (2,382,982)	\$ 0
Total Primary Government	\$ 7,117,133	\$ 2,559,843	\$ 1,910,894	\$ 263,414	\$ (2,382,982)	\$ 0
Component Unit:						
Bledsoe County School Department	\$ 17,968,423	\$ 351,857	\$ 3,316,524	\$ 0	\$ 0	\$ (14,300,042)

(Continued)

Exhibit B

Bledsoe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
				Total Governmental Activities	Component Unit Bledsoe County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,355,747	\$ 1,406,418
Property Taxes Levied for Solid Waste				231,043	0
Property Taxes Levied for Debt Service				215,103	86,381
Local Option Sales Taxes				78,166	641,884
Litigation Tax - General				15,986	0
Business Tax				87,105	0
Wholesale Beer Tax				114,648	0
Other Local Taxes				0	1,345
Grants and Contributions Not Restricted to Specific Programs				375,090	12,307,360
Unrestricted Investment Income				52,183	1,108
Miscellaneous				138,087	100,768
Total General Revenues				\$ 3,663,158	\$ 14,545,264
Change in Net Assets				\$ 1,280,176	\$ 245,222
Net Assets, July 1, 2011				7,179,787	3,003,437
Net Assets, June 30, 2012				\$ 8,459,963	\$ 3,248,659

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

Exhibit C-1

Bledsoe County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds						Nonmajor Funds		Total Governmental Funds	
	Ambulance Service			Highway / Public Works		General Debt Service		Other Governmental Funds		
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds			
Cash	\$ 0	\$ 3,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100	\$ 3,498		
Equity in Pooled Cash and Investments	1,444,073	99,965	172,725	480,770	139,013	0	206,039	2,542,585		
Accounts Receivable	0	2,757,053	0	0	0	0	44,500	2,801,553		
Allowance for Uncollectibles	0	(1,637,138)	0	0	0	0	0	(1,637,138)		
Due from Other Governments	226,555	0	396,111	0	0	0	9,212	631,878		
Due from Other Funds	78,006	64,728	0	0	0	0	2,693	145,427		
Property Taxes Receivable	2,554,452	0	0	229,350	0	0	251,704	3,035,506		
Allowance for Uncollectible Property Taxes	(181,334)	0	0	(17,989)	0	0	(19,739)	(219,062)		
Total Assets	\$ 4,121,752	\$ 1,288,006	\$ 568,836	\$ 692,131	\$ 139,013	\$ 0	\$ 494,509	\$ 7,304,247		

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 0	\$ 0	\$ 176,643	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176,643
Accounts Payable	650	10	5,932	0	0	0	0	6,592
Payroll Deductions Payable	0	0	90,590	0	0	0	54,837	145,427
Due to Other Funds	0	0	1,519	0	0	0	0	1,519
Due to State of Tennessee	2,233,693	0	0	195,733	0	0	214,819	2,644,245
Deferred Revenue - Current Property Taxes	134,425	0	0	15,128	0	0	16,646	166,199
Deferred Revenue - Delinquent Property Taxes	6,307	1,061,618	117,389	0	0	0	0	1,185,314
Other Deferred Revenues	\$ 2,375,075	\$ 1,061,628	\$ 392,073	\$ 210,861	\$ 0	\$ 0	\$ 286,302	\$ 4,325,939
Total Liabilities	\$ 42,762	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,762
Fund Balances	5,978	0	0	0	0	0	0	5,978
Restricted:	10,035	0	0	0	0	0	30,910	40,945
Restricted for Finance	14,323	0	0	0	0	0	0	14,323
Restricted for Administration of Justice	0	0	0	0	0	0	0	0
Restricted for Public Safety	0	0	0	0	0	0	146,475	146,475
Restricted for Health and Welfare	0	0	176,763	0	0	0	0	176,763
Restricted for Other Operations	0	0	0	0	0	0	0	0
Restricted for Highways/Public Works	0	0	0	0	0	0	0	0

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
Fund Balances (Cont.)							
Restricted (Cont.):							
Restricted for Capital Outlay	\$ 0	\$ 0	0	0	139,013	0	139,013
Restricted for Debt Service	0	0	0	481,270	0	0	481,270
Restricted for Capital Projects	0	0	0	0	0	550	550
Restricted for Other Purposes	0	0	0	0	0	30,272	30,272
Committed:							
Committed for Public Health and Welfare Assigned:	0	226,378	0	0	0	0	226,378
Assigned for Finance	3,359	0	0	0	0	0	3,359
Assigned for Administration of Justice	102	0	0	0	0	0	102
Assigned for Public Safety	53,273	0	0	0	0	0	53,273
Assigned for Public Health and Welfare Unassigned	240	0	0	0	0	0	240
Unassigned	1,616,605	0	0	0	0	0	1,616,605
Total Fund Balances	\$ 1,746,677	\$ 226,378	\$ 176,763	\$ 481,270	\$ 139,013	\$ 208,207	\$ 2,978,308
Total Liabilities and Fund Balances	\$ 4,121,752	\$ 1,288,006	\$ 568,836	\$ 692,131	\$ 139,013	\$ 494,509	\$ 7,304,247

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

Exhibit C-2

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012

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)		\$ 2,978,308
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	\$ 173,140	
Add: buildings and improvements net of accumulated depreciation	7,475,418	
Add: infrastructure net of accumulated depreciation	4,571,294	
Add: other capital assets net of accumulated depreciation	<u>678,007</u>	12,897,859
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (8,445,000)	
Less: notes payable	(100,000)	
Less: other loans payable	(205,222)	
Less: accrued interest on bonds	(28,958)	
Less: deferred premium on debt issuances	(54,973)	
Less: compensated absences payable	(108,864)	
Less: other postemployment benefits liability	(37,087)	
Add: deferred amount on refunding	10,719	
Add: deferred charges - debt issuance cost	<u>201,668</u>	(8,767,717)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,351,513</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 8,459,963</u>

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

Bledsoe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General		Governmental Funds	Other	
				Debt Service	Capital Projects			
Revenues								
Local Taxes	\$ 2,666,834	\$ 0	\$ 0	\$ 216,365	\$ 0	\$ 232,767	\$ 3,115,966	
Licenses and Permits	11,115	0	0	936	0	1,027	13,078	
Fines, Forfeitures, and Penalties	36,742	0	0	0	0	3,958	40,700	
Charges for Current Services	30,074	718,065	0	0	0	2,969	751,108	
Other Local Revenues	197,517	11,185	52,703	63,704	0	15,930	341,039	
Fees Received from County Officials	417,890	0	0	0	0	0	417,890	
State of Tennessee	1,168,567	0	1,716,058	26,642	0	65,759	2,977,026	
Federal Government	170,446	11,595	79,717	0	1,412	39,525	302,695	
Other Governments and Citizens Groups	39,197	0	0	0	0	224,500	263,697	
Total Revenues	\$ 4,738,382	\$ 740,845	\$ 1,848,478	\$ 307,647	\$ 1,412	\$ 586,435	\$ 8,223,199	
Expenditures								
Current:								
General Government	\$ 691,209	\$ 0	\$ 0	\$ 0	\$ 2,670	\$ 0	\$ 693,879	
Finance	331,089	0	0	0	0	36	331,125	
Administration of Justice	438,138	0	0	0	0	2,933	441,071	
Public Safety	1,776,377	0	0	0	0	211,381	1,987,758	
Public Health and Welfare	142,041	912,626	0	0	2,650	204,369	1,261,686	
Social, Cultural, and Recreational Services	98,208	0	0	0	0	0	98,208	
Agriculture and Natural Resources	62,128	0	0	0	0	0	62,128	
Other Operations	12,485	0	0	0	0	0	12,485	
Highways	0	0	1,801,995	0	0	41,348	1,843,343	
Debt Service:								
Principal on Debt	0	0	0	153,978	0	0	153,978	
Interest on Debt	0	0	0	353,767	0	0	353,767	
Other Debt Service	0	0	0	5,921	0	0	5,921	
Capital Projects	0	0	0	0	17,409	36,832	54,241	
Total Expenditures	\$ 3,551,675	\$ 912,626	\$ 1,801,995	\$ 513,666	\$ 22,729	\$ 496,899	\$ 7,299,590	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,186,707	\$ (171,781)	\$ 46,483	\$ (206,019)	\$ (21,317)	\$ 89,536	\$ 923,609	

(Continued)

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

Exhibit C-3

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	100,000	\$ 0	\$ 0	\$ 0	100,000
Other Loans Issued	0	214,200	0	0	0	0	214,200
Transfers In	344,128	0	0	0	0	0	344,128
Transfers Out	0	0	0	0	(344,128)	0	(344,128)
Total Other Financing Sources (Uses)	\$ 344,128	\$ 214,200	\$ 100,000	\$ 0	\$ (344,128)	\$ 0	\$ 314,200
Net Change in Fund Balances	\$ 1,530,835	\$ 42,419	\$ 146,483	\$ (206,019)	\$ (365,445)	\$ 89,536	\$ 1,237,809
Fund Balance, July 1, 2011	215,842	183,959	30,280	687,289	504,458	118,671	1,740,499
Fund Balance, June 30, 2012	\$ 1,746,677	\$ 226,378	\$ 176,763	\$ 481,270	\$ 139,013	\$ 208,207	\$ 2,978,308

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

Exhibit C-4

Bledsoe 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, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,237,809
(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	\$ 437,291	
Less: current-year depreciation expense	<u>(467,350)</u>	(30,059)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 1,351,513	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(1,179,299)</u>	172,214
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (100,000)	
Less: other loan proceeds	(214,200)	
Less: change in deferred debt issuance cost	(6,954)	
Less: change in deferred amount on advanced refunding	(572)	
Add: change in premium on debt issuance	1,896	
Add: principal payments on bonds	145,000	
Add: principal payments on note	<u>8,978</u>	(165,852)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (28,958)	
Change in other postemployment benefits liability	(9,493)	
Change in compensated absences payable	<u>104,515</u>	<u>66,064</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,280,176</u>

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

Exhibit D

Bledsoe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,464,964
Due from Other Governments	<u>33,556</u>
Total Assets	<u>\$ 1,498,520</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 33,556
Due to Litigants, Heirs, and Others	<u>1,464,964</u>
Total Liabilities	<u>\$ 1,498,520</u>

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

BLEDSOE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bledsoe 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 Bledsoe County:

A. Reporting Entity

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe 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 Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the Bledsoe 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 Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the County Commission's approval. The financial statements of the Bledsoe County Nursing Home were not available from other auditors in time for inclusion in this report.

The Bledsoe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bledsoe County, and the Bledsoe 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 Bledsoe County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Bledsoe 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 Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Bledsoe County Nursing Home
107 Wheeler Town Avenue
Pikeville, TN 37367

Bledsoe County Emergency Communications District
305 Alan P. Deakins Road
Pikeville, TN 37367

B. Government-wide and Fund Financial Statements

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

Bledsoe County issues all debt for the discretely presented Bledsoe County School Department. Bledsoe County issued \$5,850,000 in general obligation refunding bonds on behalf of the School Department during the year ended June 30, 2012.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary 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 Bledsoe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Bledsoe County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the

revenues are available. Bledsoe 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 debt service funds for payments to be made early in the following year.

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

Bledsoe 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.

Ambulance Service Fund – This special revenue fund is used to account for the transactions of the county’s Ambulance Service. Patient 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.

General Capital Projects Fund – This fund is used to account for the construction of the new Bledsoe County Detention Center and other capital projects.

Additionally, Bledsoe County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes

received by the state to be forwarded to the various cities in Bledsoe 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 Bledsoe County School Department reports the following major governmental funds:

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

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

Additionally, the School Department reports the following fund type:

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

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

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance is based on historical collection data. The allowance for uncollectible property taxes is equal to 4.1 percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or

constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government and 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	20 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 50

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation beyond year-end. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Employees are allowed to accumulate sick leave days equal to the number of days earned in a year; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The general policy of the discretely presented Bledsoe County School Department does not allow for the accumulation of vacation days beyond fiscal year-end for professional personnel. Support personnel earn one day of vacation for each 20 days of employment. All professional (teachers) and support personnel of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

5. Long-term Obligations

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

are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensating 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, 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.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for General Purposes for the primary government consists of various restrictions totaling \$73,098, with the primary restrictions being for: (1) drug and alcohol treatment (\$14,322), (2) computer systems for various offices (\$42,763), (3) sexual offender

registry (\$10,035), and (4) drug control (\$5,978). For the discretely presented School Department, the account balance in Restricted for General Purposes totaling \$2,426 consists of restrictions for the career ladder program.

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, and shall remain binding unless removed in the same manner.

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.

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 Bledsoe County School Department

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

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

Primary Government

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

Discretely Presented Bledsoe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2012, Bledsoe County reported the following significant encumbrances:

Fund	Description	Amount
Primary Government		
Major Fund:		
General	Communications Equipment	\$ 52,081
Ambulance Service	Emergency Equipment	2,255

B. Expenditures Exceeded Appropriations

Total expenditures and other uses in the Solid Waste/Sanitation and General Debt Service funds exceeded total appropriations approved by the County Commission by \$2,854 and \$10,666, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenue in the Solid Waste/Sanitation Fund and by available fund balance in the General Debt service Fund.

Expenditures exceeded appropriations approved by the County Commission in the Operations and Maintenance of Equipment, Employee Benefits, and Capital Outlay major appropriations categories (the legal level of control) of the Highway/Public Works Fund by \$7,523, \$22,020 and \$67,061, respectively. Expenditures that exceed appropriations are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

C. The Actual Fund Balances Differed from the Estimated Beginning Fund Balances by Material Amounts

The General, Solid Waste/Sanitation, Ambulance Service, Highway/Public Works, and General Debt Service funds' actual beginning fund balances at

July 1, 2011, differed from the estimated beginning fund balances presented to the County Commission by the following amounts:

Fund	Actual Fund Balance 7-1-11	Estimated Fund Balance 7-1-11	Variance
General	\$ 214,102	\$ 514,106	\$ (300,004)
Solid Waste/Sanitation	76,759	155,020	(78,261)
Ambulance Service	183,959	71,468	112,491
Highway/Public Works	30,280	156,158	(125,878)
General Debt Service	687,289	97,995	589,294

D. The Budget and Subsequent Amendments Resulted in Appropriations Exceeding Available Funding

The budget and subsequent amendments approved by the County Commission for the Ambulance Service and the Other Special Revenue funds resulted in appropriations exceeding estimated available funding by \$112,741 and \$17,197, respectively.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 173,140	\$ 0	\$ 173,140
Total Capital Assets Not Depreciated	\$ 173,140	\$ 0	\$ 173,140

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets			
Depreciated:			
Buildings and			
Improvements	\$ 8,290,735	\$ 0	\$ 8,290,735
Infrastructure	6,629,489	67,200	6,696,689
Other Capital Assets	2,690,779	370,091	3,060,870
Total Capital Assets	<u>17,611,003</u>		<u>18,048,294</u>
Depreciated	\$ 17,611,003	\$ 437,291	\$ 18,048,294
Less Accumulated			
Depreciated For:			
Buildings and			
Improvements	\$ 628,080	\$ 187,237	\$ 815,317
Infrastructure	1,978,222	147,173	2,125,395
Other Capital Assets	2,249,923	132,940	2,382,863
Total Accumulated	<u>4,856,225</u>		<u>5,323,575</u>
Depreciation	\$ 4,856,225	\$ 467,350	\$ 5,323,575
Total Capital Assets			
Depreciated, Net	<u>\$ 12,754,778</u>	<u>\$ (30,059)</u>	<u>\$ 12,724,719</u>
Governmental Activities			
Capital Assets, Net	<u>\$ 12,927,918</u>	<u>\$ (30,059)</u>	<u>\$ 12,897,859</u>

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

Governmental Activities:

General Government	\$ 14,986
Finance	2,940
Administration of Justice	12,412
Public Safety	213,135
Public Health and Welfare	45,353
Social, Cultural, and Recreational Services	3,972
Agriculture and Natural Resources	3,920
Highways/Public Works	<u>170,632</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 467,350</u>

Discretely Presented Bledsoe County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
	<hr/>		<hr/>
Capital Assets Not Depreciated:			
Land	\$ 380,847	\$ 0	\$ 380,847
Total Capital Assets Not Depreciated	<hr/>	<hr/>	<hr/>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 14,777,313	\$ 0	\$ 14,777,313
Infrastructure	132,274	0	132,274
Other Capital Assets	2,409,282	208,128	2,617,410
Total Capital Assets Depreciated	<hr/>	<hr/>	<hr/>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 5,202,397	\$ 346,595	\$ 5,548,992
Infrastructure	39,101	6,091	45,192
Other Capital Assets	1,300,579	148,911	1,449,490
Total Accumulated Depreciation	<hr/>	<hr/>	<hr/>
Total Capital Assets Depreciated, Net	<hr/>	<hr/>	<hr/>
Governmental Activities Capital Assets, Net	<hr/>	<hr/>	<hr/>

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

Governmental Activities:

Instruction	\$ 9,753
Support Services	472,373
Operation of Non-Instructional Services	<hr/>
Total Depreciation Expense - Governmental Activities	<hr/>
	<hr/>
	\$ 501,597

C. Insurance Recoveries

During the year, the Bledsoe County School Department suffered damages to some buses. Insurance recoveries of \$64,919 were used to repair the damages.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Highway/Public Works	\$ 77,906
"	Nonmajor governmental	100
Ambulance Service	Highway/Public Works	9,991
"	Nonmajor governmental	54,737
Nonmajor governmental	Highway/Public Works	2,693

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	<u>General</u>
	<u>Fund</u>
General Capital Projects Fund	\$ 344,128

Discretely Presented Bledsoe County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 330,000
School Federal Projects Fund	33,300	0
Total	\$ 33,300	\$ 330,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them in accordance with budgetary authorizations.

E. Long-term Debt

Primary Government

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. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds, the capital outlay note, and the other loan outstanding were issued for original terms of up to 32 years for bonds, up to five years for the note, and up to seven years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Bonds and the other loan included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund while the note will be retired from the Highway/Public Works Fund.

General obligation bonds, the capital outlay note, and the other loan outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bond -				
Refunding	2 to 4.5 %	6-1-41	\$ 8,790,000	\$ 8,445,000
Capital Outlay Note	2.93	3-1-17	100,000	100,000
Other Loan	3.75	3-1-19	214,200	205,222

The annual requirements to amortize the general obligation bonds, the note, and the other loan outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 150,000	\$ 347,500	\$ 497,500
2014	160,000	343,000	503,000
2015	165,000	338,200	503,200
2016	170,000	333,250	503,250
2017	175,000	328,150	503,150
2018-2022	990,000	1,543,912	2,533,912
2023-2027	1,190,000	1,335,400	2,525,400
2028-2032	1,525,000	1,068,588	2,593,588
2033-2037	1,935,000	705,875	2,640,875
2038-2041	1,985,000	231,413	2,216,413
Total	\$ 8,445,000	\$ 6,575,288	\$ 15,020,288

Year Ending June 30	Note		
	Principal	Interest	Total
2013	\$ 18,000	\$ 2,623	\$ 20,623
2014	20,000	2,157	22,157
2015	20,000	1,631	21,631
2016	21,000	1,104	22,104
2017	21,000	552	21,552
Total	\$ 100,000	\$ 8,067	\$ 108,067

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2013	\$ 27,615	\$ 7,245	\$ 34,860
2014	28,668	6,192	34,860
2015	29,762	5,098	34,860
2016	30,898	3,962	34,860
2017	32,076	2,784	34,860
2018-2019	56,203	1,897	58,100
Total	\$ 205,222	\$ 27,178	\$ 232,400

There is \$481,270 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$656, based on the 2010 federal census. Debt per capita, including bonds, the note, and the other loan totaled \$680, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Note	Other Loan
Balance, July 1, 2011	\$ 8,590,000	\$ 0	\$ 214,200
Additions	0	100,000	0
Reductions	(145,000)	0	(8,978)
Balance, June 30, 2012	\$ 8,445,000	\$ 100,000	\$ 205,222
Balance Due Within One Year	\$ 150,000	\$ 18,000	\$ 27,615

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2011	\$ 27,594	\$ 213,379
Additions	12,932	99,064
Reductions	(3,439)	(203,579)
Balance, June 30, 2012	\$ 37,087	\$ 108,864
Balance Due Within One Year	\$ 0	\$ 108,864

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 8,896,173
Less: Balance Due Within One Year	(304,479)
Less: Deferred Amount on Refunding	(10,719)
Add: Unamortized Premium on Debt	<u>54,973</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 8,635,948</u></u>

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

Discretely Presented Bledsoe County School Department

General Obligation Bonds, Notes, and Other Loans

Bledsoe County issues general obligation bonds and other loans on behalf of the School Department for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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. General obligation bonds, the note, and the other loan outstanding were issued for original terms of up to 19 years for bonds, 11 years for the note, and seven years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2012, will be retired from the Education Debt Service Fund. The note and other loan included in long-term debt as of June 30, 2012, will be retired from the General Purpose School Fund.

General obligation bonds, the note, and the other loan outstanding as of June 30, 2012, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
General Obligation Bonds -				
Refunding	1 to 4.25 %	10-1-26	\$ 11,360,000	\$ 9,310,000
Energy Program Note	4.95	12-1-21	412,269	346,127
Energy Program Other Loan	0	5-31-18	500,000	422,624

The annual requirements to amortize all general obligation bonds, the note, and other the loan outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 580,000	\$ 272,236	\$ 852,236
2014	600,000	258,899	858,899
2015	615,000	244,559	859,559
2016	635,000	228,999	863,999
2017	650,000	212,393	862,393
2018-2022	3,605,000	750,591	4,355,591
2023-2027	2,625,000	201,581	2,826,581
Total	\$ 9,310,000	\$ 2,169,258	\$ 11,479,258

Year Ending June 30	Note		
	Principal	Interest	Total
2013	\$ 29,273	\$ 16,477	\$ 45,750
2014	30,756	14,995	45,751
2015	32,313	13,437	45,750
2016	33,917	11,833	45,750
2017	35,667	10,083	45,750
2018-2022	184,201	21,674	205,875
Total	\$ 346,127	\$ 88,499	\$ 434,626

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2013	\$ 71,424	\$ 0	\$ 71,424
2014	71,424	0	71,424
2015	71,424	0	71,424
2016	71,424	0	71,424
2017	71,424	0	71,424
2018	65,504	0	65,504
Total	\$ 422,624	\$ 0	\$ 422,624

There is \$186,948 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$723, based on the 2010 federal census. Debt per capita, including bonds, the note, and the other loan totaled \$783, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities

	Bonds	Note	Other Loan
Balance, July 1, 2011	\$ 9,535,000	\$ 373,943	\$ 494,048
Additions	5,850,000	0	0
Reductions	(595,000)	(27,816)	(71,424)
Debt Refunded	(5,480,000)	0	0
Balance, June 30, 2012	<u>\$ 9,310,000</u>	<u>\$ 346,127</u>	<u>\$ 422,624</u>
Balance Due Within One Year	<u>\$ 580,000</u>	<u>\$ 29,273</u>	<u>\$ 71,424</u>

	Other Postemployment Benefits
Balance, July 1, 2011	\$ 236,660
Additions	166,418
Reductions	<u>(78,270)</u>
Balance, June 30, 2012	<u>\$ 324,808</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 10,403,559
Less: Balance Due Within One Year	(680,697)
Less: Deferred Amount on Refunding	<u>(210,731)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,512,131</u>

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

Advance Refunding

On July 15, 2011, Bledsoe County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$5,580,000 of general obligation refunding bonds to provide resources to

purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 15 years will be reduced by \$633,049, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$515,907 was obtained.

F. On-Behalf Payments Discretely Presented Bledsoe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Bledsoe 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, 2012, were \$50,454 and \$8,312, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Bledsoe County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet current obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes	\$ 587,500	\$ 300,000	\$ (887,500)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county is a member of the Local Government Property and Causality 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, property, and casualty insurance coverage.

The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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

The Bledsoe County Highway Department provides commercial health insurance coverage to its employees. Settled claims have not exceeded this commercial coverage over the past three fiscal years. Highway Department pre-65 age retirees are not allowed to remain in the program.

Discretely Presented Bledsoe County School Department

The discretely presented Bledsoe 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.

The School Department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims did not exceed this commercial coverage in the past three fiscal years.

B. Subsequent Event

Interim Assessor of Property Candice Stults left the position on August 31, 2012, and was replaced by Alan Nail.

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 could be subject to damages in

excess of \$350,000 for amounts allegedly due for medical treatment of inmates housed in Sequatchie County during the construction of the Bledsoe County detention center (\$150,000), and money allegedly due construction companies for road construction and paving services (\$200,000).

D. Changes in Administration

On October 17, 2011, Phillip Cagle left the Office of Assessor of Property and was succeeded, on an interim basis, by Candice Stults.

On June 30, 2012, Phil Kiper left the Office of Director of Schools and was succeeded by Jennifer Terry.

E. Joint Ventures

The Bledsoe/Sequatchie Landfill Board is responsible for a closed regional sanitary landfill, which is owned by Bledsoe County, Sequatchie County, the City of Dunlap, and the City of Pikeville. The landfill is governed by a ten-member board, including the county mayor and two members appointed by the County Commission. The remaining seven members are appointed by the other joint owners. Bledsoe County has control over budgeting and financing the joint venture only to the extent of representation by the three board members and is responsible for funding approximately 39 percent of any postclosure care costs. Bledsoe County made no contributions to the board during the year. Complete financial statements for the Bledsoe/Sequatchie Landfill Board can be obtained from the board's administrative office at the following address:

Administrative Office:

Bledsoe/Sequatchie Landfill
P.O. Box 149
Pikeville, TN 37367

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie 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 the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2012, and does not have any equity interest in this joint venture. Complete financial statements

for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

F. Retirement Commitments

Plan Description

Employees of Bledsoe 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 Bledsoe 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

Bledsoe County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 8.55 percent of annual covered payroll. The contribution requirement of

plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the county's annual pension cost of \$484,619 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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 20 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$484,619	100%	\$0
6-30-11	378,018	100	0
6-30-10	378,361	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.73 percent funded. The actuarial accrued liability for benefits was \$12.48 million, and the actuarial value of assets was \$11.44 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.26 million, and the ratio of the UAAL to the covered payroll was 19.61 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.

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, 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, 2012, 2011, and 2010, were \$627,071, \$614,383, and \$431,425, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

Bledsoe County and the Bledsoe County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or 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 plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Bledsoe County retirees' contributions vary depending on the insurance options they select, ranging from \$283 to \$301 (single coverage) per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$258 to \$984 per month. Bledsoe County and the School Department recognized expenditures of \$3,439 and \$78,270 respectively, for postemployment health care during the year ended June 30, 2012.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 167,000	\$ 13,000
Interest on the NPO	9,466	1,104
Adjustment to the ARC	(10,048)	(1,172)
Annual OPEB cost	\$ 166,418	\$ 12,932
Amount of contribution	(78,270)	(3,439)
Increase/decrease in NPO	\$ 88,148	\$ 9,493
Net OPEB obligation, 7-1-11	236,660	27,594
Net OPEB obligation, 6-30-12	\$ 324,808	\$ 37,087

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 121,360	59.86 %	\$ 201,743
6-30-11	"	126,479	72.39	236,660
6-30-12	"	166,418	47.03	324,808
6-30-10	Local Government Group	18,000	11.06	16,010
6-30-11	"	18,038	35.78	27,594
6-30-12	"	12,932	26.59	37,087

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 1,427,000	\$ 119,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,427,000	\$ 119,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,089,582	\$ 1,100,756
UAAL as a % of covered payroll	23.44%	10.82%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

In addition to the other postemployment benefits described above, the Board of Education agreed by contract to pay the department's and the individual's portion of the medical and health insurance expenses for the previous two directors (Thad Colvard and Clettis McDaniel, who left employment August 15, 2006, and August 15, 2008, respectively). These payments will be made through the group plan currently available or acquired for board employees in the future, beginning immediately upon the retirement or resignation of the director of schools, through and until such date that the director attains Medicare insurance coverage. During the year, expenditures totaling \$10,588 were recognized for postemployment healthcare for these previous two directors.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Bledsoe County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000

(excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 153, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,666,834	\$ 0	\$ 0	\$ 2,666,834	\$ 2,263,438	\$ 2,263,438	\$ 403,396
Licenses and Permits	11,115	0	0	11,115	6,700	6,700	4,415
Fines, Forfeitures, and Penalties	36,742	0	0	36,742	49,662	49,662	(12,920)
Charges for Current Services	30,074	0	0	30,074	7,957	7,957	22,117
Other Local Revenues	197,517	0	0	197,517	194,099	194,099	3,418
Fees Received from County Officials	417,890	0	0	417,890	365,533	365,533	52,357
State of Tennessee	1,168,567	0	0	1,168,567	1,031,522	1,031,522	137,045
Federal Government	170,446	0	0	170,446	137,000	137,000	33,446
Other Governments and Citizens Groups	39,197	0	0	39,197	0	0	39,197
Total Revenues	\$ 4,738,382	\$ 0	\$ 0	\$ 4,738,382	\$ 4,055,911	\$ 4,055,911	\$ 682,471
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 52,961	\$ 0	\$ 0	\$ 52,961	\$ 56,650	\$ 56,650	\$ 3,689
Board of Equalization	100	0	0	100	400	400	300
County Mayor/Executive	144,601	(1,625)	79	143,055	151,502	151,502	8,447
County Attorney	18,469	0	0	18,469	19,500	19,500	1,031
Election Commission	105,447	0	0	105,447	104,347	106,124	677
Register of Deeds	115,417	0	0	115,417	111,970	118,225	2,808
County Buildings	78,060	0	0	78,060	134,274	106,115	28,055
Other General Administration	176,154	0	0	176,154	179,150	192,535	16,381
<u>Finance</u>							
Property Assessor's Office	110,579	0	0	110,579	143,872	143,872	33,293
Reappraisal Program	1,287	0	0	1,287	0	9,820	8,533
County Trustee's Office	110,180	0	0	110,180	115,827	115,827	5,647

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 109,043	\$ 0	\$ 0	\$ 109,043	\$ 106,764	\$ 109,285	\$ 242
<u>Administration of Justice</u>							
Circuit Court	164,577	0	0	164,577	170,209	170,209	5,632
General Sessions Court	106,657	0	0	106,657	105,740	106,657	0
Chancery Court	122,567	0	102	122,669	124,163	126,384	3,715
Juvenile Court	44,337	0	0	44,337	42,549	44,549	212
<u>Public Safety</u>							
Sheriff's Department	672,221	(115)	1,062	673,168	763,625	729,955	56,787
Jail	1,031,143	0	130	1,031,273	1,032,800	1,066,470	35,197
Fire Prevention and Control	16,500	0	0	16,500	20,500	20,500	4,000
Civil Defense	36,213	0	52,081	88,294	104,900	104,900	16,606
Rescue Squad	6,000	0	0	6,000	6,000	6,000	0
County Coroner/Medical Examiner	14,300	0	0	14,300	23,200	23,200	8,900
<u>Public Health and Welfare</u>							
Local Health Center	34,589	0	240	34,829	52,964	52,964	18,135
Nursing Home	45,000	0	0	45,000	45,000	45,000	0
Dental Health Program	60,196	0	0	60,196	77,600	77,600	17,404
Alcohol and Drug Programs	0	0	0	0	2,400	2,400	2,400
Crippled Children Services	0	0	0	0	971	54	54
General Welfare Assistance	2,256	0	0	2,256	6,900	6,900	4,644
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	4,000	0	0	4,000	4,000	4,000	0
Libraries	85,937	0	0	85,937	92,984	92,213	6,276
Parks and Fair Boards	8,271	0	0	8,271	7,500	8,271	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	\$ 57,128	\$ 0	\$ 0	\$ 57,128	\$ 72,661	\$ 72,661	\$ 15,533
Soil Conservation	5,000	0	0	5,000	0	15,000	10,000
<u>Other Operations</u>							
Other Economic and Community Development	1,000	0	0	1,000	4,000	4,000	3,000
Veterans' Services	7,210	0	3,280	10,490	35,050	35,050	24,560
Contributions to Other Agencies	4,275	0	0	4,275	5,000	5,000	725
Total Expenditures	\$ 3,551,675	\$ (1,740)	\$ 56,974	\$ 3,606,909	\$ 3,924,972	\$ 3,949,792	\$ 342,883
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,186,707	\$ 1,740	\$ (56,974)	\$ 1,131,473	\$ 130,939	\$ 106,119	\$ 1,025,354
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 344,128	\$ 0	\$ 0	\$ 344,128	\$ 0	\$ 0	\$ 344,128
Total Other Financing Sources (Uses)	\$ 344,128	\$ 0	\$ 0	\$ 344,128	\$ 0	\$ 0	\$ 344,128
Net Change in Fund Balance	\$ 1,530,835	\$ 1,740	\$ (56,974)	\$ 1,475,601	\$ 130,939	\$ 106,119	\$ 1,369,482
Fund Balance, July 1, 2011	215,842	(1,740)	0	214,102	514,106	514,106	(300,004)
Fund Balance, June 30, 2012	\$ 1,746,677	\$ 0	\$ (56,974)	\$ 1,689,703	\$ 645,045	\$ 620,225	\$ 1,069,478

Exhibit E-2

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 718,065	0	\$ 718,065	\$ 557,600	\$ 557,600	\$ 160,465
Other Local Revenues	11,185	0	11,185	7,400	7,400	3,785
Federal Government	11,595	0	11,595	0	9,991	1,604
Total Revenues	\$ 740,845	0	\$ 740,845	\$ 565,000	\$ 574,991	\$ 165,854
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 912,626	2,742	\$ 915,368	\$ 759,200	\$ 973,400	\$ 58,032
Total Expenditures	\$ 912,626	2,742	\$ 915,368	\$ 759,200	\$ 973,400	\$ 58,032
Excess (Deficiency) of Revenues Over Expenditures	\$ (171,781)	(2,742)	\$ (174,523)	\$ (194,200)	\$ (398,409)	\$ 223,886
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 214,200	0	\$ 214,200	0	\$ 214,200	0
Total Other Financing Sources (Uses)	\$ 214,200	0	\$ 214,200	0	\$ 214,200	0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 42,419	(2,742)	\$ 39,677	\$ (194,200)	\$ (184,209)	\$ 223,886
Fund Balance, June 30, 2012	183,959	0	183,959	71,468	71,468	112,491
	\$ 226,378	(2,742)	\$ 223,636	\$ (122,732)	\$ (112,741)	\$ 336,377

Exhibit E-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 52,703	\$ 4,000	\$ 4,000	\$ 48,703
State of Tennessee	1,716,058	1,648,742	1,648,742	67,316
Federal Government	79,717	0	0	79,717
Total Revenues	<u>\$ 1,848,478</u>	<u>\$ 1,652,742</u>	<u>\$ 1,652,742</u>	<u>\$ 195,736</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 136,939	\$ 137,357	\$ 137,609	\$ 670
Highway and Bridge Maintenance	645,364	821,800	787,800	142,436
Operation and Maintenance of Equipment	305,090	237,562	297,567	(7,523)
Quarry Operations	3,218	2,500	3,218	0
Other Charges	73,303	82,544	81,826	8,523
Employee Benefits	318,020	296,000	296,000	(22,020)
Capital Outlay	320,061	150,000	253,000	(67,061)
Total Expenditures	<u>\$ 1,801,995</u>	<u>\$ 1,727,763</u>	<u>\$ 1,857,020</u>	<u>\$ 55,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,483</u>	<u>\$ (75,021)</u>	<u>\$ (204,278)</u>	<u>\$ 250,761</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 146,483	\$ (75,021)	\$ (104,278)	\$ 250,761
Fund Balance, July 1, 2011	<u>30,280</u>	<u>156,158</u>	<u>156,158</u>	<u>(125,878)</u>
Fund Balance, June 30, 2012	<u>\$ 176,763</u>	<u>\$ 81,137</u>	<u>\$ 51,880</u>	<u>\$ 124,883</u>

Exhibit E-4

Bledsoe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Bledsoe County School Department
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 11,444	\$ 12,476	\$ 1,032	91.73 %	\$ 5,260	19.61 %
7-1-09	9,344	11,519	2,175	81.12	4,074	53.39
7-1-07	8,646	9,009	363	95.97	3,691	9.83

Exhibit E-5

Bledsoe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Bledsoe County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 167	\$ 167	0	\$ 653	25.57 %
"	7-1-10	0	180	180	0	586	30.72
"	7-1-11	0	119	119	0	1,100	10.82
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	1,281	1,281	0	5,024	25.50
"	7-1-10	0	1,325	1,325	0	5,865	22.59
"	7-1-11	0	1,427	1,427	0	6,089	23.44

BLEDSOE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

The county's budgetary basis of accounting is consistent with 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, 2012, Bledsoe County reported the following significant encumbrances in the General and major special revenue fund:

Fund	Description	Amount
General	Communications Equipment	\$ 52,081
Ambulance Service	Emergency Equipment	2,255

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Operations and Maintenance of Equipment, Employee Benefits, and Capital Outlay major appropriations categories (the legal level of control) of the Highway/Public Works Fund by \$7,523, \$22,020 and \$67,061, respectively. Expenditures that exceed appropriations are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues.

C. THE ACTUAL BEGINNING FUND BALANCES DIFFERED FROM THE ESTIMATED BEGINNING FUND BALANCES BY MATERIAL AMOUNTS

The General, Ambulance Service, and Highway/Public Works funds' actual beginning fund balances at July 1, 2011, differed from the estimated beginning fund balances presented to the County Commission by the following amounts:

Fund	Actual Fund Balance 7-1-11	Estimated Fund Balance 7-1-11	Variance
General	\$ 214,102	\$ 514,106	\$ (300,004)
Ambulance Service	183,959	71,468	112,491
Highway/Public Works	30,280	156,158	(125,878)

D. THE BUDGET AND SUBSEQUENT AMENDMENTS RESULTED IN APPROPRIATIONS EXCEEDING AVAILABLE FUNDING

The budget and subsequent amendments approved by the County Commission for the Ambulance Service resulted in appropriations exceeding estimated available funding by \$112,741.

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

Nonmajor Governmental Funds

Special Revenue Funds

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.

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for some transactions of the Bledsoe County Emergency Communications District, a discretely presented component unit, based upon a contract with the district. The district contributes funds to the county, and the county manages the operating expenses for the district.

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.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for the HOME Investment Program.

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total		
\$	0 \$	0 \$	0 \$	100 \$	100 \$	0 \$	100
Cash	136,763	30,910	37,816	0	205,489	550	206,039
Equity in Pooled Cash and Investments	0	0	44,500	0	44,500	0	44,500
Accounts Receivable	9,212	0	0	0	9,212	0	9,212
Due from Other Governments	0	0	2,693	0	2,693	0	2,693
Due from Other Funds	251,704	0	0	0	251,704	0	251,704
Property Taxes Receivable	(19,739)	0	0	0	(19,739)	0	(19,739)
Allowance for Uncollectible Property Taxes							
Total Assets	\$ 377,940	\$ 30,910	\$ 85,009	\$ 100	\$ 493,959	\$ 550	\$ 494,509

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

Fund Balances

Restricted:

Restricted for Public Safety
 Restricted for Other Operations
 Restricted for Capital Projects
 Restricted for Other Purposes
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0 \$	0 \$	54,737 \$	100 \$	54,837 \$	0 \$	54,837
Due to Other Funds	214,819	0	0	0	214,819	0	214,819
Deferred Revenue - Current Property Taxes	16,646	0	0	0	16,646	0	16,646
Deferred Revenue - Delinquent Property Taxes	231,465	0	54,737	100	286,302	0	286,302
Total Liabilities	\$ 442,920	\$ 0	\$ 54,737	\$ 100	\$ 286,302	\$ 0	\$ 286,302
Fund Balances							
Restricted:							
Restricted for Public Safety	0	30,910	0	0	30,910	0	30,910
Restricted for Other Operations	146,475	0	0	0	146,475	0	146,475
Restricted for Capital Projects	0	0	0	0	0	550	550
Restricted for Other Purposes	0	0	30,272	0	30,272	0	30,272
Total Fund Balances	\$ 146,475	\$ 30,910	\$ 30,272	\$ 0	\$ 207,657	\$ 550	\$ 208,207
Total Liabilities and Fund Balances	\$ 377,940	\$ 30,910	\$ 85,009	\$ 100	\$ 493,959	\$ 550	\$ 494,509

Exhibit F-2

Bledsoe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total		
<u>Revenues</u>							
Local Taxes	\$ 232,767	\$ 0	\$ 0	\$ 0	\$ 232,767	\$ 0	\$ 232,767
Licenses and Permits	1,027	0	0	0	1,027	0	1,027
Fines, Forfeitures, and Penalties	0	3,958	0	0	3,958	0	3,958
Charges for Current Services	0	0	0	2,969	2,969	0	2,969
Other Local Revenues	15,880	0	50	0	15,930	0	15,930
State of Tennessee	65,759	0	0	0	65,759	0	65,759
Federal Government	0	0	2,693	0	2,693	36,832	39,525
Other Governments and Citizens Groups	0	0	224,500	0	224,500	0	224,500
Total Revenues	\$ 315,433	\$ 3,958	\$ 227,243	\$ 2,969	\$ 549,603	\$ 36,832	\$ 586,435
<u>Expenditures</u>							
Current:							
Finance	\$ 0	\$ 0	\$ 0	\$ 36	\$ 36	\$ 0	\$ 36
Administration of Justice	0	0	0	2,933	2,933	0	2,933
Public Safety	0	448	210,933	0	211,381	0	211,381
Public Health and Welfare	204,369	0	0	0	204,369	0	204,369
Highways	41,348	0	0	0	41,348	0	41,348
Capital Projects	0	0	0	0	0	36,832	36,832
Total Expenditures	\$ 245,717	\$ 448	\$ 210,933	\$ 2,969	\$ 460,067	\$ 36,832	\$ 496,899
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,716	\$ 3,510	\$ 16,310	\$ 0	\$ 89,536	\$ 0	\$ 89,536
Net Change in Fund Balances	\$ 69,716	\$ 3,510	\$ 16,310	\$ 0	\$ 89,536	\$ 0	\$ 89,536
Fund Balance, July 1, 2011	76,759	27,400	13,962	0	118,121	550	118,671
Fund Balance, June 30, 2012	\$ 146,475	\$ 30,910	\$ 30,272	\$ 0	\$ 207,657	\$ 550	\$ 208,207

Exhibit F-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 232,767	\$ 214,524	\$ 214,524	\$ 18,243
Licenses and Permits	1,027	370	370	657
Other Local Revenues	15,880	8,000	8,000	7,880
State of Tennessee	65,759	52,500	52,500	13,259
Total Revenues	<u>\$ 315,433</u>	<u>\$ 275,394</u>	<u>\$ 275,394</u>	<u>\$ 40,039</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 191,505	\$ 189,915	\$ 189,915	\$ (1,590)
Landfill Operation and Maintenance	12,864	13,000	13,000	136
<u>Highways</u>				
Litter and Trash Collection	41,348	39,948	39,948	(1,400)
Total Expenditures	<u>\$ 245,717</u>	<u>\$ 242,863</u>	<u>\$ 242,863</u>	<u>\$ (2,854)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 69,716</u>	<u>\$ 32,531</u>	<u>\$ 32,531</u>	<u>\$ 37,185</u>
Net Change in Fund Balance	\$ 69,716	\$ 32,531	\$ 32,531	\$ 37,185
Fund Balance, July 1, 2011	76,759	155,020	155,020	(78,261)
Fund Balance, June 30, 2012	<u><u>\$ 146,475</u></u>	<u><u>\$ 187,551</u></u>	<u><u>\$ 187,551</u></u>	<u><u>\$ (41,076)</u></u>

Exhibit F-4

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 3,958	\$ 4,300	\$ 4,300	\$ (342)
Total Revenues	\$ 3,958	\$ 4,300	\$ 4,300	\$ (342)
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 417	\$ 14,000	\$ 15,000	\$ 14,583
Drug Enforcement	31	2,200	2,200	2,169
Total Expenditures	\$ 448	\$ 16,200	\$ 17,200	\$ 16,752
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,510	\$ (11,900)	\$ (12,900)	\$ 16,410
Net Change in Fund Balance	\$ 3,510	\$ (11,900)	\$ (12,900)	\$ 16,410
Fund Balance, July 1, 2011	27,400	27,395	27,395	5
Fund Balance, June 30, 2012	\$ 30,910	\$ 15,495	\$ 14,495	\$ 16,415

Exhibit F-5

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 50	\$ 0	\$ 0	\$ 50
Federal Government	2,693	0	0	2,693
Other Governments and Citizens Groups	224,500	180,000	180,000	44,500
Total Revenues	<u>\$ 227,243</u>	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 47,243</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 210,933	\$ 210,000	\$ 212,000	\$ 1,067
Total Expenditures	<u>\$ 210,933</u>	<u>\$ 210,000</u>	<u>\$ 212,000</u>	<u>\$ 1,067</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,310</u>	<u>\$ (30,000)</u>	<u>\$ (32,000)</u>	<u>\$ 48,310</u>
Net Change in Fund Balance	\$ 16,310	\$ (30,000)	\$ (32,000)	\$ 48,310
Fund Balance, July 1, 2011	<u>13,962</u>	<u>14,803</u>	<u>14,803</u>	<u>(841)</u>
Fund Balance, June 30, 2012	<u><u>\$ 30,272</u></u>	<u><u>\$ (15,197)</u></u>	<u><u>\$ (17,197)</u></u>	<u><u>\$ 47,469</u></u>

Major Governmental Fund

General Debt Service Fund

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.

Exhibit G

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 216,365	\$ 376,105	\$ 376,105	\$ (159,740)
Licenses and Permits	936	650	650	286
Other Local Revenues	63,704	100,780	100,780	(37,076)
State of Tennessee	26,642	15,500	15,500	11,142
Total Revenues	<u>\$ 307,647</u>	<u>\$ 493,035</u>	<u>\$ 493,035</u>	<u>\$ (185,388)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 153,978	\$ 125,000	\$ 125,000	\$ (28,978)
<u>Interest on Debt</u>				
General Government	353,767	370,000	370,000	16,233
<u>Other Debt Service</u>				
General Government	5,921	8,000	8,000	2,079
Total Expenditures	<u>\$ 513,666</u>	<u>\$ 503,000</u>	<u>\$ 503,000</u>	<u>\$ (10,666)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (206,019)</u>	<u>\$ (9,965)</u>	<u>\$ (9,965)</u>	<u>\$ (196,054)</u>
Net Change in Fund Balance	\$ (206,019)	\$ (9,965)	\$ (9,965)	\$ (196,054)
Fund Balance, July 1, 2011	687,289	97,995	97,995	589,294
Fund Balance, June 30, 2012	<u>\$ 481,270</u>	<u>\$ 88,030</u>	<u>\$ 88,030</u>	<u>\$ 393,240</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, 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 H-1

Bledsoe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,464,964	\$ 1,464,964
Due from Other Governments	33,556	0	33,556
	<hr/>		
Total Assets	\$ 33,556	\$ 1,464,964	\$ 1,498,520
<hr/>			
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 33,556	\$ 0	\$ 33,556
Due to Litigants, Heirs, and Others	0	1,464,964	1,464,964
	<hr/>		
Total Liabilities	\$ 33,556	\$ 1,464,964	\$ 1,498,520
<hr/>			

Exhibit H-2

Bledsoe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 180,714	\$ 180,714	\$ 0
Due from Other Governments	31,131	33,556	31,131	33,556
Total Assets	\$ 31,131	\$ 214,270	\$ 211,845	\$ 33,556
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 31,131	\$ 214,270	\$ 211,845	\$ 33,556
Total Liabilities	\$ 31,131	\$ 214,270	\$ 211,845	\$ 33,556
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 509,989	\$ 3,840,254	\$ 2,885,279	\$ 1,464,964
Total Assets	\$ 509,989	\$ 3,840,254	\$ 2,885,279	\$ 1,464,964
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 509,989	\$ 3,840,254	\$ 2,885,279	\$ 1,464,964
Total Liabilities	\$ 509,989	\$ 3,840,254	\$ 2,885,279	\$ 1,464,964
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 509,989	\$ 3,840,254	\$ 2,885,279	\$ 1,464,964
Equity in Pooled Cash and Investments	0	180,714	180,714	0
Due from Other Governments	31,131	33,556	31,131	33,556
Total Assets	\$ 541,120	\$ 4,054,524	\$ 3,097,124	\$ 1,498,520
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 31,131	\$ 214,270	\$ 211,845	\$ 33,556
Due to Litigants, Heirs, and Others	509,989	3,840,254	2,885,279	1,464,964
Total Liabilities	\$ 541,120	\$ 4,054,524	\$ 3,097,124	\$ 1,498,520

Bledsoe County School Department

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

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

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

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

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

Exhibit I-1

Bledsoe County, Tennessee
Statement of Activities
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions		Total Governmental Activities	
Governmental Activities:					
Instruction	\$ 9,074,825	\$ 1,378,769	\$ 34,099	\$	\$ (7,661,957)
Support Services	6,423,034	0	0		(6,423,034)
Operation of Non-Instructional Services	2,080,059	1,937,755	317,758		175,454
Interest on Long-term Debt	224,070	0	0		(224,070)
Other Debt Service	166,435	0	0		(166,435)
Total Governmental Activities	\$ 17,968,423	\$ 3,316,524	\$ 351,857	\$	\$ (14,300,042)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	1,406,418
Property Taxes Levied for Debt Service					86,381
Local Option Sales Taxes					641,884
Other Local Taxes					1,345
Grants and Contributions Not Restricted to Specific Programs					12,307,360
Unrestricted Investment Earnings					1,108
Miscellaneous					100,768
Total General Revenues				\$	\$ 14,545,264
Change in Net Assets				\$	245,222
Net Assets, July 1, 2011					3,003,437
Net Assets, June 30, 2012				\$	\$ 3,248,659

Exhibit I-2

Bledsoe County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Bledsoe County School Department
 June 30, 2012

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 13,430	\$ 13,430
Equity in Pooled Cash and Investments	1,653,709	17,389	492,740	2,163,838
Accounts Receivable	40,134	0	0	40,134
Due from Other Governments	197,242	40,533	71,528	309,303
Property Taxes Receivable	1,523,246	0	93,561	1,616,807
Allowance for Uncollectible Property Taxes	(119,460)	0	(7,337)	(126,797)
Total Assets	\$ 3,294,871	\$ 57,922	\$ 663,922	\$ 4,016,715
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 19,610	\$ 0	\$ 1,271	\$ 20,881
Payroll Deductions Payable	52	23	159	234
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	0	0	4,329	4,329
Deferred Revenue - Current Property Taxes	1,300,017	0	79,851	1,379,868
Deferred Revenue - Delinquent Property Taxes	100,268	0	4,623	104,891
Other Deferred Revenues	16,305	0	35,764	52,069
Total Liabilities	\$ 1,436,252	\$ 23	\$ 125,997	\$ 1,562,272
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 2,426	\$ 7,899	\$ 537,925	\$ 548,250
Committed:				
Committed for Education	0	50,000	0	50,000
Unassigned	1,856,193	0	0	1,856,193
Total Fund Balances	\$ 1,858,619	\$ 57,899	\$ 537,925	\$ 2,454,443
Total Liabilities and Fund Balances	\$ 3,294,871	\$ 57,922	\$ 663,922	\$ 4,016,715

Exhibit I-3

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Bledsoe County School Department
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	2,454,443
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Add: land	\$	380,847	
Add: buildings and improvements net of accumulated depreciation		9,228,321	
Add: infrastructure net of accumulated depreciation		87,082	
Add: other capital assets net of accumulated depreciation		<u>1,167,920</u>	10,864,170
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(9,310,000)	
Less: notes payable		(346,127)	
Less: other loans payable		(422,624)	
Less: other postemployment benefits liability		(324,808)	
Less: accrued interest on bonds		(34,086)	
Add: deferred amount on refunding		<u>210,731</u>	(10,226,914)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>156,960</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>3,248,659</u></u>

Exhibit I-4

Bledsoe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,615,234	\$ 0	\$ 528,831	\$ 2,144,065
Licenses and Permits	7,070	0	382	7,452
Charges for Current Services	0	0	317,758	317,758
Other Local Revenues	83,354	0	2,228	85,582
State of Tennessee	11,814,282	0	45,429	11,859,711
Federal Government	492,734	2,163,362	1,075,080	3,731,176
Total Revenues	<u>\$ 14,012,674</u>	<u>\$ 2,163,362</u>	<u>\$ 1,969,708</u>	<u>\$ 18,145,744</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 7,955,694	\$ 1,055,250	\$ 0	\$ 9,010,944
Support Services	4,871,312	1,068,713	0	5,940,025
Operation of Non-Instructional Services	745,141	0	1,329,455	2,074,596
Capital Outlay	170,736	0	0	170,736
Debt Service:				
Principal on Debt	99,240	0	595,000	694,240
Interest on Debt	17,934	0	248,160	266,094
Other Debt Service	0	0	141,821	141,821
Total Expenditures	<u>\$ 13,860,057</u>	<u>\$ 2,123,963</u>	<u>\$ 2,314,436</u>	<u>\$ 18,298,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 152,617</u>	<u>\$ 39,399</u>	<u>\$ (344,728)</u>	<u>\$ (152,712)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 0	\$ 0	\$ 5,850,000	\$ 5,850,000
Insurance Recovery	64,919	0	0	64,919
Transfers In	33,300	0	330,000	363,300
Transfers Out	(330,000)	(33,300)	0	(363,300)
Payments to Refunded Debt Escrow Agent	0	0	(5,715,345)	(5,715,345)
Total Other Financing Sources (Uses)	<u>\$ (231,781)</u>	<u>\$ (33,300)</u>	<u>\$ 464,655</u>	<u>\$ 199,574</u>
Net Change in Fund Balances	\$ (79,164)	\$ 6,099	\$ 119,927	\$ 46,862
Fund Balance, July 1, 2011	1,937,783	51,800	417,998	2,407,581
Fund Balance, June 30, 2012	<u>\$ 1,858,619</u>	<u>\$ 57,899</u>	<u>\$ 537,925</u>	<u>\$ 2,454,443</u>

Exhibit I-5

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	46,862
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated 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	\$	208,128	
Less: current-year depreciation expense		<u>(501,597)</u>	(293,469)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	156,960	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(153,978)</u>	2,982
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: refunding bond proceeds	\$	(5,850,000)	
Less: change in deferred amount on refunding		(24,614)	
Add: principal payments on bonds		595,000	
Add: principal payments on notes		27,816	
Add: principal payments on other loans		71,424	
Add: payments to refunding agent		<u>5,715,345</u>	534,971
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability	\$	(88,148)	
Change in accrued interest payable		<u>42,024</u>	<u>(46,124)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 245,222</u>

Exhibit I-6

Bledsoe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Bledsoe County School Department
June 30, 2012

	Special Revenue Fund	Debt Service Education Debt Service	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 13,430	\$ 0	\$ 13,430
Equity in Pooled Cash and Investments	343,306	149,434	492,740
Due from Other Governments	0	71,528	71,528
Property Taxes Receivable	0	93,561	93,561
Allowance for Uncollectible Property Taxes	0	(7,337)	(7,337)
Total Assets	<u>\$ 356,736</u>	<u>\$ 307,186</u>	<u>\$ 663,922</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,271	\$ 0	\$ 1,271
Payroll Deductions Payable	159	0	159
Current Liabilities Payable from Restricted Assets:			
Customer Deposits Payable	4,329	0	4,329
Deferred Revenue - Current Property Taxes	0	79,851	79,851
Deferred Revenue - Delinquent Property Taxes	0	4,623	4,623
Other Deferred Revenues	0	35,764	35,764
Total Liabilities	<u>\$ 5,759</u>	<u>\$ 120,238</u>	<u>\$ 125,997</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 350,977	\$ 186,948	\$ 537,925
Total Fund Balances	<u>\$ 350,977</u>	<u>\$ 186,948</u>	<u>\$ 537,925</u>
Total Liabilities and Fund Balances	<u>\$ 356,736</u>	<u>\$ 307,186</u>	<u>\$ 663,922</u>

Exhibit I-7

Bledsoe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Debt Service	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 528,831	\$ 528,831
Licenses and Permits	0	382	382
Charges for Current Services	317,758	0	317,758
Other Local Revenues	1,108	1,120	2,228
State of Tennessee	10,564	34,865	45,429
Federal Government	1,075,080	0	1,075,080
Total Revenues	<u>\$ 1,404,510</u>	<u>\$ 565,198</u>	<u>\$ 1,969,708</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,329,455	\$ 0	\$ 1,329,455
Debt Service:			
Principal on Debt	0	595,000	595,000
Interest on Debt	0	248,160	248,160
Other Debt Service	0	141,821	141,821
Total Expenditures	<u>\$ 1,329,455</u>	<u>\$ 984,981</u>	<u>\$ 2,314,436</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,055</u>	<u>\$ (419,783)</u>	<u>\$ (344,728)</u>
<u>Other Financing Sources (Uses)</u>			
Refunding Debt Issued	\$ 0	\$ 5,850,000	\$ 5,850,000
Transfers In	0	330,000	330,000
Payments to Refunded Debt Escrow Agent	0	(5,715,345)	(5,715,345)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 464,655</u>	<u>\$ 464,655</u>
Net Change in Fund Balances	\$ 75,055	\$ 44,872	\$ 119,927
Fund Balance, July 1, 2011	<u>275,922</u>	<u>142,076</u>	<u>417,998</u>
Fund Balance, June 30, 2012	<u>\$ 350,977</u>	<u>\$ 186,948</u>	<u>\$ 537,925</u>

Exhibit I-8

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bledsoe County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,615,234	\$ 0	\$ 1,615,234	\$ 1,570,341	\$ 1,570,341	\$ 44,893
Licenses and Permits	7,070	0	7,070	6,800	6,800	270
Other Local Revenues	83,354	0	83,354	52,624	76,415	6,939
State of Tennessee	11,814,282	0	11,814,282	11,457,709	11,793,118	21,164
Federal Government	492,734	0	492,734	99,130	549,400	(56,666)
Total Revenues	\$ 14,012,674	\$ 0	\$ 14,012,674	\$ 13,186,604	\$ 13,996,074	\$ 16,600
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 5,953,460	(412,153)	\$ 5,541,307	\$ 5,649,707	\$ 5,684,887	\$ 143,580
Alternative Instruction Program	50,554	0	50,554	51,301	51,301	747
Special Education Program	1,476,050	(9,966)	1,466,084	1,483,081	1,496,007	29,923
Vocational Education Program	386,086	0	386,086	383,600	387,000	914
Adult Education Program	89,544	0	89,544	101,010	96,543	6,999
<u>Support Services</u>						
Attendance	54,750	0	54,750	56,053	56,053	1,303
Health Services	211,424	(702)	210,722	233,946	233,945	23,223
Other Student Support	286,017	(6,486)	279,531	300,261	300,261	20,730
Regular Instruction Program	439,488	0	439,488	442,735	446,535	7,047
Special Education Program	141,708	0	141,708	141,168	142,668	960
Vocational Education Program	642	0	642	800	800	158
Adult Programs	25,942	0	25,942	27,871	32,339	6,397
Other Programs	58,766	0	58,766	0	58,766	0
Board of Education	263,226	0	263,226	282,859	285,434	22,208

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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	\$ 190,686	\$ 0	\$ 190,686	\$ 221,718	\$ 221,718	\$ 31,032
Office of the Principal	675,219	0	675,219	669,946	680,446	5,227
Fiscal Services	192,691	0	192,691	189,353	196,438	3,747
Operation of Plant	1,098,577	0	1,098,577	1,104,146	1,116,646	18,069
Maintenance of Plant	244,264	0	244,264	282,393	282,393	38,129
Transportation	987,912	0	987,912	810,135	1,004,471	16,559
<u>Operation of Non-Instructional Services</u>						
Food Service	23,140	0	23,140	47,403	29,403	6,263
Community Services	296,855	0	296,855	98,690	298,804	1,949
Early Childhood Education	425,146	0	425,146	425,146	425,146	0
<u>Capital Outlay</u>						
Regular Capital Outlay	170,736	0	170,736	75,000	175,000	4,264
<u>Principal on Debt</u>						
Education	99,240	0	99,240	99,500	99,500	260
<u>Interest on Debt</u>						
Education	17,934	0	17,934	17,934	17,934	0
Total Expenditures	<u>\$ 13,860,057</u>	<u>\$ (429,307)</u>	<u>\$ 13,430,750</u>	<u>\$ 13,195,756</u>	<u>\$ 13,820,438</u>	<u>\$ 389,688</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 152,617	\$ 429,307	\$ 581,924	\$ (9,152)	\$ 175,636	\$ 406,288
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 64,919	\$ 0	\$ 64,919	\$ 25,000	\$ 65,000	\$ (81)

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 33,300	0	\$ 33,300	\$ 22,000	\$ 29,000	\$ 4,300
Transfers Out	(330,000)	0	(330,000)	(330,000)	(331,596)	1,596
Total Other Financing Sources (Uses)	\$ (231,781)	0	\$ (231,781)	\$ (283,000)	\$ (237,596)	\$ 5,815
Net Change in Fund Balance	\$ (79,164)	429,307	\$ 350,143	\$ (292,152)	\$ (61,960)	\$ 412,103
Fund Balance, July 1, 2011	1,937,783	(429,307)	1,508,476	1,439,321	1,439,321	69,155
Fund Balance, June 30, 2012	\$ 1,858,619	0	\$ 1,858,619	\$ 1,147,169	\$ 1,377,361	\$ 481,258

Exhibit I-9

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,163,362	\$ 3,404,376	\$ 4,003,988	\$ (1,840,626)
Total Revenues	\$ 2,163,362	\$ 3,404,376	\$ 4,003,988	\$ (1,840,626)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 520,268	\$ 557,002	\$ 565,278	\$ 45,010
Special Education Program	508,600	581,098	618,752	110,152
Vocational Education Program	26,382	24,200	26,382	0
<u>Support Services</u>				
Other Student Support	82,614	86,711	84,586	1,972
Regular Instruction Program	908,220	1,944,613	2,545,129	1,636,909
Special Education Program	69,393	86,884	80,304	10,911
Vocational Education Program	1,742	1,800	1,742	0
Transportation	6,744	48,896	17,226	10,482
Total Expenditures	\$ 2,123,963	\$ 3,331,204	\$ 3,939,399	\$ 1,815,436
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,399	\$ 73,172	\$ 64,589	\$ (25,190)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 103,692	\$ (103,692)
Transfers Out	(33,300)	(73,904)	(170,080)	136,780
Total Other Financing Sources (Uses)	\$ (33,300)	\$ (73,904)	\$ (66,388)	\$ 33,088
Net Change in Fund Balance	\$ 6,099	\$ (732)	\$ (1,799)	\$ 7,898
Fund Balance, July 1, 2011	51,800	51,800	51,800	0
Fund Balance, June 30, 2012	\$ 57,899	\$ 51,068	\$ 50,001	\$ 7,898

Exhibit I-10

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 317,758	\$ 304,000	\$ 304,000	\$ 13,758
Other Local Revenues	1,108	1,000	1,000	108
State of Tennessee	10,564	11,000	11,000	(436)
Federal Government	1,075,080	869,500	1,016,595	58,485
Total Revenues	<u>\$ 1,404,510</u>	<u>\$ 1,185,500</u>	<u>\$ 1,332,595</u>	<u>\$ 71,915</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,329,455	\$ 1,109,915	\$ 1,386,729	\$ 57,274
Community Services	0	68,719	0	0
Total Expenditures	<u>\$ 1,329,455</u>	<u>\$ 1,178,634</u>	<u>\$ 1,386,729</u>	<u>\$ 57,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,055</u>	<u>\$ 6,866</u>	<u>\$ (54,134)</u>	<u>\$ 129,189</u>
Net Change in Fund Balance	\$ 75,055	\$ 6,866	\$ (54,134)	\$ 129,189
Fund Balance, July 1, 2011	275,922	275,922	275,922	0
Fund Balance, June 30, 2012	<u>\$ 350,977</u>	<u>\$ 282,788</u>	<u>\$ 221,788</u>	<u>\$ 129,189</u>

Exhibit I-11

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Education Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 528,831	\$ 484,752	\$ 484,752	\$ 44,079
Licenses and Permits	382	400	400	(18)
Other Local Revenues	1,120	0	0	1,120
State of Tennessee	34,865	10,000	10,000	24,865
Total Revenues	<u>\$ 565,198</u>	<u>\$ 495,152</u>	<u>\$ 495,152</u>	<u>\$ 70,046</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 595,000	\$ 601,000	\$ 601,000	\$ 6,000
<u>Interest on Debt</u>				
Education	248,160	252,023	252,023	3,863
<u>Other Debt Service</u>				
Education	141,821	12,000	146,655	4,834
Total Expenditures	<u>\$ 984,981</u>	<u>\$ 865,023</u>	<u>\$ 999,678</u>	<u>\$ 14,697</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (419,783)</u>	<u>\$ (369,871)</u>	<u>\$ (504,526)</u>	<u>\$ 84,743</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,850,000	\$ 0	\$ 5,850,000	\$ 0
Transfers In	330,000	330,000	330,000	0
Payments to Refunded Debt Escrow Agent	(5,715,345)	0	(5,715,345)	0
Total Other Financing Sources (Uses)	<u>\$ 464,655</u>	<u>\$ 330,000</u>	<u>\$ 464,655</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 44,872	\$ (39,871)	\$ (39,871)	\$ 84,743
Fund Balance, July 1, 2011	<u>142,076</u>	<u>142,076</u>	<u>142,076</u>	<u>0</u>
Fund Balance, June 30, 2012	<u>\$ 186,948</u>	<u>\$ 102,205</u>	<u>\$ 102,205</u>	<u>\$ 84,743</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Bledsoe County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
Primary Government and Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Debt Refunded	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT									
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation/Refunding Bond Series 2009	\$ 8,790,000	2 to 4.5 %	6-1-09	6-1-41	\$ 8,590,000	0 \$	0 \$	145,000 \$	8,445,000
Total Bonds Payable	\$ 8,590,000				\$ 8,590,000	0 \$	0 \$	145,000 \$	8,445,000
NOTES PAYABLE									
Payable through Highway/Public Works Fund									
Truck and Tractors	100,000	2.93	3-2-12	3-1-17	0 \$	100,000 \$	0 \$	0 \$	100,000
Total Notes Payable	0 \$				0 \$	100,000 \$	0 \$	0 \$	100,000
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Ambulances	214,200	3.75	2-6-12	3-1-19	0 \$	214,200 \$	0 \$	8,978 \$	205,222
Total Other Loans Payable	0 \$				0 \$	214,200 \$	0 \$	8,978 \$	205,222
DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT									
BONDS PAYABLE									
Payable through Education Debt Service Fund									
School Bonds Series 2001	7,500,000	3 to 4.7	10-1-01	7-15-11	5,720,000 \$	0 \$	5,480,000 \$	240,000 \$	0
School Refunding Series 2003	5,510,000	2 to 4.25	5-29-03	12-1-22	3,815,000	0	0	255,000	3,560,000
School Refunding Series 2011	5,850,000	1 to 3.5	7-15-11	10-1-26	0	5,850,000	0	100,000	5,750,000
Total Bonds Payable	\$ 9,535,000				\$ 9,535,000	\$ 5,850,000	\$ 5,480,000	\$ 595,000	\$ 9,310,000

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Debt Refunded	Paid and/or Matured During Period	Outstanding 6-30-12
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT (CONT.)</u>									
<u>NOTES PAYABLE</u>									
Payable through General Purpose School Fund Energy Program	\$ 412,269	4.95 %	12-2-09	12-1-21	\$ 373,943	\$ 0	\$ 0	\$ 27,816	\$ 346,127
Total Notes Payable					<u>\$ 373,943</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,816</u>	<u>\$ 346,127</u>
<u>OTHER LOANS PAYABLE</u>									
Payable through General Purpose School Fund Energy Program	500,000	0	5-31-11	5-31-18	\$ 494,048	\$ 0	\$ 0	\$ 71,424	\$ 422,624
Total Other Loans Payable					<u>\$ 494,048</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,424</u>	<u>\$ 422,624</u>

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 150,000	\$ 347,500	\$ 497,500
2014	160,000	343,000	503,000
2015	165,000	338,200	503,200
2016	170,000	333,250	503,250
2017	175,000	328,150	503,150
2018	185,000	322,462	507,462
2019	190,000	316,450	506,450
2020	200,000	309,800	509,800
2021	210,000	301,800	511,800
2022	205,000	293,400	498,400
2023	215,000	285,200	500,200
2024	225,000	276,600	501,600
2025	240,000	267,600	507,600
2026	250,000	258,000	508,000
2027	260,000	248,000	508,000
2028	275,000	237,600	512,600
2029	290,000	226,600	516,600
2030	305,000	214,638	519,638
2031	320,000	201,675	521,675
2032	335,000	188,075	523,075
2033	350,000	173,419	523,419
2034	370,000	158,106	528,106
2035	385,000	141,919	526,919
2036	405,000	125,075	530,075
2037	425,000	107,356	532,356
2038	450,000	88,763	538,763
2039	470,000	69,075	539,075
2040	495,000	47,925	542,925
2041	570,000	25,650	595,650
Total	\$ 8,445,000	\$ 6,575,288	\$ 15,020,288

Year Ending June 30	Note		Total
	Principal	Interest	
2013	\$ 18,000	\$ 2,623	\$ 20,623
2014	20,000	2,157	22,157
2015	20,000	1,631	21,631
2016	21,000	1,104	22,104
2017	21,000	552	21,552
Total	\$ 100,000	\$ 8,067	\$ 108,067

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2013	\$ 27,615	\$ 7,245	\$ 34,860
2014	28,668	6,192	34,860
2015	29,762	5,098	34,860
2016	30,898	3,962	34,860
2017	32,076	2,784	34,860
2018	33,300	1,560	34,860
2019	22,903	337	23,240
Total	\$ 205,222	\$ 27,178	\$ 232,400

DISCRETELY PRESENTED BLEDSOE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 580,000	\$ 272,236	\$ 852,236
2014	600,000	258,899	858,899
2015	615,000	244,559	859,559
2016	635,000	228,999	863,999
2017	650,000	212,393	862,393
2018	670,000	193,945	863,945
2019	690,000	173,812	863,812
2020	720,000	152,100	872,100
2021	750,000	128,284	878,284
2022	775,000	102,450	877,450
2023	815,000	74,451	889,451
2024	420,000	53,390	473,390
2025	440,000	39,840	479,840
2026	450,000	25,150	475,150
2027	500,000	8,750	508,750
Total	\$ 9,310,000	\$ 2,169,258	\$ 11,479,258

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED BLEDSOE
COUNTY SCHOOL DEPARTMENT (CONT.)

Year Ending June 30	Note		
	Principal	Interest	Total
2013	\$ 29,273	\$ 16,477	\$ 45,750
2014	30,756	14,995	45,751
2015	32,313	13,437	45,750
2016	33,917	11,833	45,750
2017	35,667	10,083	45,750
2018	37,473	8,277	45,750
2019	39,370	6,380	45,750
2020	41,353	4,397	45,750
2021	43,458	2,292	45,750
2022	22,547	328	22,875
Total	\$ 346,127	\$ 88,499	\$ 434,626

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2013	\$ 71,424	\$ 0	\$ 71,424
2014	71,424	0	71,424
2015	71,424	0	71,424
2016	71,424	0	71,424
2017	71,424	0	71,424
2018	65,504	0	65,504
Total	\$ 422,624	\$ 0	\$ 422,624

Exhibit J-3

Bledsoe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General Capital Projects	General	Reimbursement	\$ 344,128
Total Transfers Primary Government			<u>\$ 344,128</u>
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 33,300
General Purpose School	Education Debt Service	Debt retirement	<u>330,000</u>
Total Transfers Discretely Presented Bledsoe County School Department			<u>\$ 363,300</u>

Bledsoe County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Bledsoe County School Department
 For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA and County Commission	\$ 69,267 (1)	\$ 25,000	NGM Insurance
Road Superintendent	Section 8-24-102, TCA	63,527	100,000	Western Surety Company
Director of Schools	State Board of Education and Bledsoe County Board of Education	71,504 (2)	(3)	
Trustee	Section 8-24-102, TCA and County Commission	59,972 (4)	476,000	NGM Insurance
Assessor of Property:				
Phillip Cagle (July 1, 2011 through October 17, 2011)	Section 8-24-102, TCA and County Commission	20,213	10,000	State Farm Fire and Casualty Company
Candice Stults, Interim (October 24, 2011 through June 30, 2012)	Section 8-24-102, TCA and County Commission	37,760 (8)	(7)	
County Clerk	Section 8-24-102, TCA and County Commission	59,972 (4)	25,000	NGM Insurance
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA and County Commission	59,972 (4)	25,000	"
Clerk and Master	Section 8-24-102, TCA and County Commission	59,972 (4) (5)	45,000	State Farm Fire and Casualty Company
Register	Section 8-24-102, TCA and County Commission	59,972 (4)	15,000	NGM Insurance
Sheriff	Section 8-24-102, TCA and County Commission	65,970 (6)	25,000	"
Employee Dishonesty Bond Coverage:				
General County Government			150,000	Local Government Property and Casualty Fund
Highway Department			150,000	"
School Employees			150,000	Tennessee Risk Management Trust

- (1) Includes a salary supplement of \$2,565.
- (2) Does not include a chief executive officer training supplement of \$1,000 and an automobile allowance of \$5,000.
- (3) The director of schools is covered under the employee dishonesty bond.
- (4) Includes a salary supplement of \$2,221.
- (5) Does not include special commissioner fees of \$2,800.
- (6) Does not include a law enforcement training supplement of \$600.
- (7) The interim assessor of property is covered under the employee dishonesty bond.
- (8) Includes a salary supplement of \$221.

Exhibit J-5

Bledsoe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,071,388	\$ 199,211	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	109,177	13,325	0	0	0
Trustee's Collections - Bankruptcy	283	36	0	0	0
Circuit/Clerk & Master Collections - Prior Years	152,583	16,076	0	0	0
Interest and Penalty	20,407	2,395	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	7,889	812	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	68	8	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	77,899	0	0	0	0
Litigation Tax - General	15,986	0	0	0	0
Business Tax	87,105	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	9,401	904	0	0	0
Wholesale Beer Tax	114,648	0	0	0	0
Total Local Taxes	\$ 2,666,834	\$ 232,767	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 9,445	\$ 1,027	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	1,670	0	0	0	0
Total Licenses and Permits	\$ 11,115	\$ 1,027	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 8,615	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,463	0	0	0	0
Drug Court Fees	200	0	0	0	0
Jail Fees	179	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court</u>					
Fines	\$ 9,780	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	8,869	0	0	0	0
Drug Control Fines	0	0	0	2,658	0
Drug Court Fees	2,239	0	0	0	0
Jail Fees	2,287	0	0	0	0
Data Entry Fee - General Sessions Court	1,400	0	0	0	0
<u>Juvenile Court</u>					
Fines	61	0	0	0	0
Officers Costs	163	0	0	0	0
<u>Chancery Court</u>					
Data Entry Fee - Chancery Court	1,486	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	1,300	0
Total Fines, Forfeitures, and Penalties	\$ 36,742	\$ 0	\$ 0	\$ 3,958	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 0	\$ 0	\$ 717,965	\$ 0	\$ 0
Work Release Charges for Board Fees	3,045	0	0	0	0
Copy Fees	1,130	0	100	0	0
Library Fees	1,110	0	0	0	0
Telephone Commissions	16,830	0	0	0	0
Vending Machine Collections	699	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	3,886	0	0	0	0
Data Processing Fee - Sheriff	74	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,300	0	0	0	0
Total Charges for Current Services	\$ 30,074	\$ 0	\$ 718,065	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	194	\$ 0	\$ 0
Lease/Rentals	137,500	0	0	0	0
Sale of Materials and Supplies	264	0	0	0	0
Commissary Sales	2,835	0	0	0	0
Sale of Recycled Materials	0	12,235	0	0	0
Refund of Telecommunication & Internet Fees (E-Rate)	1,114	0	0	0	0
Miscellaneous Refunds	55,069	3,645	10,991	0	50
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	0
Contributions and Gifts	676	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	59	0	0	0	0
Total Other Local Revenues	\$ 197,517	\$ 15,880	\$ 11,185	\$ 0	\$ 50
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 97,140	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	27,442	0	0	0	0
General Sessions Court Clerk	52,122	0	0	0	0
Clerk and Master	56,416	0	0	0	0
Juvenile Court Clerk	1,045	0	0	0	0
Register	43,017	0	0	0	0
Sheriff	5,673	0	0	0	0
Trustee	135,035	0	0	0	0
Total Fees Received from County Officials	\$ 417,890	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	1,043	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
<u>Law Enforcement Training Programs</u>	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ 0
<u>Health and Welfare Grants</u>					
Health Department Programs	36,958	0	0	0	0
Other Health and Welfare Grants	37,572	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	0	35,485	0	0	0
<u>Other State Revenues</u>					
Income Tax	12,163	0	0	0	0
Alcoholic Beverage Tax	33,689	0	0	0	0
State Revenue Sharing - T.V.A.	252,712	29,231	0	0	0
Contracted Prisoner Boarding	747,565	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	0	0	0	0	0
Other State Revenues	10,653	0	0	0	0
Total State of Tennessee	\$ 1,168,567	\$ 65,759	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 35,475	\$ 0	\$ 9,991	\$ 0	\$ 2,693
Homeland Security Grants	94,512	0	0	0	0
Law Enforcement Grants	15,000	0	0	0	0
Other Federal through State	25,459	0	1,604	0	0
Total Federal Government	\$ 170,446	\$ 0	\$ 11,595	\$ 0	\$ 2,693
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 39,197	\$ 0	\$ 0	\$ 0	\$ 224,500
Total Other Governments and Citizens Groups	\$ 39,197	\$ 0	\$ 0	\$ 0	\$ 224,500
Total	\$ 4,738,382	\$ 315,433	\$ 740,845	\$ 3,958	\$ 227,243

(Continued)

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	General Capital Projects	HUD Grant Projects		
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 0	\$ 181,509	\$ 0	\$ 0	\$ 0	\$ 2,452,108	
Trustee's Collections - Prior Year	0	0	12,104	0	0	0	134,606	
Trustee's Collections - Bankruptcy	0	0	55	0	0	0	374	
Circuit/Clerk & Master Collections - Prior Years	0	0	18,936	0	0	0	187,595	
Interest and Penalty	0	0	2,190	0	0	0	24,992	
Payments in-Lieu-of Taxes - T.V.A.	0	0	740	0	0	0	9,441	
Payments in-Lieu-of Taxes - Local Utilities	0	0	7	0	0	0	83	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	0	77,899	
Litigation Tax - General	0	0	0	0	0	0	15,986	
Business Tax	0	0	0	0	0	0	87,105	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	824	0	0	0	11,129	
Wholesale Beer Tax	0	0	0	0	0	0	114,648	
Total Local Taxes	\$ 0	\$ 0	\$ 216,365	\$ 0	\$ 0	\$ 0	\$ 3,115,966	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 0	\$ 0	\$ 936	\$ 0	\$ 0	\$ 0	\$ 11,408	
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	1,670	
Total Licenses and Permits	\$ 0	\$ 0	\$ 936	\$ 0	\$ 0	\$ 0	\$ 13,078	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,615	
Officers Costs	0	0	0	0	0	0	1,463	
Drug Court Fees	0	0	0	0	0	0	200	
Jail Fees	0	0	0	0	0	0	179	

(Continued)

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	General Capital Projects	HUD Grant Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,780
Officers Costs	0	0	0	0	0	0	0	8,869
Drug Control Fines	0	0	0	0	0	0	0	2,658
Drug Court Fees	0	0	0	0	0	0	0	2,239
Jail Fees	0	0	0	0	0	0	0	2,287
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	1,400
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	61
Officers Costs	0	0	0	0	0	0	0	163
<u>Chancery Court</u>								
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	1,486
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	1,300
Proceeds from Confiscated Property	0	0	0	0	0	0	0	40,700
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	717,965
Work Release Charges for Board	0	0	0	0	0	0	0	3,045
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	1,230
Library Fees	0	0	0	0	0	0	0	1,110
Telephone Commissions	0	0	0	0	0	0	0	16,830
Vending Machine Collections	0	0	0	0	0	0	0	699
Constitutional Officers' Fees and Commissions	169	0	0	0	0	0	0	169
Special Commissioner Fees/Special Master Fees	2,800	0	0	0	0	0	0	2,800
Data Processing Fee - Register	0	0	0	0	0	0	0	3,886
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	74
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	3,300
Total Charges for Current Services	\$ 2,969	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	751,108

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	General Capital Projects	HUD Grant Projects		
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 51,989	\$ 0	\$ 0	\$ 0	\$ 0	\$ 52,183
Lease/Rentals	0	0	0	0	0	0	0	137,500
Sale of Materials and Supplies	0	0	0	0	0	0	0	264
Commissary Sales	0	0	0	0	0	0	0	2,835
Sale of Recycled Materials	0	0	0	0	0	0	0	12,235
Refund of Telecommunication & Internet Fees (E-Rate)	0	0	0	0	0	0	0	1,114
Miscellaneous Refunds	0	19,491	11,715	0	0	0	0	100,961
<u>Nonrecurring Items</u>								
Sale of Equipment	0	33,212	0	0	0	0	0	33,212
Contributions and Gifts	0	0	0	0	0	0	0	676
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	59
Total Other Local Revenues	\$ 0	\$ 52,703	\$ 63,704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 341,039
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	0	0	0	0	0	0	0	97,140
Circuit Court Clerk	0	0	0	0	0	0	0	27,442
General Sessions Court Clerk	0	0	0	0	0	0	0	52,122
Clerk and Master	0	0	0	0	0	0	0	56,416
Juvenile Court Clerk	0	0	0	0	0	0	0	1,045
Register	0	0	0	0	0	0	0	43,017
Sheriff	0	0	0	0	0	0	0	5,673
Trustee	0	0	0	0	0	0	0	135,035
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 417,890
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	0	0	0	0	0	0	0	13,500
Solid Waste Grants	0	0	0	0	0	0	0	1,043

(Continued)

Exhibit J-5

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

	Special Revenue Funds		Debt Service Fund		Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	General Capital Projects	HUD Grant Projects		
<u>State of Tennessee (Cont.)</u>								
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,800
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	0	36,958
Other Health and Welfare Grants	0	0	0	0	0	0	0	37,572
<u>Public Works Grants</u>								
State Aid Program	0	198,106	0	0	0	0	0	198,106
Litter Program	0	0	0	0	0	0	0	35,485
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	12,163
Alcoholic Beverage Tax	0	0	0	0	0	0	0	33,689
State Revenue Sharing - T.V.A.	0	0	26,642	0	0	0	0	308,585
Contracted Prisoner Boarding	0	0	0	0	0	0	0	747,565
Gasoline and Motor Fuel Tax	0	1,500,356	0	0	0	0	0	1,500,356
Petroleum Special Tax	0	9,290	0	0	0	0	0	9,290
Registrar's Salary Supplement	0	0	0	0	0	0	0	18,955
Other State Grants	0	8,306	0	0	0	0	0	8,306
Other State Revenues	0	0	0	0	0	0	0	10,653
Total State of Tennessee	\$ 0	\$ 1,716,058	\$ 26,642	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,977,026
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 0	\$ 79,716	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,875
Homeland Security Grants	0	0	0	0	0	0	0	94,512
Law Enforcement Grants	0	0	0	0	0	0	0	15,000
Other Federal through State	0	1	0	0	1,412	36,832	0	65,308
Total Federal Government	\$ 0	\$ 79,717	\$ 0	\$ 0	\$ 1,412	\$ 36,832	\$ 0	\$ 302,695
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 263,697
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 263,697
Total	\$ 2,969	\$ 1,848,478	\$ 307,647	\$ 1,412	\$ 36,832	\$ 0	\$ 0	\$ 8,223,199

Exhibit J-6

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
All Governmental Fund Types
 Discretely Presented Bledsoe County School Department
 For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,205,557	\$ 0	\$ 0	\$ 74,044	\$ 1,279,601
Trustee's Collections - Prior Year	78,985	0	0	6,386	85,371
Trustee's Collections - Bankruptcy	272	0	0	17	289
Circuit/Clerk & Master Collections - Prior Years	103,611	0	0	6,364	109,975
Interest and Penalty	14,509	0	0	891	15,400
Payments in-Lieu-of Taxes - T.V.A.	4,911	0	0	300	5,211
Payments in-Lieu-of Taxes - Local Utilities	49	0	0	3	52
<u>County Local Option Taxes</u>					
Local Option Sales Tax	200,523	0	0	440,490	641,013
<u>Statutory Local Taxes</u>					
Bank Excise Tax	5,472	0	0	336	5,808
Interstate Telecommunications Tax	1,345	0	0	0	1,345
Total Local Taxes	\$ 1,615,234	\$ 0	\$ 0	\$ 528,831	\$ 2,144,065
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 855	\$ 0	\$ 0	\$ 0	\$ 855
Cable TV Franchise	6,215	0	0	382	6,597
Total Licenses and Permits	\$ 7,070	\$ 0	\$ 0	\$ 382	\$ 7,452
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 154,100	\$ 0	\$ 154,100
Lunch Payments - Adults	0	0	31,710	0	31,710
Income from Breakfast	0	0	9,981	0	9,981
A la carte Sales	0	0	121,967	0	121,967
Total Charges for Current Services	\$ 0	\$ 0	\$ 317,758	\$ 0	\$ 317,758
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 1,108	\$ 0	\$ 1,108
Refund of Telecommunication & Internet Fees (E-Rate)	34,099	0	0	0	34,099
Miscellaneous Refunds	3,807	0	0	0	3,807
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	1,120	1,120
Damages Recovered from Individuals	416	0	0	0	416
Contributions and Gifts	21,123	0	0	0	21,123
<u>Other Local Revenues</u>					
Other Local Revenues	23,909	0	0	0	23,909
Total Other Local Revenues	\$ 83,354	\$ 0	\$ 1,108	\$ 1,120	\$ 85,582
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 58,766	\$ 0	\$ 0	\$ 0	\$ 58,766
<u>State Education Funds</u>					
Basic Education Program	10,588,000	0	0	0	10,588,000
Early Childhood Education	425,146	0	0	0	425,146
School Food Service	0	0	10,564	0	10,564

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Energy Efficient School Initiative	\$ 97,000	\$ 0	\$ 0	\$ 0	\$ 97,000
Other State Education Funds	40,968	0	0	0	40,968
Career Ladder Program	75,563	0	0	0	75,563
Career Ladder - Extended Contract	28,737	0	0	0	28,737
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	176,908	0	0	10,865	187,773
Other State Grants	316,567	0	0	0	316,567
Other State Revenues	6,627	0	0	24,000	30,627
Total State of Tennessee	\$ 11,814,282	\$ 0	\$ 10,564	\$ 34,865	\$ 11,859,711
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 614,467	\$ 0	\$ 614,467
USDA - Commodities	0	0	50,237	0	50,237
Breakfast	0	0	228,480	0	228,480
USDA - Other	0	0	55,335	0	55,335
USDA Food Service Equipment Grant - ARRA	0	0	10,780	0	10,780
Adult Education State Grant Program	71,642	0	0	0	71,642
Vocational Education - Basic Grants to States	12,250	37,682	0	0	49,932
Title I Grants to Local Education Agencies	0	659,877	0	0	659,877
Special Education - Grants to States	14,426	559,646	0	0	574,072
Special Education Preschool Grants	0	30,783	0	0	30,783
Rural Education	0	43,351	0	0	43,351
Eisenhower Professional Development State Grants	0	92,611	0	0	92,611
Race-to-the-Top - ARRA	0	132,195	0	0	132,195
Other Federal through State	0	33,741	115,781	0	149,522
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	394,416	573,476	0	0	967,892
Total Federal Government	\$ 492,734	\$ 2,163,362	\$ 1,075,080	\$ 0	\$ 3,731,176
Total	\$ 14,012,674	\$ 2,163,362	\$ 1,404,510	\$ 565,198	\$ 18,145,744

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 43,183	
Medical Insurance	3,172	
Audit Services	3,863	
Dues and Memberships	1,350	
Legal Notices, Recording, and Court Costs	750	
Postal Charges	643	
Total County Commission		\$ 52,961

Board of Equalization

Board and Committee Members Fees	\$ 100	
Total Board of Equalization		100

County Mayor/Executive

County Official/Administrative Officer	\$ 69,267	
Assistant(s)	16,871	
Secretary(ies)	19,674	
Social Security	6,521	
State Retirement	7,992	
Life Insurance	46	
Medical Insurance	3,645	
Employer Medicare	1,525	
Communication	5,025	
Data Processing Services	5,789	
Dues and Memberships	1,071	
Maintenance Agreements	1,438	
Postal Charges	1,192	
Rentals	76	
Travel	970	
Office Supplies	2,869	
Other Supplies and Materials	630	
Total County Mayor/Executive		144,601

County Attorney

Legal Services	\$ 16,277	
Legal Notices, Recording, and Court Costs	2,192	
Total County Attorney		18,469

Election Commission

County Official/Administrative Officer	\$ 47,977	
Election Commission	2,650	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$ 17,026	
Social Security	2,975	
State Retirement	4,102	
Life Insurance	25	
Employer Medicare	696	
Communication	815	
Legal Notices, Recording, and Court Costs	2,302	
Maintenance Agreements	1,299	
Postal Charges	2,006	
Rentals	44	
Travel	3,320	
Other Contracted Services	65	
Data Processing Supplies	18,946	
Office Supplies	1,199	
Total Election Commission		\$ 105,447

Register of Deeds

County Official/Administrative Officer	\$ 59,972	
Clerical Personnel	23,688	
Social Security	4,818	
State Retirement	7,153	
Life Insurance	42	
Medical Insurance	8,803	
Employer Medicare	1,127	
Communication	1,120	
Data Processing Services	5,398	
Dues and Memberships	427	
Maintenance Agreements	955	
Postal Charges	178	
Rentals	44	
Travel	376	
Office Supplies	1,316	
Total Register of Deeds		115,417

County Buildings

Custodial Personnel	\$ 19,292
Social Security	1,163
State Retirement	1,649
Life Insurance	25
Employer Medicare	272

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$ 16,573	
Other Contracted Services	388	
Custodial Supplies	3,218	
Electricity	28,500	
Water and Sewer	5,269	
Other Supplies and Materials	1,711	
Total County Buildings		\$ 78,060

Other General Administration

Guards	\$ 5,136	
Unemployment Compensation	4,276	
Other Contracted Services	16,800	
Office Supplies	694	
Other Supplies and Materials	1,619	
Building and Contents Insurance	58,567	
Trustee's Commission	56,897	
Workers' Compensation Insurance	27,920	
Liability Claims	2,461	
Interest on Notes	1,784	
Total Other General Administration		176,154

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 57,973
Deputy(ies)	11,215
Clerical Personnel	13,694
Social Security	5,043
State Retirement	6,596
Life Insurance	37
Medical Insurance	2,764
Employer Medicare	1,179
Communication	1,246
Contracts with Government Agencies	1,046
Data Processing Services	3,873
Dues and Memberships	100
Maintenance Agreements	508
Postal Charges	2,516
Rentals	44
Travel	1,101
Other Contracted Services	1,200

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$ 444	
Total Property Assessor's Office		\$ 110,579

Reappraisal Program

In-Service Training	\$ 128	
Maintenance Agreements	452	
Travel	678	
Other Supplies and Materials	29	
Total Reappraisal Program		1,287

County Trustee's Office

County Official/Administrative Officer	\$ 59,972	
Deputy(ies)	15,901	
Social Security	4,704	
State Retirement	5,188	
Life Insurance	25	
Medical Insurance	169	
Employer Medicare	1,100	
Communication	1,444	
Data Processing Services	17,578	
Dues and Memberships	437	
Legal Notices, Recording, and Court Costs	256	
Maintenance Agreements	7	
Postal Charges	225	
Printing, Stationery, and Forms	100	
Travel	475	
Data Processing Supplies	1,231	
Office Supplies	1,368	
Total County Trustee's Office		110,180

County Clerk's Office

County Official/Administrative Officer	\$ 59,972
Deputy(ies)	30,067
Social Security	5,516
State Retirement	7,698
Life Insurance	42
Employer Medicare	1,290
Communication	1,362
Dues and Memberships	100
Maintenance Agreements	201

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Postal Charges	\$ 1,300	
Rentals	44	
Office Supplies	1,451	
Total County Clerk's Office		\$ 109,043

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 59,972	
Deputy(ies)	15,333	
Accountants/Bookkeepers	21,769	
Clerical Personnel	18,046	
Jury and Witness Expense	14,019	
Social Security	7,106	
State Retirement	8,532	
Life Insurance	76	
Employer Medicare	1,662	
Communication	4,094	
Data Processing Services	7,339	
Dues and Memberships	327	
Maintenance Agreements	1,089	
Postal Charges	964	
Rentals	44	
Office Supplies	4,205	
Total Circuit Court		164,577

General Sessions Court

Judge(s)	\$ 91,787	
Social Security	5,691	
State Retirement	7,848	
Employer Medicare	1,331	
Total General Sessions Court		106,657

Chancery Court

County Official/Administrative Officer	\$ 59,972	
Deputy(ies)	30,067	
Secretary(ies)	9,939	
Social Security	6,127	
State Retirement	7,698	
Life Insurance	51	
Employer Medicare	1,433	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Communication	\$ 1,762	
Data Processing Services	966	
Dues and Memberships	327	
Maintenance Agreements	948	
Postal Charges	1,558	
Travel	101	
Office Supplies	1,618	
Total Chancery Court		\$ 122,567

Juvenile Court

Social Workers	\$ 26,241	
Other Salaries and Wages	2,250	
In-Service Training	180	
Social Security	1,746	
State Retirement	2,436	
Life Insurance	25	
Employer Medicare	408	
Communication	621	
Travel	2,455	
Office Supplies	412	
Other Supplies and Materials	7,563	
Total Juvenile Court		44,337

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 65,970
Assistant(s)	2,514
Deputy(ies)	255,469
Detective(s)	930
Youth Service Officer(s)	57,511
Salary Supplements	4,800
Overtime Pay	36,387
In-Service Training	5,979
Social Security	26,126
State Retirement	31,518
Life Insurance	138
Medical Insurance	263
Employer Medicare	6,110
Communication	2,487
Data Processing Services	75

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	1,531	
Maintenance Agreements		1,752	
Maintenance and Repair Services - Equipment		2,342	
Maintenance and Repair Services - Vehicles		25,105	
Medical and Dental Services		700	
Postal Charges		755	
Rentals		44	
Tow-in Services		2,340	
Travel		2,560	
Gasoline		54,112	
Office Supplies		3,287	
Uniforms		3,208	
Other Supplies and Materials		8,418	
Law Enforcement Equipment		3,290	
Motor Vehicles		66,500	
Total Sheriff's Department			\$ 672,221

Jail

Supervisor/Director	\$	31,154
Guards		382,297
Cafeteria Personnel		27,000
Part-time Personnel		90,744
Overtime Pay		22,665
Social Security		34,297
State Retirement		26,951
Life Insurance		110
Employer Medicare		8,021
Communication		10,371
Medical and Dental Services		111,686
Postal Charges		930
Travel		3,239
Other Contracted Services		15,535
Custodial Supplies		14,729
Drugs and Medical Supplies		7,077
Electricity		54,968
Food Supplies		122,285
Natural Gas		32,864
Office Supplies		3,812
Uniforms		1,044
Water and Sewer		20,898

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$ 8,466	
Total Jail		\$ 1,031,143

Fire Prevention and Control

Contributions	\$ 16,000	
Other Charges	500	
Total Fire Prevention and Control		16,500

Civil Defense

In-Service Training	\$ 125	
Dues and Memberships	100	
Diesel Fuel	1,475	
Office Supplies	100	
Other Supplies and Materials	26,834	
Other Charges	7,579	
Total Civil Defense		36,213

Rescue Squad

Contributions	\$ 6,000	
Total Rescue Squad		6,000

County Coroner/Medical Examiner

Medical and Dental Services	\$ 12,550	
Travel	1,750	
Total County Coroner/Medical Examiner		14,300

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 5,536	
Other Salaries and Wages	6,286	
Social Security	733	
Employer Medicare	171	
Communication	3,685	
Dues and Memberships	200	
Maintenance and Repair Services - Buildings	360	
Travel	1,179	
Other Contracted Services	2,295	
Custodial Supplies	107	
Electricity	12,766	
Office Supplies	79	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Utilities	\$ 1,192	
Total Local Health Center		\$ 34,589

Nursing Home

Transfers to Other Funds	\$ 45,000	
Total Nursing Home		45,000

Dental Health Program

Secretary(ies)	\$ 4,523	
Other Salaries and Wages	51,395	
Social Security	3,467	
Employer Medicare	811	
Total Dental Health Program		60,196

General Welfare Assistance

Contributions	\$ 1,545	
Other Supplies and Materials	711	
Total General Welfare Assistance		2,256

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 4,000	
Total Senior Citizens Assistance		4,000

Libraries

Assistant(s)	\$ 15,756
Librarians	31,021
Social Security	2,718
State Retirement	3,294
Medical Insurance	6,015
Employer Medicare	633
Communication	2,207
Dues and Memberships	25
Maintenance and Repair Services - Buildings	228
Postal Charges	1,255
Travel	354
Other Contracted Services	2,999
Data Processing Supplies	3,083
Electricity	2,666
Library Books/Media	1,501

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Water and Sewer	\$ 1,811	
Other Supplies and Materials	1,650	
Data Processing Equipment	8,721	
Total Libraries		\$ 85,937

Parks and Fair Boards

Contributions	\$ 3,522	
Electricity	4,749	
Total Parks and Fair Boards		8,271

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 42,890	
Social Security	571	
State Retirement	1,374	
Unemployment Compensation	8	
Employer Medicare	134	
Communication	3,196	
Dues and Memberships	255	
Transportation - Other than Students	4,500	
Other Supplies and Materials	4,200	
Total Agriculture Extension Service		57,128

Soil Conservation

Contributions	\$ 5,000	
Total Soil Conservation		5,000

Other Operations

Other Economic and Community Development

Contracts with Other Public Agencies	\$ 1,000	
Total Other Economic and Community Development		1,000

Veterans' Services

Supervisor/Director	\$ 2,678	
Social Security	166	
Employer Medicare	39	
Postal Charges	129	
Travel	1,211	
Data Processing Supplies	988	
Office Supplies	1,999	
Total Veterans' Services		7,210

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 4,275	
Total Contributions to Other Agencies		\$ 4,275

Total General Fund \$ 3,551,675

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$ 26,200	
Other Salaries and Wages	60,834	
Social Security	3,769	
State Retirement	3,413	
Life Insurance	33	
Employer Medicare	881	
Communication	1,365	
Maintenance and Repair Services - Buildings	130	
Other Contracted Services	59,021	
Electricity	1,911	
Equipment and Machinery Parts	13,171	
Water and Sewer	897	
Other Supplies and Materials	2,308	
Building and Contents Insurance	5,000	
Trustee's Commission	5,397	
Vehicle and Equipment Insurance	2,500	
Workers' Compensation Insurance	4,675	
Total Convenience Centers		\$ 191,505

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$ 12,864	
Total Landfill Operation and Maintenance		12,864

Highways

Litter and Trash Collection

Education Media Personnel	\$ 2,278	
Clerical Personnel	3,977	
Other Salaries and Wages	26,396	
Social Security	1,777	
State Retirement	1,126	
Life Insurance	44	
Employer Medicare	416	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Other Supplies and Materials	\$ 5,334	
Total Litter and Trash Collection		<u>\$ 41,348</u>

Total Solid Waste/Sanitation Fund \$ 245,717

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 338,152
Part-time Personnel	15,432
Overtime Pay	62,816
In-Service Training	3,681
Social Security	31,487
State Retirement	17,563
Life Insurance	248
Medical Insurance	76,726
Communication	4,171
Consultants	3,000
Dues and Memberships	240
Legal Notices, Recording, and Court Costs	144
Licenses	2,185
Maintenance and Repair Services - Buildings	1,929
Maintenance and Repair Services - Equipment	1,636
Maintenance and Repair Services - Vehicles	14,813
Postal Charges	747
Travel	3,134
Other Contracted Services	4,080
Data Processing Supplies	514
Drugs and Medical Supplies	17,034
Electricity	6,289
Gasoline	40,061
Office Supplies	2,751
Tires and Tubes	622
Uniforms	4,745
Water and Sewer	588
Other Supplies and Materials	1,238
Refunds	1,475
Vehicle and Equipment Insurance	8,000
Workers' Compensation Insurance	30,000
Other Charges	42,865

(Continued)

Exhibit J-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Motor Vehicles	\$ 174,260	
Total Ambulance/Emergency Medical Services		\$ 912,626

Total Ambulance Service Fund \$ 912,626

Drug Control Fund

Public Safety

Sheriff's Department

Other Supplies and Materials	\$ 417	
Total Sheriff's Department		\$ 417

Drug Enforcement

Trustee's Commission	\$ 31	
Total Drug Enforcement		31

Total Drug Control Fund 448

Other Special Revenue Fund

Public Safety

Other Public Safety

Supervisor/Director	\$ 32,322	
Dispatchers/Radio Operators	85,277	
Overtime Pay	27,262	
In-Service Training	1,109	
Social Security	10,091	
State Retirement	11,100	
Life Insurance	85	
Medical Insurance	6,955	
Communication	5,347	
Dues and Memberships	222	
Postal Charges	90	
Travel	1,967	
Other Contracted Services	9,106	
Electricity	5,005	
Office Supplies	2,919	
Water and Sewer	755	
Building and Contents Insurance	5,000	
Workers' Compensation Insurance	6,000	
Other Charges	321	
Total Other Public Safety		\$ 210,933

Total Other Special Revenue Fund 210,933

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 36	
Total County Clerk's Office		\$ 36

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 68	
Total Circuit Court		68

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 65	
Total General Sessions Court		65

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 2,800	
Total Chancery Court		<u>2,800</u>

Total Constitutional Officers - Fees Fund \$ 2,969

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Data Processing Personnel	23,256	
Secretary(ies)	17,536	
Communication	6,700	
Data Processing Services	3,950	
Dues and Memberships	2,399	
Legal Services	500	
Legal Notices, Recording, and Court Costs	177	
Maintenance and Repair Services - Office Equipment	370	
Postal Charges	436	
Travel	1,804	
Other Contracted Services	940	
Data Processing Supplies	826	
Electricity	5,936	
Office Supplies	857	
Propane Gas	3,576	
Water and Sewer	2,156	
Other Supplies and Materials	593	
Other Charges	<u>1,400</u>	
Total Administration		\$ 136,939

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$ 37,558	
Equipment Operators	102,302	
Truck Drivers	91,476	
Laborers	124,037	
Overtime Pay	7,964	
Total Highway and Bridge Maintenance		\$ 645,364

Employee Benefits

State Retirement	\$ 263	
Total Employee Benefits		318,020

Highway and Bridge Maintenance

Freight Expenses	\$ 495	
Other Contracted Services	2,000	
Asphalt	55,299	
Concrete	1,144	
Crushed Stone	168,561	
Ice	845	
Pipe - Metal	42,013	
Propane Gas	2,556	
Road Signs	4,157	
Other Supplies and Materials	2,375	
Other Charges	2,582	
Total Highway and Bridge Maintenance		645,364

Operation and Maintenance of Equipment

Mechanic(s)	\$ 32,182
Nightwatchmen	38,284
Overtime Pay	2,003
Freight Expenses	1,318
Maintenance and Repair Services - Equipment	5,770
Maintenance and Repair Services - Vehicles	2,520
Other Contracted Services	735
Diesel Fuel	100,565
Equipment and Machinery Parts	47,600
Garage Supplies	5,084
Gasoline	31,537
Lubricants	8,972
Small Tools	3,231
Tires and Tubes	22,659

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Other Supplies and Materials	\$ 2,016	
Other Charges	614	
Total Operation and Maintenance of Equipment		\$ 305,090

Quarry Operations

Other Charges	\$ 3,218	
Total Quarry Operations		3,218

Other Charges

Rentals	\$ 5,174	
Building and Contents Insurance	2,374	
Liability Insurance	8,100	
Trustee's Commission	15,321	
Vehicle and Equipment Insurance	8,500	
Workers' Compensation Insurance	33,552	
Other Charges	282	
Total Other Charges		73,303

Employee Benefits

Social Security	\$ 40,678	
State Retirement	36,007	
Employee and Dependent Insurance	237,582	
Unemployment Compensation	3,490	
Total Employee Benefits		318,020

Capital Outlay

Engineering Services	\$ 18,338	
Building Improvements	3,118	
Highway Equipment	129,149	
Office Equipment	399	
State Aid Projects	169,057	
Total Capital Outlay		320,061

Total Highway/Public Works Fund \$ 1,801,995

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 145,000	
Principal on Other Loans	8,978	
Total General Government		\$ 153,978

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 351,125	
Interest on Other Loans	<u>2,642</u>	
Total General Government		\$ 353,767

Other Debt Service

General Government

Fiscal Agent Charges	\$ 670	
Trustee's Commission	<u>5,251</u>	
Total General Government		<u>5,921</u>

Total General Debt Service Fund \$ 513,666

General Capital Projects Fund

General Government

County Buildings

Building Improvements	\$ <u>2,670</u>	
Total County Buildings		\$ 2,670

Public Health and Welfare

Recycling Center

Building Improvements	\$ <u>2,650</u>	
Total Recycling Center		2,650

Capital Projects

General Administration Projects

Building Improvements	\$ <u>700</u>	
Total General Administration Projects		700

Administration of Justice Projects

Other Equipment	\$ <u>4,489</u>	
Total Administration of Justice Projects		4,489

Public Safety Projects

Other Construction	\$ <u>3,230</u>	
Total Public Safety Projects		3,230

Public Health and Welfare Projects

Heating and Air Conditioning Equipment	\$ <u>8,990</u>	
Total Public Health and Welfare Projects		<u>8,990</u>

Total General Capital Projects Fund 22,729

(Continued)

Exhibit J-7

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

<u>HUD Grant Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Building Improvements	\$ 36,832	
Total General Administration Projects		<u>\$ 36,832</u>
Total HUD Grant Projects Fund		<u>\$ 36,832</u>
Total Governmental Funds - Primary Government		<u>\$ 7,299,590</u>

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,701,180	
Career Ladder Program	36,694	
Career Ladder Extended Contracts	16,625	
Homebound Teachers	7,442	
Educational Assistants	269,859	
Certified Substitute Teachers	12,026	
Non-certified Substitute Teachers	80,229	
Social Security	239,187	
State Retirement	360,932	
Life Insurance	446	
Medical Insurance	436,554	
Employer Medicare	56,349	
Instructional Supplies and Materials	66,796	
Textbooks	202,384	
Other Supplies and Materials	15,643	
Regular Instruction Equipment	451,114	
Total Regular Instruction Program		\$ 5,953,460

Alternative Instruction Program

Teachers	\$ 39,325	
Career Ladder Program	1,000	
Social Security	2,320	
State Retirement	3,649	
Medical Insurance	3,717	
Employer Medicare	543	
Total Alternative Instruction Program		50,554

Special Education Program

Teachers	\$ 776,270
Career Ladder Program	7,200
Homebound Teachers	8,438
Educational Assistants	192,975
Speech Pathologist	97,190
Other Salaries and Wages	7,112
Social Security	59,548
State Retirement	92,736
Medical Insurance	149,583
Employer Medicare	14,731
Maintenance and Repair Services - Equipment	3,215

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$ 10,650	
Instructional Supplies and Materials	23,182	
Other Supplies and Materials	2,410	
In Service/Staff Development	66	
Special Education Equipment	30,744	
Total Special Education Program		\$ 1,476,050

Vocational Education Program

Teachers	\$ 293,578	
Career Ladder Program	3,000	
Certified Substitute Teachers	2,194	
Non-certified Substitute Teachers	4,950	
Social Security	17,957	
State Retirement	26,730	
Medical Insurance	22,611	
Employer Medicare	4,249	
Other Contracted Services	1,965	
Instructional Supplies and Materials	8,852	
Total Vocational Education Program		386,086

Adult Education Program

Teachers	\$ 59,930	
Social Security	2,993	
State Retirement	3,794	
Employer Medicare	856	
Instructional Supplies and Materials	21,971	
Total Adult Education Program		89,544

Support Services

Attendance

Supervisor/Director	\$ 33,690	
Career Ladder Program	1,000	
Social Security	2,151	
State Retirement	3,139	
Employer Medicare	503	
Travel	4,058	
Other Contracted Services	4,895	
Other Supplies and Materials	3,415	
In Service/Staff Development	870	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Attendance Equipment	\$ 1,029	
Total Attendance		\$ 54,750

Health Services

Medical Personnel	\$ 131,776	
Other Salaries and Wages	16,622	
Social Security	8,475	
State Retirement	10,775	
Medical Insurance	21,189	
Employer Medicare	1,982	
Postal Charges	200	
Travel	6,751	
Other Supplies and Materials	13,654	
Total Health Services		211,424

Other Student Support

Career Ladder Program	\$ 3,000	
Guidance Personnel	134,328	
Psychological Personnel	45,300	
Social Security	10,269	
State Retirement	16,528	
Medical Insurance	24,443	
Employer Medicare	2,402	
Evaluation and Testing	1,595	
Other Contracted Services	39,197	
Other Supplies and Materials	8,719	
Other Charges	236	
Total Other Student Support		286,017

Regular Instruction Program

Supervisor/Director	\$ 73,999
Career Ladder Program	5,000
Librarians	133,352
Instructional Computer Personnel	59,766
Other Salaries and Wages	53,231
Social Security	19,113
State Retirement	29,053
Medical Insurance	31,887
Employer Medicare	4,490

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	2,387	
Travel		12,731	
Library Books/Media		9,432	
Other Supplies and Materials		697	
In Service/Staff Development		4,350	
Total Regular Instruction Program			\$ 439,488

Special Education Program

Supervisor/Director	\$	65,898	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,500	
Secretary(ies)		28,318	
Social Security		5,988	
State Retirement		8,883	
Medical Insurance		8,576	
Employer Medicare		1,401	
Communication		4,047	
Postal Charges		534	
Travel		6,997	
Other Supplies and Materials		4,409	
In Service/Staff Development		1,157	
Total Special Education Program			141,708

Vocational Education Program

Travel	\$	642	
Total Vocational Education Program			642

Adult Programs

Supervisor/Director	\$	18,900	
Employer Medicare		274	
Travel		2,061	
In Service/Staff Development		2,816	
Other Equipment		1,891	
Total Adult Programs			25,942

Other Programs

On-Behalf Payments to OPEB	\$	58,766	
Total Other Programs			58,766

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	24,025	
Social Security		1,490	
Unemployment Compensation		22,614	
Employer Medicare		348	
Audit Services		5,500	
Dues and Memberships		6,154	
Legal Services		10,640	
Travel		7,218	
Other Contracted Services		2,000	
Other Supplies and Materials		472	
Liability Insurance		66,350	
Trustee's Commission		50,268	
Workers' Compensation Insurance		60,327	
Other Charges		5,820	
Total Board of Education			\$ 263,226

Director of Schools

County Official/Administrative Officer	\$	71,504	
Career Ladder Extended Contracts		1,000	
Social Security		4,731	
State Retirement		7,014	
Medical Insurance		9,349	
Employer Medicare		1,106	
Other Fringe Benefits		1,873	
Communication		80,301	
Dues and Memberships		1,101	
Maintenance and Repair Services - Equipment		389	
Postal Charges		1,491	
Travel		8,749	
In Service/Staff Development		156	
Other Charges		1,802	
Administration Equipment		120	
Total Director of Schools			190,686

Office of the Principal

Principals	\$	350,308	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		3,500	
Assistant Principals		58,064	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Secretary(ies)	\$ 119,741	
Social Security	31,387	
State Retirement	47,965	
Medical Insurance	49,754	
Employer Medicare	7,340	
Communication	2,160	
Total Office of the Principal		\$ 675,219

Fiscal Services

Supervisor/Director	\$ 54,428	
Accountants/Bookkeepers	71,779	
Other Salaries and Wages	12,945	
Social Security	7,764	
State Retirement	12,200	
Medical Insurance	17,851	
Employer Medicare	1,816	
Data Processing Services	10,088	
Travel	1,158	
Office Supplies	1,352	
In Service/Staff Development	210	
Administration Equipment	1,100	
Total Fiscal Services		192,691

Operation of Plant

Supervisor/Director	\$ 58,228	
Custodial Personnel	327,877	
Social Security	22,896	
State Retirement	30,072	
Medical Insurance	36,387	
Employer Medicare	5,359	
Rentals	30,400	
Other Contracted Services	76,840	
Custodial Supplies	85,522	
Electricity	346,255	
Natural Gas	27,881	
Water and Sewer	43,484	
Other Supplies and Materials	7,376	
Total Operation of Plant		1,098,577

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	33,690	
Maintenance Personnel		68,819	
Social Security		6,175	
State Retirement		8,669	
Medical Insurance		8,576	
Employer Medicare		1,444	
Maintenance and Repair Services - Buildings		66,059	
Maintenance and Repair Services - Equipment		8,942	
Travel		1,892	
Other Contracted Services		18,318	
Other Supplies and Materials		21,680	
Total Maintenance of Plant			\$ 244,264

Transportation

Mechanic(s)	\$	57,493	
Bus Drivers		372,287	
Other Salaries and Wages		29,787	
Social Security		26,288	
State Retirement		35,177	
Medical Insurance		16,536	
Employer Medicare		6,558	
Maintenance and Repair Services - Vehicles		14,907	
Medical and Dental Services		3,556	
Travel		1,877	
Other Contracted Services		2,442	
Diesel Fuel		230,595	
Gasoline		12,306	
Tires and Tubes		14,184	
Vehicle Parts		41,550	
Other Supplies and Materials		10,469	
Transportation Equipment		111,900	
Total Transportation			987,912

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	16,967	
Social Security		1,016	
State Retirement		647	
Employer Medicare		238	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Charges	\$ 4,272	
Total Food Service		\$ 23,140

Community Services

Clerical Personnel	\$ 24,061	
Educational Assistants	17,779	
Other Salaries and Wages	136,236	
Social Security	10,288	
State Retirement	14,397	
Medical Insurance	7,504	
Employer Medicare	2,407	
Communication	2,649	
Maintenance and Repair Services - Equipment	420	
Postal Charges	460	
Travel	22,480	
Instructional Supplies and Materials	11,425	
Other Supplies and Materials	30,766	
Other Equipment	15,983	
Total Community Services		296,855

Early Childhood Education

Teachers	\$ 155,326	
Bus Drivers	25,905	
Educational Assistants	93,477	
Other Salaries and Wages	22,836	
Social Security	17,814	
State Retirement	24,896	
Medical Insurance	23,324	
Employer Medicare	4,167	
Communication	3,388	
Travel	8,214	
Instructional Supplies and Materials	25,697	
In Service/Staff Development	5,920	
Other Capital Outlay	14,182	
Total Early Childhood Education		425,146

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$ 170,736	
Total Regular Capital Outlay		170,736

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Notes	\$ 27,816	
Principal on Other Loans	71,424	
Total Education		\$ 99,240

Interest on Debt

Education

Interest on Notes	\$ 17,934	
Total Education		17,934

Total General Purpose School Fund \$ 13,860,057

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 226,688	
Educational Assistants	73,076	
Non-certified Substitute Teachers	875	
Social Security	17,643	
State Retirement	26,763	
Medical Insurance	26,841	
Employer Medicare	4,126	
Instructional Supplies and Materials	18,355	
Regular Instruction Equipment	125,901	
Total Regular Instruction Program		\$ 520,268

Special Education Program

Teachers	\$ 10,218	
Educational Assistants	315,047	
Other Salaries and Wages	15,881	
Non-certified Substitute Teachers	15,000	
Social Security	21,400	
State Retirement	28,263	
Medical Insurance	15,366	
Employer Medicare	5,016	
Contracts with Private Agencies	65,639	
Instructional Supplies and Materials	14,342	
Special Education Equipment	2,428	
Total Special Education Program		508,600

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Instructional Supplies and Materials	\$	2,568	
Vocational Instruction Equipment		23,814	
Total Vocational Education Program			\$ 26,382

Support Services

Other Student Support

Evaluation and Testing	\$	14,826	
Travel		8,238	
In Service/Staff Development		914	
Other Charges		405	
Other Equipment		58,231	
Total Other Student Support			82,614

Regular Instruction Program

Supervisor/Director	\$	48,613	
Clerical Personnel		12,476	
Other Salaries and Wages		176,180	
In-Service Training		15,020	
Non-certified Substitute Teachers		4,629	
Social Security		14,017	
State Retirement		21,791	
Medical Insurance		28,749	
Employer Medicare		3,251	
Other Fringe Benefits		1,300	
Communication		393	
Consultants		20,207	
Maintenance and Repair Services - Equipment		292	
Travel		151,110	
Other Contracted Services		322,613	
Library Books/Media		2,984	
Other Supplies and Materials		47,688	
In Service/Staff Development		28,552	
Other Charges		4,468	
Other Equipment		3,887	
Total Regular Instruction Program			908,220

Special Education Program

Psychological Personnel	\$	41,804	
Social Security		2,509	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

State Retirement	\$	3,783	
Medical Insurance		4,288	
Employer Medicare		587	
Travel		6,787	
In Service/Staff Development		9,635	
Total Special Education Program			\$ 69,393

Vocational Education Program

Travel	\$	1,200	
Other Supplies and Materials		542	
Total Vocational Education Program			1,742

Transportation

Bus Drivers	\$	900	
Social Security		56	
State Retirement		77	
Employer Medicare		13	
Contracts with Parents		5,698	
Total Transportation			6,744

Total School Federal Projects Fund \$ 2,123,963

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	31,421	
Cafeteria Personnel		345,319	
Other Salaries and Wages		19,338	
Social Security		23,614	
State Retirement		30,358	
Medical Insurance		23,212	
Employer Medicare		5,546	
Communication		3,130	
Maintenance and Repair Services - Equipment		39,657	
Travel		5,913	
Other Contracted Services		11,604	
Food Preparation Supplies		62,566	
Food Supplies		632,187	
Office Supplies		4,863	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Uniforms	\$	2,173	
USDA - Commodities		50,237	
Other Supplies and Materials		988	
In Service/Staff Development		5,955	
Other Charges		938	
Food Service Equipment		30,436	
Total Food Service			<u>\$ 1,329,455</u>

Total Central Cafeteria Fund \$ 1,329,455

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	<u>595,000</u>	
Total Education			\$ 595,000

Interest on Debt

Education

Interest on Bonds	\$	<u>248,160</u>	
Total Education			248,160

Other Debt Service

Education

Fiscal Agent Charges	\$	1,122	
Trustee's Commission		6,044	
Underwriter's Discount		61,591	
Other Debt Issuance Charges		73,064	
Total Education			<u>141,821</u>

Total Education Debt Service Fund 984,981

Total Governmental Funds - Bledsoe County School Department \$ 18,298,456

Exhibit J-9

Bledsoe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 182,380</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 180,556
Trustee's Commission	1,824
Total Cash Disbursements	<u>\$ 182,380</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

October 17, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Bledsoe County's basic financial statements and have issued our report thereon dated October 17, 2012. Our report on the aggregate discretely presented component unit's financial statements was qualified due to not including the financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Bledsoe County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Bledsoe 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 Bledsoe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bledsoe County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 12.01, 12.02(B), 12.03, and 12.07.

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: 12.02(C), 12.04(B,C), and 12.08.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bledsoe 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: 12.02(A), 12.04(A), 12.05, and 12.06.

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

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

This report is intended solely for the information and use of management, the county mayor, County Commission, road superintendent, director of schools, Board of Education, others within Bledsoe 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 initial "J" and a long, sweeping underline.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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

Independent Auditor's Report

October 17, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Bledsoe County's compliance 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, 2012. Bledsoe 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 Bledsoe County's management. Our responsibility is to express an opinion on Bledsoe 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 Bledsoe 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 Bledsoe County's compliance with those requirements.

In our opinion, Bledsoe 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, 2012.

Internal Control Over Compliance

The management of Bledsoe 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 Bledsoe County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 Bledsoe County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 17, 2012. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Bledsoe County Nursing Home and the Bledsoe 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.

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

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

Yours very truly,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Bledsoe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Community Facilities Loan and Grants	10.766	N/A	\$ 6,369
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	394,416
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	50,237 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	228,480
National School Lunch Program	10.555	N/A	620,652 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	10,780
Fresh Fruit and Vegetable Program	10.582	N/A	49,150
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	115,781
Total U.S. Department of Agriculture			\$ 1,475,865
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Home Investment Partnerships Program	14.239	HM-08-03	\$ 36,832
Total U.S. Department of Housing and Urban Development			\$ 36,832
U.S. Department of Interior:			
Passed-through State Historical Commission:			
Historic Preservation Fund Grants-in-Aid	15.904	GG-11-34223	\$ 22,106
Total U.S. Department of Interior			\$ 22,106
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 24,750
Passed through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	15,000
Total U.S. Department of Justice			\$ 39,750
U.S. Department of Education:			
Direct Program:			
Improving Literacy through School Libraries	84.364	N/A	\$ 34,823
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	71,642
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	659,877
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	574,517
Special Education - Preschool Grants	84.173	N/A	29,264
Career and Technical Education - Basic Grants to States	84.048	N/A	37,682
Educational Technology State Grants	84.318	N/A	506
Rural Education	84.358	N/A	43,351
Improving Teacher Quality State Grants	84.367	N/A	92,105
Education Technology State Grants - Recovery Act	84.386	N/A	714

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	\$ 127,015
Education Jobs Fund - ARRA	84.410	N/A	8,277
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	12,250
Passed-through Tennessee Center for Civic Learning and Engagement:			
Funds for the Improvement of Education-Appalachia Corridor Teaching American History Program	84.215	N/A	538,810
Total U.S. Department of Education			<u>\$ 2,230,833</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 127,875
Homeland Security Grant Program	97.067	N/A	94,512
Total U.S. Department of Homeland Security			<u>\$ 222,387</u>
Total Expenditures of Federal Awards			<u>\$ 4,027,773</u>
<u>State Grants</u>			
Adult Basic Education - State Department of Education	N/A	(2)	\$ 23,881
Adult Basic Education/Dislocated Workers - State Department of Labor and Workforce Development	N/A	(2)	4,114
Adult Education Needs - Department of Labor and Workforce Development	N/A	(2)	5,276
Litter Program - State Department of Transportation	N/A	(2)	35,485
Early Childhood Education - State Department of Education	N/A	(2)	425,146
Internet Connectivity - State Department of Education	N/A	(2)	6,461
Family Resource Center - State Department of Education	N/A	(2)	29,612
Statewide Student Management System - State Department of Education	N/A	(2)	4,895
Safe Schools - State Department of Education	N/A	(2)	12,000
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	190,921
Coordinated School Health - State Department of Education	N/A	(2)	80,000
Energy Efficiency Grant - State Department of Economic and Community Development	N/A	(2)	97,000
Art Subsidy - Tennessee Arts Commission	N/A	(2)	375
Health Access Community Initiative Project - State Department of Health	N/A	GG1132468	37,572
Youth Services Program - State Commission on Children and Youth	N/A	GG-10-29768	13,500
Local Health Services - State Department of Health	N/A	GG1132230	36,958
Public Assistance Disaster Grant Award - State Department of Military	N/A	(2)	8,306
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	1,043
Total State Grants			<u>\$ 1,012,545</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 \$670,889.

Bledsoe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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 Bledsoe County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	167	The Ambulance Service Fund required material audit adjustments for proper financial statement presentation
11.05	170	Expenditures exceeded appropriations

OFFICE OF ROAD SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.10	173	Expenditures exceeded appropriations

BLEDSON COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.17	177	Bledsoe County has a material recurring audit finding

AMBULANCE SERVICE AND OFFICES OF ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.18	178	Duties were not segregated adequately

BLEDSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Bledsoe County disclosed significant deficiencies in internal control. Four of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Bledsoe County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Distance Learning and Telemedicine Loans and Grants (CFDA No. 10.855); Title I Grants to Local Educational Agencies (CFDA No. 84.010); Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and the Fund for the Improvement of Education - Appalachia Corridor Teaching American History Program (CFDA No. 84.215) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Bledsoe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor and road superintendent provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

**FINDING 12.01 **THE AMBULANCE SERVICE FUND REQUIRED MATERIAL
AUDIT ADJUSTMENTS FOR PROPER FINANCIAL
STATEMENT PRESENTATION****
(Internal Control – Material Weakness Under *Government Auditing
Standards*)

At June 30, 2012, certain general ledger account balances in the Ambulance Service 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 Bledsoe County to have adequate internal controls over the maintenance of its accounting records. This material audit adjustment was 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. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The financial manager will check the balance sheet for all funds to make sure the money receipted into that fund is receipted into the correct revenue code. If it is not, she will do a journal entry to correct the error before the fiscal year ends.

FINDING 12.02

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Material Weakness Under *Government Auditing Standards*; C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in budget operations:

- A. Total expenditures and other uses in the Solid Waste/Sanitation and General Debt Service funds exceeded total appropriations approved by the County Commission by \$2,854 and \$10,666, respectively. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures. 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, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

- B. The General, Solid Waste/Sanitation, Ambulance Service, and General Debt Service funds’ actual beginning fund balances at July 1, 2011, differed from the estimated beginning fund balances presented to the County Commission by the following amounts:

Fund	Actual Fund Balance 7-1-11	Estimated Fund Balance 7-1-11	Variance
General	\$ 214,102	\$ 514,106	\$ (300,004)
Solid Waste/Sanitation	76,759	155,020	(78,261)
Ambulance Service	183,959	71,468	112,491
General Debt Service	687,289	97,995	589,294

Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate actual ending fund balances for June 30, 2011, and resulted in materially inaccurate estimates of beginning fund balances.

- C. The budget and subsequent amendments approved by the County Commission for the Ambulance Service and the Other Special Revenue funds resulted in appropriations exceeding estimated available funding by \$112,741 and \$17,197, respectively. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency resulted from a lack of management oversight.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount. Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Expenditures will be held within the approved County Commission estimates. All fund balances will be estimated at a realistic amount for the end of the year. Balances will be checked to be sure what is published in the budget is as accurate as possible and agrees with the computer generated data utilized by the county and what is recorded in the County Commission minutes.

OFFICE OF ROAD SUPERINTENDENT

**FINDING 12.03 THE HIGHWAY/PUBLIC WORKS FUND REQUIRED
MATERIAL AUDIT ADJUSTMENTS FOR PROPER
FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing
Standards*)

At June 30, 2012, certain general ledger account balances in the Highway/Public Works 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 the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department'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 Highway Department 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. This deficiency resulted from a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT’S RESPONSE – ROAD SUPERINTENDENT

Funds were received from the Tennessee Department of Military as partial federal and state emergency relief payment related to numerous projects resulting from the tornado in April 2011. When these funds arrived, there was not a breakdown of which project was to receive what amount. After numerous calls and much digging, we were able to determine the correct breakdown and move the amounts into the proper accounts.

AUDITOR’S COMMENT

Funds received for emergency relief payments were part of the material audit adjustment that were required; however, the majority of the adjustments (\$137,000) were for June 2012 receipts from the Trustee’s Office that were not posted until July and budget amendments that were incorrectly posted as general journal entries.

FINDING 12.04 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(A. – Noncompliance Under *Government Auditing Standards*; B. and
C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies were noted in budget operations:

- A. Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the Highway/Public Works Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Operation and Maintenance of Equipment	\$ 7,523
Employee Benefits	22,020
Capital Outlay	67,061

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, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to stay within the spending limits authorized by the County Commissions, which resulted in unauthorized expenditures, and the failure of management to correct the finding noted in the prior-year audit report.

- B. Several approved budget amendments were incorrectly posted to the general ledger as general journal entries instead of budget journal entries. This

deficiency resulted from a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

- C. The bookkeeper posted several general journal entries to line-items at year-end in an attempt to keep expenditures from exceeding appropriations in the Highway/Public Works Fund instead of submitting budget amendments to the County Commission. Many of these journal entries were misclassified and resulted in several expenditures being coded to accounts that did not reflect the true nature of the expenditure. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Budget amendments should be posted correctly. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. When necessary, budget amendments should be submitted to the County Commission for their consideration.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

- A. Throughout the year we have made it a practice to take any budget amendments before the County Commission. Upon approval, we enter the amendments in the computer. Changes in the overspent areas were due to excess equipment repairs, increase in insurance, as well as the necessity of purchasing equipment. We were not aware that we were overspent in these areas until the auditor made general ledger adjustments.
- B. Due to human error, the bookkeeper posted these entries as general journal entries rather than budget journal entries.
- C. These journal postings entered by the bookkeeper moved funds within a particular category and its subcategories. Any misclassifications made were not with the intent of misrepresentation. It was her understanding, from prior information, that the ending balances should not be negative; therefore, the journal entries were made. However, we realize that in the future there should be no journal entries made as budget corrections.

FINDING 12.05 THE GENERAL LEDGER CASH ACCOUNT WAS NOT RECONCILED WITH COUNTY TRUSTEE REPORTS MONTHLY
(Noncompliance Under *Government Auditing Standards*)

Our audit revealed that the general ledger cash account in the Highway/Public Works Fund was not reconciled with county trustee reports on a monthly basis. Section 9-2-138,

Tennessee Code Annotated, requires officials to reconcile their respective fund accounts with the records of the county trustee monthly. This deficiency resulted from a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The office should reconcile the general ledger cash account with county trustee reports monthly as required by state statute and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

When the bookkeeper was initially trained on monthly reconciling, it was stated that the funds incoming for each month could be input as the last day of said month or as the date being input. According to the information received, our books balanced each month. However, due to the date of input not being within the said month, it gave the appearance of being out of balance. This training error has been corrected and should prevent any future problems.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.06 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Noncompliance Under *Government Auditing Standards*)

System backups were rotated off-site monthly instead of weekly. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. This weakness was corrected during the fiscal year when brought to the attention of management.

RECOMMENDATION

Management should ensure backups are rotated off-site on a weekly basis.

BLEDSON COUNTY

FINDING 12.07 **BLEDSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Bledson County has a material audit finding that has been reported in its Annual Financial Reports for three or more consecutive years. The recurring material finding is listed below.

<u>Finding Numbers</u>	<u>Description</u>
12.01, 11.03, 10.01	The Ambulance Service Fund required material audit adjustments for proper financial statement presentation

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

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

The financial manager will check the balance sheet to make sure all money is receipted into the appropriate revenue code. Also, she will enter the material adjustments for the accounts receivable for the Ambulance Service.

AMBULANCE SERVICE AND THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

FINDING 12.08

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We will begin an action plan that includes someone checking the responsibilities of each person in the Bledsoe County Mayor's Office. In addition, the person doing that job will be checked by another person in the office, and the Bledsoe County Mayor will check behind the second person. We will have a checklist so all activities can be initialed when they are verified.

BEST PRACTICE

BLEDSON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Bledsoe County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Bledsoe County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal programs.

BLEDSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

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