
ANNUAL FINANCIAL REPORT CARROLL COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

CARROLL COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Carroll County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Proprietary Fund:		
Statement of Net Assets	D-1	25
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	26
Statement of Cash Flows	D-3	27-28
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E-1	29
Statement of Changes in Fiduciary Net Assets	E-2	30
Notes to the Financial Statements		31-73
REQUIRED SUPPLEMENTARY INFORMATION:		74
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	75-78
Solid Waste/Sanitation Fund	F-2	79
Highway/Public Works Fund	F-3	80
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Carroll County School Department	F-4	81
Schedule of Funding Progress – Other Postemployment Benefits Plans – Carroll County Board of Public Utilities Fund and Discretely Presented Carroll County School Department	F-5	82
Notes to the Required Supplementary Information		83

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		84
Nonmajor Governmental Funds:		85
Combining Balance Sheet	G-1	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
Drug Control Fund	G-3	88
Major Governmental Fund:		89
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	90
Fiduciary Funds:		91
Combining Statement of Fiduciary Assets and Liabilities	I-1	92
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	93-94
Component Unit:		
Discretely Presented Carroll County School Department:		95
Statement of Activities	J-1	96
Balance Sheet – Governmental Funds	J-2	97
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	98
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	99
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	101-102
School Federal Projects Fund	J-7	103
School Transportation Fund	J-8	104
Miscellaneous Schedules:		105
Schedule of Changes in Long-term Notes, Capital Leases, and Other Loans	K-1	106
Schedule of Long-term Debt Requirements by Year	K-2	107
Schedule of Transfers	K-3	108
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Carroll County School Department	K-4	109
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	110-115
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Carroll County School Department	K-6	116-117
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	118-138
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Carroll County School Department	K-8	139-147
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	148

	Page(s)
<u>SINGLE AUDIT SECTION</u>	149
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	150-152
Auditor's 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	153-155
Schedule of Expenditures of Federal Awards and State Grants	156-157
Schedule of Audit Findings Not Corrected	158
Schedule of Findings and Questioned Costs	159-164
Auditee Reporting Responsibilities	165

Audit Highlights

Annual Financial Report
Carroll County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Carroll 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 a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings and Best Practices

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

OFFICE OF HIGHWAY COMMISSION

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Highway/Public Works Fund expenditures exceeded appropriations at the major category level of control.
- ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.

OFFICE OF CLERK AND MASTER

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

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

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

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

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

INTRODUCTORY SECTION

Carroll County Officials
June 30, 2012

Officials

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

Board of County Commissioners

Kenny McBride, County Mayor, Chairman	John Mann
Bobby Argo	Ronnie Murphy
Harold Baker	Ronnie Owen
William Barger	Steve Parker
Johnny Blount	Scotty Pinson
Brian Edwards	Will Radford
Richard Goodwin	Larry Spencer
Bill Kirk	Ben Surber
Wayne Kirk	Gaylon Sydnor
Randy Long	Harold Vinson
Jimmy McClure	Joel Washburn

Highway Commission

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

Board of Education

Harold McLain, Jr., Chairman
Gina Atkins
Debbie Broadbent
Jimmy Simmons
Antoinette Stokes
Tonya Young

FINANCIAL 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**

INDEPENDENT AUDITOR'S REPORT

October 29, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Carroll County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Carroll County Board of Public Utilities, a major fund and the entire business-type activities. Also, we did not audit the financial statements of the Carroll County Indigent Care Board (a fiduciary fund), which represent 29.1 percent and 36.8 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carroll County Board of Public Utilities and Carroll County Indigent Care Board, is based on the reports of other auditors.

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

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

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

In our opinion, except for the effects of not including the financial statements of the Carroll County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Carroll County, Tennessee, as of June 30, 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 29, 2012, on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

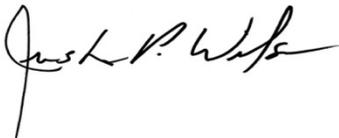
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 75 through 83 be presented to supplement the basic financial statements. Such

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

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component
	Governmental Activities	Business- type Activities	Total	Unit Carroll County School Department
<u>ASSETS</u>				
Cash	\$ 17,842	\$ 2,807,199	\$ 2,825,041	\$ 0
Equity in Pooled Cash and Investments	10,026,968	0	10,026,968	6,137,875
Inventories	0	507,978	507,978	0
Investments	0	6,064,295	6,064,295	0
Accounts Receivable	4,656	3,397,640	3,402,296	13,438
Due from Other Governments	812,618	0	812,618	60,375
Property Taxes Receivable	4,237,497	0	4,237,497	577,840
Allowance for Uncollectible Property Taxes	(190,606)	0	(190,606)	(25,992)
Prepaid Items and Other Current Assets	0	98,706	98,706	0
Other Restricted Assets	0	401,044	401,044	0
Deferred Charges - Debt Issuance Costs	57,271	7,709	64,980	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,747,068	284,070	2,031,138	176,489
Construction in Progress	1,402,068	106,809	1,508,877	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,046,089	0	5,046,089	1,282,716
Infrastructure	6,856,049	0	6,856,049	0
Other Capital Assets	1,063,058	19,697,556	20,760,614	1,909,745
Total Assets	<u>\$ 31,080,578</u>	<u>\$ 33,373,006</u>	<u>\$ 64,453,584</u>	<u>\$ 10,132,486</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 3,226,766	\$ 3,226,766	\$ 5,299
Payroll Deductions Payable	39,025	0	39,025	7,623
Accrued Leave	0	1,194,734	1,194,734	0
Other Current Liabilities	0	776,286	776,286	0
Contracts Payable	157,922	0	157,922	0
Accrued Interest Payable	62,972	0	62,972	0
Due to State of Tennessee	5,032	0	5,032	0
Customer Deposits Payable	0	927,023	927,023	0
Current Liabilities Payable from				
Restricted Assets	0	5,186	5,186	0
Deferred Revenue - Current Property Taxes	3,918,630	0	3,918,630	534,358
Noncurrent Liabilities:				
Due Within One Year	395,123	155,000	550,123	0
Due in More Than One Year (net of unamortized discount on debt)	9,911,879	553,478	10,465,357	47,703
Total Liabilities	<u>\$ 14,490,583</u>	<u>\$ 6,838,473</u>	<u>\$ 21,329,056</u>	<u>\$ 594,983</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Carroll County School Department
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 6,087,202	\$ 19,440,136	\$ 25,527,338	\$ 0
Invested in Capital Assets	0	0	0	3,368,950
Restricted for:				
Capital Projects	6,886,671	0	6,886,671	0
Debt Service	977,526	395,858	1,373,384	0
General Government	44,177	0	44,177	0
Administration of Justice	47,636	0	47,636	0
Public Safety	647,149	0	647,149	0
Public Health and Welfare	125,190	0	125,190	0
Social, Cultural, and Recreational Services	123,243	0	123,243	0
Other Purposes	22,078	0	22,078	0
Instruction	0	0	0	6,168
Operation of Non-Instructional	0	0	0	7,188
Unrestricted	1,629,123	6,698,539	8,327,662	6,155,197
Total Net Assets	<u>\$ 16,589,995</u>	<u>\$ 26,534,533</u>	<u>\$ 43,124,528</u>	<u>\$ 9,537,503</u>

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										Component Unit	
	Program Revenues					Primary Government						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities	Business-type Activities	Total	Carroll County School Department			
Primary Government:												
Governmental Activities:												
General Government	\$ 1,000,063	\$ 128,914	\$ 37,144	\$ 0	\$ (834,005)	\$ 0	\$ (834,005)	\$ 0	\$ (834,005)	\$ 0	\$ 0	\$ 0
Finance	658,978	575,046	0	0	(83,932)	0	(83,932)	0	(83,932)	0	0	0
Administration of Justice	1,046,760	715,711	8,856	0	(322,193)	0	(322,193)	0	(322,193)	0	0	0
Public Safety	4,698,955	907,026	839,364	0	(2,952,565)	0	(2,952,565)	0	(2,952,565)	0	0	0
Public Health and Welfare	1,955,238	1,241,484	212,459	0	(501,295)	0	(501,295)	0	(501,295)	0	0	0
Social, Cultural, and Recreational Services	577,047	49,961	60,859	0	(466,227)	0	(466,227)	0	(466,227)	0	0	0
Agriculture and Natural Resources	110,719	0	0	0	(110,719)	0	(110,719)	0	(110,719)	0	0	0
Other Operations	603,998	104,347	272,442	0	(227,209)	0	(227,209)	0	(227,209)	0	0	0
Highways/Public Works	3,005,639	16,750	1,912,352	427,741	(648,796)	0	(648,796)	0	(648,796)	0	0	0
Interest on Long-term Debt	72,945	0	0	0	(72,945)	0	(72,945)	0	(72,945)	0	0	0
Other Debt Service	17,955	0	0	0	(17,955)	0	(17,955)	0	(17,955)	0	0	0
Total Governmental Activities	\$ 13,748,297	\$ 3,739,239	\$ 3,343,476	\$ 427,741	\$ (6,237,841)	\$ 0	\$ (6,237,841)	\$ 0	\$ (6,237,841)	\$ 0	\$ 0	\$ 0
Business-type Activities:												
Public Utility	\$ 37,688,855	\$ 38,282,176	\$ 0	\$ 0	\$ 0	\$ 593,321	\$ 593,321	\$ 0	\$ 593,321	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 37,688,855	\$ 38,282,176	\$ 0	\$ 0	\$ 0	\$ 593,321	\$ 593,321	\$ 0	\$ 593,321	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 51,437,152	\$ 42,021,415	\$ 3,343,476	\$ 427,741	\$ (6,237,841)	\$ 593,321	\$ (5,644,520)	\$ 0	\$ (5,644,520)	\$ 0	\$ 0	\$ 0
Component Unit:												
Carroll County School Department	\$ 4,056,906	\$ 732,277	\$ 246,417	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,078,212)	\$ (3,078,212)
Total Component Unit	\$ 4,056,906	\$ 732,277	\$ 246,417	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,078,212)	\$ (3,078,212)

(Continued)

Exhibit B

Carroll County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total Governmental Activities	Business-type Activities	Total	
				Governmental Activities	Business-type Activities				
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 3,869,154	\$ 0	\$ 0	\$ 3,869,154	\$ 558,703
Property Taxes Levied for Debt Service					228,159	0	0	228,159	0
Local Option Sales Taxes					175,481	0	0	175,481	72,515
Wheel Tax					1,293,453	0	0	1,293,453	0
Litigation Taxes					295,837	0	0	295,837	0
Business Tax					308,736	0	0	308,736	0
Other Local Taxes					84,661	0	0	84,661	52
Grants and Contributions Not Restricted to Specific Programs					274,854	0	0	274,854	2,725,024
Unrestricted Investment Income					77,788	67,534	0	145,322	0
Miscellaneous					153,588	0	0	153,588	31,519
Total General Revenues					\$ 6,761,711	\$ 67,534	\$ 0	\$ 6,829,245	\$ 3,387,813
Transfers					\$ 358,114	\$ (358,114)	\$ 0	\$ 0	\$ 0
Change in Net Assets					\$ 881,984	\$ 302,741	\$ 0	\$ 1,184,725	\$ 309,601
Net Assets, July 1, 2011					15,708,011	26,231,792	41,939,803	41,939,803	9,227,902
Net Assets, June 30, 2012					\$ 16,589,995	\$ 26,534,533	\$ 43,124,528	\$ 43,124,528	\$ 9,537,503

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

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other	Governmental Funds	
Cash	\$ 250	\$ 500	\$ 0	\$ 0	\$ 0	\$ 17,092	\$ 17,842	
Equity in Pooled Cash and Investments	1,507,966	99,406	324,390	1,095,744	6,886,671	112,791	10,026,968	
Accounts Receivable	2,476	11	126	0	0	2,043	4,656	
Due from Other Governments	462,820	23,908	324,732	0	0	1,158	812,618	
Due from Other Funds	445	0	0	0	0	0	445	
Property Taxes Receivable	3,351,475	308,181	346,705	231,136	0	0	4,237,497	
Allowance for Uncollectible Property Taxes	(150,752)	(13,862)	(15,596)	(10,396)	0	0	(190,606)	
Total Assets	\$ 5,174,680	\$ 418,144	\$ 980,357	\$ 1,316,484	\$ 6,886,671	\$ 133,084	\$ 14,909,420	

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

LIABILITIES AND FUND BALANCES

Liabilities	\$ 37,002	\$ 2,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,025
Payroll Deductions Payable	157,922	0	0	0	0	0	157,922
Contracts Payable	0	0	0	0	0	445	445
Due to Other Funds	5,032	0	0	0	0	0	5,032
Due to State of Tennessee	3,099,280	284,991	320,615	213,744	0	0	3,918,630
Deferred Revenue - Current Property Taxes	90,843	8,318	9,354	5,856	0	0	114,371
Deferred Revenue - Delinquent Property Taxes	100,460	0	162,800	0	0	0	263,260
Other Deferred Revenues	\$ 3,490,539	\$ 295,332	\$ 492,769	\$ 219,600	\$ 0	\$ 445	\$ 4,498,685
Total Liabilities	\$ 44,177	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,177
Fund Balances	0	0	0	0	0	47,636	47,636
Restricted:	580,836	0	0	0	0	66,313	647,149
Restricted for General Government	125,190	0	0	0	0	0	125,190
Restricted for Administration of Justice							
Restricted for Public Safety							
Restricted for Public Health and Welfare							

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other	Governmental Funds	
	\$ 123,243	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 123,243
Restricted for Social, Cultural, and Recreational Services	0	0	0	1,033,950	0	0	0	1,033,950
Restricted for Debt Service	0	0	0	0	6,886,671	0	0	6,886,671
Restricted for Capital Projects	22,078	0	0	0	0	0	0	22,078
Restricted for Other Purposes								
Committed:								
Committed for Finance	0	0	0	0	0	2,443	0	2,443
Committed for Administration of Justice	0	0	0	0	0	16,247	0	16,247
Committed for Public Health and Welfare	0	122,812	0	0	0	0	0	122,812
Committed for Highways/Public Works	0	0	487,588	0	0	0	0	487,588
Committed for Debt Service	0	0	0	62,934	0	0	0	62,934
Unassigned	788,617	0	0	0	0	0	0	788,617
Total Fund Balances	\$ 1,684,141	\$ 122,812	\$ 487,588	\$ 1,096,884	\$ 6,886,671	\$ 132,639	\$ 10,410,755	
Total Liabilities and Fund Balances	\$ 5,174,680	\$ 418,144	\$ 980,357	\$ 1,316,484	\$ 6,886,671	\$ 133,084	\$ 14,909,420	

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

Exhibit C-2

Carroll County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 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)		\$ 10,410,735	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,747,068		
Add: construction in progress	1,402,068		
Add: buildings and improvements net of accumulated depreciation	5,046,089		
Add: infrastructure net of accumulated depreciation	6,856,049		
Add: other capital assets net of accumulated depreciation	<u>1,063,058</u>	16,114,332	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$ (254,000)		
Less: other loans payable	(9,773,130)		
Add: deferred charges - debt issuance costs	57,271		
Less: accrued interest on notes and other loans	(62,972)		
Less: compensated absences payable	<u>(279,872)</u>	(10,312,703)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>377,631</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 16,589,995</u>

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

Exhibit C-3

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

	Major Funds							Nonmajor Funds		Total Governmental Funds
	Solid Waste / Sanitation			Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds			
	General	Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	Governmental Funds			
<u>Revenues</u>										
Local Taxes	\$ 4,909,436	\$ 304,747	\$ 843,364	\$ 359,140	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,416,687
Licenses and Permits	1,344	0	0	0	0	0	0	0	0	1,344
Fines, Forfeitures, and Penalties	152,909	0	0	0	0	0	0	68,705	0	221,614
Charges for Current Services	277,372	1,132,930	53	0	0	0	0	250,162	0	1,660,517
Other Local Revenues	525,152	108,563	22,169	0	0	0	0	0	0	655,884
Fees Received from County Officials	865,298	0	0	0	0	0	0	0	0	865,298
State of Tennessee	1,606,136	60,713	2,292,513	0	0	0	0	0	0	3,959,362
Federal Government	373,501	0	58,084	0	0	0	0	0	0	431,585
Other Governments and Citizens Groups	33,822	0	1,180	0	0	0	0	0	0	35,002
Total Revenues	\$ 8,744,970	\$ 1,606,953	\$ 3,217,363	\$ 359,140	\$ 0	\$ 0	\$ 0	\$ 318,867	\$ 0	\$ 14,247,293
<u>Expenditures</u>										
Current:										
General Government	\$ 1,321,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,321,300
Finance	435,658	0	0	0	0	0	0	178,438	0	614,096
Administration of Justice	848,422	0	0	0	0	0	0	109,176	0	957,598
Public Safety	4,509,758	0	0	0	0	0	0	15,371	0	4,525,129
Public Health and Welfare	282,772	1,504,136	0	0	0	0	0	0	0	1,786,908
Social, Cultural, and Recreational Services	523,843	0	0	0	0	0	0	0	0	523,843
Agriculture and Natural Resources	92,368	0	0	0	0	0	0	0	0	92,368
Other Operations	670,692	0	0	0	0	0	0	0	0	670,692
Highways	0	41,930	3,527,824	0	0	0	0	0	0	3,569,754
Debt Service:										
Principal on Debt	0	13,000	34,753	76,000	0	0	0	0	0	123,753
Interest on Debt	0	1,014	4,624	5,893	0	0	0	0	0	11,531
Other Debt Service	0	0	0	15,959	48,693	0	0	0	0	64,652
Capital Projects	0	0	0	0	1,228,766	0	0	0	0	1,228,766
Total Expenditures	\$ 8,684,813	\$ 1,560,080	\$ 3,567,201	\$ 97,852	\$ 1,277,459	\$ 0	\$ 0	\$ 302,985	\$ 0	\$ 15,490,390

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds Other	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects		
Excess (Deficiency) of Revenues Over Expenditures	\$ 60,157	\$ 46,873	\$ (349,838)	\$ 261,288	\$ (1,277,459)	\$ 15,882	\$ (1,243,097)
Other Financing Sources (Uses)							
Notes Issued	\$ 0	\$ 0	\$ 241,000	\$ 0	\$ 0	\$ 0	\$ 241,000
Other Loans Issued	0	0	0	0	8,164,130	0	8,164,130
Insurance Recovery	13,715	0	912	0	0	0	14,627
Transfers In	282,500	26,907	29,224	19,483	0	0	358,114
Total Other Financing Sources (Uses)	\$ 296,215	\$ 26,907	\$ 271,136	\$ 19,483	\$ 8,164,130	\$ 0	\$ 8,777,871
Net Change in Fund Balances	\$ 356,372	\$ 73,780	\$ (78,702)	\$ 280,771	\$ 6,886,671	\$ 15,882	\$ 7,534,774
Fund Balance, July 1, 2011	1,327,769	49,032	566,290	816,113	0	116,757	2,875,961
Fund Balance, June 30, 2012	\$ 1,684,141	\$ 122,812	\$ 487,588	\$ 1,096,884	\$ 6,886,671	\$ 132,639	\$ 10,410,735

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

Exhibit C-4

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$ 7,534,774
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 2,846,275	
Less: current-year depreciation expense	<u>(1,223,942)</u>	1,622,333
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and disposals) is to decrease net assets.</p>		
Less: proceeds received from the disposal of capital assets		(26,336)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 377,631	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(326,421)</u>	51,210
<p>(4) The issuance of long-term debt (e.g., notes, other loans, capital leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Less: note proceeds	\$ (241,000)	
Less: other loan proceeds	(8,164,130)	
Add: change in deferred debt issuance costs	46,697	
Add: principal payments on notes	13,000	
Add: principal payments on other loans	76,000	
Add: principal payments on capital leases	<u>34,753</u>	(8,234,680)
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ (61,414)	
Change in compensated absences payable	<u>(3,903)</u>	(65,317)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 881,984</u>

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

Exhibit D-1

Carroll County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 2,807,199
Inventories	507,978
Investments	6,064,295
Accounts Receivable	3,397,640
Prepaid Items and Other Current Assets	98,706
Total Current Assets	<u>\$ 12,875,818</u>
Noncurrent Assets:	
Other Restricted Assets	\$ 401,044
Deferred Charges - Debt Issuance Costs	7,709
Capital Assets:	
Assets Not Depreciated:	
Land	284,070
Construction in Progress	106,809
Assets Net of Accumulated Depreciation:	
Other Capital Assets	19,697,556
Total Noncurrent Assets	<u>\$ 20,497,188</u>
Total Assets	<u>\$ 33,373,006</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 3,226,766
Accrued Leave	1,194,734
Other Current Liabilities	776,286
Current Liabilities Payable from Restricted	
Assets (Includes Current Maturities of Long-term Debt)	160,186
Customer Deposits Payable	927,023
Total Current Liabilities	<u>\$ 6,284,995</u>
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-term	\$ 505,000
Unamortized Discount on Bonds Payable	(11,701)
Other Postemployment Benefits Obligation	60,179
Total Noncurrent Liabilities	<u>\$ 553,478</u>
Total Liabilities	<u>\$ 6,838,473</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 19,440,136
Restricted for Debt Service	395,858
Unrestricted	6,698,539
Total Net Assets	<u>\$ 26,534,533</u>

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

Exhibit D-2

Carroll County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Operating Revenues</u>	
Charges for Sales and Services	\$ 37,582,622
Other Electric Revenue	699,554
Total Operating Revenues	<u>\$ 38,282,176</u>
<u>Operating Expenses</u>	
Cost of Sales and Services	\$ 31,849,409
Operations Expense	2,149,281
Maintenance Expense	1,167,114
Administrative Expense	1,125,705
Depreciation and Amortization	1,032,505
Other Taxes	199,361
Tax Equivalents	124,210
Total Operating Expenses	<u>\$ 37,647,585</u>
Operating Income (Loss)	<u>\$ 634,591</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 67,534
Interest Expense	(36,791)
Amortization of Debt Expense	(4,479)
Total Nonoperating Revenues (Expenses)	<u>\$ 26,264</u>
Income Before Transfers	\$ 660,855
Transfers In (Out)	<u>(358,114)</u>
Change in Net Assets	\$ 302,741
Net Assets, July 1, 2011	<u>26,231,792</u>
Net Assets, June 30, 2012	<u>\$ 26,534,533</u>

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

Exhibit D-3

Carroll County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities
	<u>Major Fund</u>
	Public
	<u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 38,289,909
Payments to Employees	(2,402,671)
Payments to Suppliers	(33,784,106)
Customer Deposits Received	227,535
Customer Deposits Refunded	(186,584)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,144,083</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Construction and Acquisition of Plant	\$ (631,686)
Plant Removal Cost	(134,348)
Materials Salvaged from Retirements	168,590
Principal Paid on Bonds	(150,000)
Interest Paid on Bonds	(37,940)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (785,384)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (358,114)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (358,114)</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of Investment	\$ (17,563,573)
Proceeds from Sale of Investments	17,370,045
Interest Earned	67,534
Net Cash Provided By (Used In) Investing Activities	<u>\$ (125,994)</u>
Net Increase (Decrease) in Cash	\$ 874,591
Cash, July 1, 2011	<u>2,077,303</u>
Cash, June 30, 2012	<u>\$ 2,951,894</u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 634,591
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation Expense	1,032,505
(Increase) Decrease in Accounts Receivable	77,609

(Continued)

Exhibit D-3

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

	Business-type Activities
	<u>Major Fund</u>
	Public <u>Utility</u>
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities (Cont.)</u>	
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash	
Provided By (Used In) Operating Activities (Cont.):	
(Increase) Decrease in Materials and Supplies	\$ (18,658)
(Increase) Decrease in Prepayments and Other Current Assets	179,795
(Increase) Decrease in Customer Deposits	40,951
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>197,290</u>
Net Cash Provided By Operating Activities	<u>\$ 2,144,083</u>
<u>Reconciliation of Cash with the Statement of Net Assets</u>	
Cash Per Net Assets	\$ 2,807,199
Add: Restricted Cash Included as a Part of Other Restricted Assets	<u>144,695</u>
Cash, June 30, 2012	<u>\$ 2,951,894</u>

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

Exhibit E-1

Carroll County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Other Trust Funds</u>		<u>Total Other Trust Funds</u>	<u>Agency Funds</u>
	<u>Endowment Principal</u>	<u>Indigent Care Trust</u>		
<u>ASSETS</u>				
Cash	\$ 0	\$ 173,486	\$ 173,486	\$ 1,510,359
Equity in Pooled Cash and Investments	89,939	0	89,939	318,736
Investments	0	3,096,513	3,096,513	0
Accounts Receivable	0	0	0	55
Due from Other Governments	0	0	0	790,209
Taxes Receivable	0	0	0	5,418,195
Allowance for Uncollectible Taxes	0	0	0	(243,570)
Prepaid Items	0	817	817	0
Accrued Interest Receivable	83	12,191	12,274	0
Total Assets	<u>\$ 90,022</u>	<u>\$ 3,283,007</u>	<u>\$ 3,373,029</u>	<u>\$ 7,793,984</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 29,353	\$ 29,353	\$ 0
Due to Other Taxing Units	0	0	0	6,283,570
Due to Litigants, Heirs, and Others	0	0	0	1,510,414
Total Liabilities	<u>\$ 0</u>	<u>\$ 29,353</u>	<u>\$ 29,353</u>	<u>\$ 7,793,984</u>
<u>NET ASSETS</u>				
Held in Trust for Underprivileged Children	\$ 90,022	\$ 0	\$ 90,022	
Held in Trust for Indigent Care	0	3,253,654	3,253,654	
Total Net Assets	<u>\$ 90,022</u>	<u>\$ 3,253,654</u>	<u>\$ 3,343,676</u>	

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

Exhibit E-2

Carroll County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	<u>Other Trust Funds</u>		<u>Total</u>
	<u>Endowment</u>	<u>Indigent</u>	<u>Other</u>
	<u>Principal</u>	<u>Care Trust</u>	<u>Trust</u>
			<u>Funds</u>
<u>ADDITIONS</u>			
Investment Income:			
Interest	\$ 940	\$ 147,679	\$ 148,619
Net Increase (Decrease) in Fair Value of Investments	0	38,337	38,337
Net Investment Income	\$ 940	\$ 186,016	\$ 186,956
Total Additions	\$ 940	\$ 186,016	\$ 186,956
<u>DEDUCTIONS</u>			
Donations	\$ 1,500	\$ 0	\$ 1,500
Payments for Indigent Care	0	114,714	114,714
Safekeeping Fees and Service Charges	0	158	158
Audit Fees	0	2,475	2,475
Insurance	0	363	363
Total Deductions	\$ 1,500	\$ 117,710	\$ 119,210
Change in Net Assets	\$ (560)	\$ 68,306	\$ 67,746
Net Assets, July 1, 2011	90,582	3,185,348	3,275,930
Net Assets, June 30, 2012	\$ 90,022	\$ 3,253,654	\$ 3,343,676

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Carroll County issues all debt for the discretely presented Carroll County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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

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

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

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

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

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

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

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

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

Carroll County reports the following major governmental funds:

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

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

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

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

Other Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital projects.

Carroll County reports the following major proprietary fund:

Public Utility Fund – This fund accounts for the operations of the Carroll County Board of Public Utilities.

Additionally, Carroll County reports the following fund types:

Private-purpose Trust Fund – The Endowment Principal Fund is used to account for an endowment received by the county for which

the principal amount must remain intact while interest earned is to be expended to benefit Carroll County's underprivileged children.

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

Property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.37 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

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

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

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

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

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

4. Compensated Absences

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

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

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and

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

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

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

6. Net Assets and Fund Equity

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

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

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

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

Primary Government

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

Discretely Presented Carroll County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund), which are not budgeted, and the Other Capital Projects Fund, which adopts 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, Beer Board, Other Boards and Committees, 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 the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2012, Carroll County and the Carroll County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government:		
Major Fund:		
Other Capital Projects	Jail Renovation	\$ 6,845,580
School Department:		
Major Fund:		
General Purpose School	Buses	490,897

B. Expenditures Exceeded Appropriations

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Operation and Maintenance of Equipment and Interest on Debt – Highways and Streets major appropriation categories (the legal level of control) by \$33,318 and \$2,924, respectively. Also, General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Food Service major appropriation category (the legal level of control) by \$1,347. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The

amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

The county (excluding the Carroll County Indigent Care Board, fiduciary fund, which is discussed in Note VII.B.1., and the Carroll County Board of Public Utilities, enterprise fund, which is discussed in Note VI.C.1.) had no pooled and nonpooled investments as of June 30, 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	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,747,068	\$ 0	\$ 0	\$ 1,747,068
Construction in Progress	167,211	1,402,068	167,211	1,402,068
Total Capital Assets Not Depreciated	<u>\$ 1,914,279</u>	<u>\$ 1,402,068</u>	<u>\$ 167,211</u>	<u>\$ 3,149,136</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,348,959	\$ 357,175	\$ 210,182	\$ 9,495,952
Infrastructure	13,328,091	703,440	0	14,031,531
Other Capital Assets	6,487,255	550,803	331,629	6,706,429
Total Capital Assets Depreciated	<u>\$ 29,164,305</u>	<u>\$ 1,611,418</u>	<u>\$ 541,811</u>	<u>\$ 30,233,912</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,340,020	\$ 295,725	\$ 185,882	\$ 4,449,863
Infrastructure	6,657,684	517,798	0	7,175,482
Other Capital Assets	5,562,545	410,419	329,593	5,643,371
Total Accumulated Depreciation	<u>\$ 16,560,249</u>	<u>\$ 1,223,942</u>	<u>\$ 515,475</u>	<u>\$ 17,268,716</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,604,056</u>	<u>\$ 387,476</u>	<u>\$ 26,336</u>	<u>\$ 12,965,196</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,518,335</u>	<u>\$ 1,789,544</u>	<u>\$ 193,547</u>	<u>\$ 16,114,332</u>

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

Governmental Activities:

General Government	\$ 12,815
Finance	9,314
Administration of Justice	72,938
Public Safety	313,976
Public Health and Welfare	90,347
Social, Cultural, and Recreational Services	41,568
Agriculture and Natural Resources	5,197
Other Operations	248,986
Highway/Public Works	<u>428,801</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,223,942</u></u>

Discretely Presented Carroll County School Department

Governmental Activities:

	Balance				Balance
	7-1-11	Increases	Decreases		6-30-12
Capital Assets Not Depreciated:					
Land	\$ 176,489	\$ 0	\$ 0	\$	176,489
Total Capital Assets Not Depreciated	<u>\$ 176,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>176,489</u>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 2,866,594	\$ 65,150	\$ 0	\$	2,931,744
Other Capital Assets	<u>3,826,111</u>	<u>417,425</u>	<u>430,502</u>	<u>\$</u>	<u>3,813,034</u>
Total Capital Assets Depreciated	<u>\$ 6,692,705</u>	<u>\$ 482,575</u>	<u>\$ 430,502</u>	<u>\$</u>	<u>6,744,778</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 1,540,073	\$ 108,955	\$ 0	\$	1,649,028
Other Capital Assets	<u>2,064,014</u>	<u>269,777</u>	<u>430,502</u>	<u>\$</u>	<u>1,903,289</u>
Total Accumulated Depreciation	<u>\$ 3,604,087</u>	<u>\$ 378,732</u>	<u>\$ 430,502</u>	<u>\$</u>	<u>3,552,317</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,088,618</u>	<u>\$ 103,843</u>	<u>\$ 0</u>	<u>\$</u>	<u>3,192,461</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,265,107</u>	<u>\$ 103,843</u>	<u>\$ 0</u>	<u>\$</u>	<u>3,368,950</u>

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

Governmental Activities:

Instruction	\$ 100,852
Support Services	277,013
Capital Outlay	<u>867</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 378,732</u></u>

C. Construction Commitments

At June 30, 2012, the county had uncompleted construction contracts of 6,845,580 for jail renovations. Funding for these future expenditures has been received.

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>
General	Nonmajor governmental	\$ 445

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

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Solid Waste/ Sanitation Fund</u>	<u>Highway/ Public Works Fund</u>	<u>General Debt Service Fund</u>
Public Utility	\$ 282,500	\$ 26,907	\$ 29,224	\$ 19,483

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

E. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to five years for notes and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service, Solid Waste/Sanitation, or Highway/Public Works funds.

Capital outlay notes and other loans 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
Capital Outlay Notes	2.65 - 5.2 %	12-1-16	\$ 301,000	\$ 254,000
Other Loans	variable - 2.32	3-1-37	10,364,130	9,773,130

During the 2003-04 year, Carroll County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$2,200,000 to Carroll County for various capital projects. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (letter of credit, debt remarketing, administrative, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .47 percent based on the LIBOR rate and other fees of .5 percent (letter of credit), .08 percent (debt remarketing), and .15 percent (administrative) of the outstanding loan principal.

During the 2011-12 year, Carroll County entered into a loan agreement with the Public Building Authority of the City of Clarksville. Under this loan agreement, the authority loaned \$8,164,130 to Carroll County for the renovation of the county jail. This loan is repayable at an interest rate of 2.32 percent.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 59,000	\$ 6,115	\$ 65,115
2014	47,000	4,545	51,545
2015	48,000	3,286	51,286
2016	49,000	2,001	51,001
2017	51,000	676	51,676
Total	\$ 254,000	\$ 16,623	\$ 270,623

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2013	\$ 322,130	\$ 201,705	\$ 11,746	\$ 535,581
2014	331,000	190,958	11,169	533,127
2015	340,000	184,777	10,578	535,355
2016	348,000	178,444	9,965	536,409
2017	357,000	171,961	9,337	538,298
2018-2022	1,927,000	757,039	36,500	2,720,539
2023-2027	2,186,000	570,085	17,425	2,773,510
2028-2032	1,933,000	363,648	920	2,297,568
2033-2037	2,029,000	143,422	0	2,172,422
Total	\$ 9,773,130	\$ 2,762,039	\$ 107,640	\$ 12,642,809

There is \$1,096,884 available in the General Debt Service Fund to service long-term debt. Debt per capita including notes and other loans totaled \$352, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the primary government (excluding the Carroll County Board of Public Utilities, enterprise fund) for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Notes	Other Loans
Balance, July 1, 2011	\$ 26,000	\$ 1,685,000
Additions	241,000	8,164,130
Reductions	(13,000)	(76,000)
Balance, June 30, 2012	<u>\$ 254,000</u>	<u>\$ 9,773,130</u>
Balance Due Within One Year	<u>\$ 59,000</u>	<u>\$ 322,130</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2011	\$ 34,753	\$ 275,969
Additions	0	223,802
Reductions	(34,753)	(219,899)
Balance, June 30, 2012	<u>\$ 0</u>	<u>\$ 279,872</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 13,993</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 10,307,002
Less: Balance Due Within One Year	<u>(395,123)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,911,879</u>

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

Discretely Presented Carroll County School Department

Long-term liability activity for the discretely presented Carroll County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2011	\$ 38,013
Additions	19,907
Reductions	<u>(10,217)</u>
Balance, June 30, 2012	<u>\$ 47,703</u>
Balance Due Within One Year	<u>\$ 0</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Carroll County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$2,984 and \$1,253. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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

Employee Health Insurance

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

Workers' Compensation Insurance

Carroll County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

Liability, Property, and Casualty Insurance

The county is exposed to various risks related to general liability, property, and casualty losses. The county participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability insurance coverage. The creation of LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$250,000 for each insured event.

Discretely Presented Carroll County School Department

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

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

B. Contingent Liabilities

The county and the School Department are involved in several pending lawsuits. Their attorneys estimate that the potential claims not covered by insurance resulting from such litigation would not materially affect their financial statements.

C. Change in Administration

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

D. Joint Ventures

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Carroll County made no contributions to the DTF for the year ended June 30, 2012, and does not have any equity interest in this joint venture.

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

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

Administrative Offices:

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

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

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

E. Retirement Commitments

Plan Description

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

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

Funding Policy

County Employees

Carroll County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 7.5 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

County Commissioners

Carroll County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 62.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

County Employees

For the year ended June 30, 2012, the county's annual pension cost of \$454,235 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 postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 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	\$454,235	100%	\$0
6-30-11	392,759	100	0
6-30-10	448,189	100	0

County Commissioners

For the year ended June 30, 2012, the county’s annual pension cost of \$7,988 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 postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was zero years. An actuarial valuation was performed as of July 1, 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	\$7,988	100%	\$0
6-30-11	8,995	100	0
6-30-10	8,837	100	0

Funded Status and Funding Progress

County Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.16 percent funded. The actuarial accrued liability for benefits was \$15.62 million, and the actuarial value of assets was \$15.18 million, resulting

in an unfunded actuarial accrued liability (UAAL) of \$.44 million. The covered payroll (annual payroll of active employees covered by the plan) \$5.67 million, and the ratio of the UAAL to the covered payroll was 7.82 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.

County Commissioners

As of July 1, 2011, the most recent actuarial valuation date, the plan was 77.23 percent funded. The actuarial accrued liability for benefits was \$.09 million, and the actuarial value of assets was \$.07 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) \$.01 million, and the ratio of the UAAL to the covered payroll was 155.73 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 Carroll County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided

to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 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 \$79,459, \$78,208, and \$56,260, respectively, equal to the required contributions for each year.

F. Other Postemployment Benefits (OPEB)

Plan Description

The Carroll County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants.

Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select. During the year ended June 30, 2012, the Carroll County School Department contributed \$10,217 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Local Education Group Plan</u>
ARC	\$ 20,000
Interest on the NPO	1,521
Adjustment to the ARC	<u>(1,614)</u>
Annual OPEB cost	\$ 19,907
Less: Amount of contribution	<u>(10,217)</u>
Increase/decrease in NPO	\$ 9,690
Net OPEB obligation, 7-1-11	<u>38,013</u>
 Net OPEB obligation, 6-30-12	 <u><u>\$ 47,703</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 18,056	62 %	\$ 30,810
6-30-11	"	19,073	62	38,013
6-30-12	"	19,907	51	47,703

Funding Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 149,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 149,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 880,115
UAAL as a % of covered payroll	17%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Education Group 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 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. The rate includes 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.

G. Purchasing Laws

Offices of County Mayor and Highway Commission

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

Office of Director of Schools

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

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

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

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

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

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

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

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

Deposits and Investments

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

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

Accounts Receivable

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

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

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

Compensated Absences

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

Long-term Obligations

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

Net Assets

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

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

B. Stewardship, Compliance, and Accountability

Budgetary Information

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

C. **Detailed Notes on All Funds**

1. **Deposits and Investments**

Investments consisted entirely of certificates of deposits with a maturity of greater than three months for the fiscal year ended June 30, 2012.

Custodial Credit Risk. The electric system's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note VI.A.3. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the electric system's agent in the electric system's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the electric system to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2012, all bank deposits were fully collateralized or insured.

2. **Receivables**

Receivables as of the fiscal year ended June 30, 2012, consisted of the following:

Billed services for utility customers	\$ 3,189,868
Other receivables for utility service	227,772
Allowance for doubtful accounts	<u>(20,000)</u>
 Total	 <u><u>\$ 3,397,640</u></u>

3. **Restricted Assets**

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

June 30, 2012

Restricted assets consist of the following:
2001 Electric Plant Revenue Bond Fund:

Interest and Sinking Fund \$ 144,695

Certificates of deposit and
savings accounts totaled \$ 256,349

4. Capital Assets

Capital assets activity during the year was as follows:

Capital Assets	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 284,070	\$ 0	\$ 0	\$ 284,070
Construction in Progress	480,729	0	373,920	106,809
Total Capital Assets Not Depreciated	<u>\$ 764,799</u>	<u>\$ 0</u>	<u>\$ 373,920</u>	<u>\$ 390,879</u>
Capital Assets Depreciated:				
Other Capital Assets	<u>\$ 36,140,440</u>	<u>\$ 1,131,638</u>	<u>\$ 545,076</u>	<u>\$ 36,727,002</u>
Total Capital Assets Depreciated	<u>\$ 36,140,440</u>	<u>\$ 1,131,638</u>	<u>\$ 545,076</u>	<u>\$ 36,727,002</u>
Less Accumulated Depreciation For:				
Other Capital Assets	<u>\$ 16,381,743</u>	<u>\$ 1,158,537</u>	<u>\$ 510,834</u>	<u>\$ 17,029,446</u>
Total Accumulated Depreciation	<u>\$ 16,381,743</u>	<u>\$ 1,158,537</u>	<u>\$ 510,834</u>	<u>\$ 17,029,446</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,758,697</u>	<u>\$ (26,899)</u>	<u>\$ 34,242</u>	<u>\$ 19,697,556</u>
Capital Assets, Net	<u>\$ 20,523,496</u>	<u>\$ (26,899)</u>	<u>\$ 408,162</u>	<u>\$ 20,088,435</u>

Depreciation expense totaled \$1,032,505 for the fiscal year ended June 30, 2012.

5. Long-term Debt

Long-term debt consists of the following:

Revenue Bonds:

Electric Plant Revenue Bonds, Series 2001, 3.2 to 4.75 percent interest due serially through 2016	<u>\$ 660,000</u>
Total Revenue Bonds	<u>\$ 660,000</u>
Total Current Portion of Revenue Bonds	<u>\$ 155,000</u>
Total Long-term Portion of Revenue Bonds	<u>\$ 505,000</u>

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

The following is a summary of long-term debt transactions for the year ended June 30, 2012.

	<u>Balance 7-1-11</u>	Retirements	<u>Balance 6-30-12</u>	<u>Due Within One Year</u>
Revenue Bonds Payable	<u>\$ 810,000</u>	<u>\$ 150,000</u>	<u>\$ 660,000</u>	<u>\$ 155,000</u>

The scheduled annual requirements for long-term debt at June 30, 2012, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 155,000	\$ 31,115	\$ 186,115
2014	160,000	23,908	183,908
2015	170,000	16,387	186,387
2016	175,000	8,313	183,313
Total	<u>\$ 660,000</u>	<u>\$ 79,723</u>	<u>\$ 739,723</u>

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

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

6. Net Assets

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

Invested in capital assets, net of related liabilities:	
Net property, plant, and equipment in services	\$ 20,088,435
Unamortized discount	11,701
Less: debt	<u>(660,000)</u>
Total invested in capital assets, net of related liabilities	<u>\$ 19,440,136</u>
Restricted for debt service:	
Restricted cash and cash equivalents	\$ 144,695
Restricted investments	256,349
Less: accrued interest payable from restricted assets	<u>(5,186)</u>
Total restricted for debt service	<u>\$ 395,858</u>
Unrestricted	<u>\$ 6,698,539</u>
Total Net Assets	<u><u>\$ 26,534,533</u></u>

D. Other Information

1. Pension Plan

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

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

For the year ended June 30, 2012, total employer contributions were \$219,980 based on total covered wages of \$2,311,586.

2. Power Contract

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

3. Risk Management

The electric system is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2012, the electric system purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

4. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Components of Net OPEB Obligation

Annual Required Contribution	\$ 22,497
Interest on the Net OPEB Obligation	1,703
Adjustment to the Annual Required Contribution	<u>(1,870)</u>
Annual OPEB Cost (Expense)	\$ 22,330
Less: Contributions and Subsidy	<u>0</u>
Increase/decrease in Net Obligation	\$ 22,330
Net OPEB Obligation, 7-1-11	<u>37,849</u>
 Net OPEB Obligation, 6-30-12	 <u><u>\$ 60,179</u></u>

The electric system's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011, and 2010, were as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6-30-10	\$ 22,078	8.18 % \$	14,998
6-30-11	22,851	0	37,849
6-30-12	22,330	0	60,179

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$218,430 and the actuarial value of assets was zero resulting in an unfunded actuarial accrued liability (UAAL) of \$218,430. The covered payroll (annual payroll of active employees covered by the plan) was \$2,409,347, and the ratio of the UAAL to the covered payroll was 9.07 percent.

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after ten years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2011, was 27 years.

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

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Carroll County Indigent Care Fund was established by a private act on March 21, 1983, to assist the medically indigent in paying for in-patient and out-patient care and ambulance services rendered to

them for not-for-profit hospital and ambulance facilities or entities in such counties. The fund also was empowered to promote health education in the county and acquire or otherwise assist in providing certain types of equipment to aid the medically indigent within the county.

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

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

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

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

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

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

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

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

B. Detailed Notes on Accounts

1. Deposits and Investments

At year-end, the carrying amount of the board's deposits was \$173,486, and the bank balance was the same. The entire balance is either covered by insurance as provided by the FDIC or by securities pledged by the First Tennessee Bank. The bank is a member of the Tennessee State Collateral Pool.

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

The board's policies limit deposits and investments to those instruments allowed by the private act under which it was created. That act states that the board shall invest such funds at the highest and best practical rate of income. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2012, all bank deposits were fully collateralized or insured.

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

The Indigent Care Board invests mainly in securities backed by the United States government. The total book value of these investments as of June 30, 2012, was \$2,928,196, and the total market value was \$3,096,513. As mentioned, these investments are valued at fair value. At June 30, 2012, market values exceeded book value by \$168,317.

Securities at market value consist of:

FHLMC Securities	\$ 1,070,747
FNMA Securities	609,452
GNMA Securities	750,304
Stripped Adjustable Mortgage Securities	73,848
Various Mortgage-Backed Securities	<u>592,162</u>
 Total	 <u>\$ 3,096,513</u>

2. Equity

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

3. Indigent Accounts

At July 1, 2011, approved indigent care accounts totaling \$2,139,660 were available for payment. During the year, new claims totaling \$572,064 were approved, and \$113,697 was paid during the year, bringing the unpaid balance at June 30, 2012, to \$2,598,027. These claims represent a contingent liability for the board. The amount of approved claims is accrued only if funds are available to pay them. The remaining claims approved will be paid in subsequent periods when funds become available. Net earnings available for payment of indigent accounts, which represent second quarter 2012 earnings, have been accrued as a liability entitled accrued indigent payments of \$29,353 because this amount represents an actual liability as of the end of the year.

C. Other Information

Risk Management

The board is exposed to risks related to general and public official's liability. To cover these risks, the board purchased a three-year commercial insurance policy in October 2011. There have been no settlements in the prior three fiscal years, and there has been no significant reduction in coverage.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Carroll County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 4,909,436	\$ 0	\$ 0	\$ 4,909,436	\$ 4,994,179	\$ 4,714,179	\$ 195,257
Licenses and Permits	1,344	0	0	1,344	1,300	1,300	44
Fines, Forfeitures, and Penalties	152,909	0	0	152,909	159,350	159,350	(6,441)
Charges for Current Services	277,372	0	0	277,372	320,732	320,732	(43,360)
Other Local Revenues	525,152	0	0	525,152	432,700	478,091	47,061
Fees Received from County Officials	865,298	0	0	865,298	795,000	795,000	70,298
State of Tennessee	1,606,136	0	0	1,606,136	1,492,964	1,734,489	(128,353)
Federal Government	373,501	0	0	373,501	332,445	350,634	22,867
Other Governments and Citizens Groups	33,822	0	0	33,822	45,000	45,000	(11,178)
Total Revenues	\$ 8,744,970	\$ 0	\$ 0	\$ 8,744,970	\$ 8,573,670	\$ 8,598,775	\$ 146,195
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 63,820	\$ 0	\$ 0	\$ 63,820	\$ 70,110	\$ 70,110	\$ 6,290
Board of Equalization	12,614	0	0	12,614	13,433	14,632	2,018
Beer Board	0	0	0	0	500	500	500
Other Boards and Committees	368	0	0	368	1,845	1,845	1,477
County Mayor/Executive	213,185	0	0	213,185	222,200	223,222	10,037
County Attorney	11,867	0	0	11,867	15,000	15,000	3,133
Election Commission	160,199	0	0	160,199	162,659	183,035	22,836
Register of Deeds	180,279	0	0	180,279	174,856	186,981	6,702
County Buildings	678,968	(181,520)	2,421	499,869	7,313,833	7,597,723	7,097,854
<u>Finance</u>							
Property Assessor's Office	201,745	0	0	201,745	229,993	229,993	28,248
Reappraisal Program	20,551	0	0	20,551	23,850	23,850	3,299

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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 Trustee's Office	\$ 174,422	\$ 0	\$ 0	\$ 174,422	\$ 180,782	\$ 180,782	\$ 6,360
County Clerk's Office	38,940	0	0	38,940	43,572	43,572	4,632
<u>Administration of Justice</u>							
Circuit Court	360,437	0	0	360,437	369,653	369,653	9,216
General Sessions Judge	126,515	0	0	126,515	125,976	126,926	411
Drug Court	0	0	0	0	4,000	4,000	4,000
Chancery Court	180,137	0	0	180,137	188,557	188,557	8,420
Juvenile Court	172,129	0	0	172,129	173,454	173,454	1,325
Judicial Commissioners	5,204	0	0	5,204	5,236	5,336	132
Victims Assistance Programs	4,000	0	0	4,000	4,000	4,000	0
<u>Public Safety</u>							
Sheriff's Department	1,783,644	0	0	1,783,644	1,816,267	1,818,075	34,431
Administration of the Sexual Offender Registry	1,425	0	0	1,425	4,000	4,000	2,575
Jail	1,446,048	0	0	1,446,048	1,408,639	1,453,639	7,591
Juvenile Services	858,008	0	0	858,008	892,275	892,275	34,267
Fire Prevention and Control	218,866	0	0	218,866	210,254	260,254	41,388
Civil Defense	173,125	0	0	173,125	174,580	174,580	1,455
County Coroner/Medical Examiner	28,642	0	0	28,642	28,675	28,675	33
<u>Public Health and Welfare</u>							
Local Health Center	252,167	0	0	252,167	314,103	314,103	61,936
Rabies and Animal Control	18,402	0	0	18,402	20,357	20,357	1,955
General Welfare Assistance	1,650	0	0	1,650	2,400	2,400	750
Other Local Welfare Services	10,553	0	0	10,553	11,906	11,906	1,353

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 84,788	\$ 0	\$ 0	\$ 84,788	\$ 94,850	\$ 94,850	\$ 10,062
Libraries	82,441	0	0	82,441	79,304	86,494	4,053
Parks and Fair Boards	110,858	0	0	110,858	123,548	123,548	12,690
Other Social, Cultural, and Recreational	245,756	0	0	245,756	260,000	260,000	14,244
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	57,292	0	0	57,292	54,513	57,513	221
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	26,435	0	0	26,435	25,998	26,455	20
Flood Control	6,641	0	0	6,641	16,500	16,500	9,859
<u>Other Operations</u>							
Industrial Development	10,000	0	0	10,000	10,000	10,000	0
Other Economic and Community Development	17,000	0	0	17,000	17,000	17,000	0
Airport	374,949	0	0	374,949	182,784	400,933	25,984
Veterans' Services	27,884	0	0	27,884	29,442	29,442	1,558
Other Charges	235,409	0	0	235,409	211,045	252,256	16,847
Contributions to Other Agencies	5,450	0	0	5,450	5,850	5,850	400
Total Expenditures	\$ 8,684,813	\$ (181,520)	\$ 2,421	\$ 8,505,714	\$ 15,319,799	\$ 16,006,276	\$ 7,500,562
Excess (Deficiency) of Revenues Over Expenditures	\$ 60,157	\$ 181,520	\$ (2,421)	\$ 239,256	\$ (6,746,129)	\$ (7,407,501)	\$ 7,646,757
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,768,000	\$ 6,768,000	\$ (6,768,000)
Insurance Recovery	13,715	0	0	13,715	0	11,022	2,693

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 282,500	\$ 0	\$ 0	\$ 282,500	\$ 0	\$ 280,000	\$ 2,500
Total Other Financing Sources (Uses)	\$ 296,215	\$ 0	\$ 0	\$ 296,215	\$ 6,768,000	\$ 7,059,022	\$ (6,762,807)
Net Change in Fund Balance	\$ 356,372	\$ 181,520	\$ (2,421)	\$ 535,471	\$ 21,871	\$ (348,479)	\$ 883,950
Fund Balance, July 1, 2011	1,327,769	(181,520)	0	1,146,249	1,062,117	1,062,117	84,132
Fund Balance, June 30, 2012	\$ 1,684,141	\$ 0	\$ (2,421)	\$ 1,681,720	\$ 1,083,988	\$ 713,638	\$ 968,082

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 304,747	\$ 313,866	\$ 286,866	\$ 17,881
Charges for Current Services	1,132,930	1,169,310	1,169,310	(36,380)
Other Local Revenues	108,563	76,000	76,000	32,563
State of Tennessee	60,713	53,798	70,674	(9,961)
Total Revenues	<u>\$ 1,606,953</u>	<u>\$ 1,612,974</u>	<u>\$ 1,602,850</u>	<u>\$ 4,103</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,088,572	\$ 1,104,249	\$ 1,104,249	\$ 15,677
Recycling Center	415,564	455,863	455,864	40,300
<u>Highways</u>				
Litter and Trash Collection	41,930	33,298	50,174	8,244
<u>Principal on Debt</u>				
General Government	13,000	13,000	13,000	0
<u>Interest on Debt</u>				
General Government	1,014	1,014	1,014	0
Total Expenditures	<u>\$ 1,560,080</u>	<u>\$ 1,607,424</u>	<u>\$ 1,624,301</u>	<u>\$ 64,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,873</u>	<u>\$ 5,550</u>	<u>\$ (21,451)</u>	<u>\$ 68,324</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 26,907	\$ 0	\$ 27,000	\$ (93)
Total Other Financing Sources (Uses)	<u>\$ 26,907</u>	<u>\$ 0</u>	<u>\$ 27,000</u>	<u>\$ (93)</u>
Net Change in Fund Balance	\$ 73,780	\$ 5,550	\$ 5,549	\$ 68,231
Fund Balance, July 1, 2011	49,032	50,120	50,120	(1,088)
Fund Balance, June 30, 2012	<u>\$ 122,812</u>	<u>\$ 55,670</u>	<u>\$ 55,669</u>	<u>\$ 67,143</u>

Exhibit F-3

Carroll 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>				
Local Taxes	\$ 843,364	\$ 861,513	\$ 861,513	\$ (18,149)
Charges for Current Services	53	50	50	3
Other Local Revenues	22,169	5,000	5,000	17,169
State of Tennessee	2,292,513	2,338,370	2,338,370	(45,857)
Federal Government	58,084	100,000	100,000	(41,916)
Other Governments and Citizens Groups	1,180	3,000	3,000	(1,820)
Total Revenues	<u>\$ 3,217,363</u>	<u>\$ 3,307,933</u>	<u>\$ 3,307,933</u>	<u>\$ (90,570)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 230,675	\$ 236,968	\$ 236,968	\$ 6,293
Highway and Bridge Maintenance	681,503	782,900	762,900	81,397
Operation and Maintenance of Equipment	531,818	478,500	498,500	(33,318)
Other Charges	103,922	118,000	118,000	14,078
Employee Benefits	531,484	553,500	553,500	22,016
Capital Outlay	1,448,422	1,272,800	1,513,800	65,378
<u>Principal on Debt</u>				
Highways and Streets	34,753	35,000	35,000	247
<u>Interest on Debt</u>				
Highways and Streets	4,624	1,700	1,700	(2,924)
Total Expenditures	<u>\$ 3,567,201</u>	<u>\$ 3,479,368</u>	<u>\$ 3,720,368</u>	<u>\$ 153,167</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (349,838)</u>	<u>\$ (171,435)</u>	<u>\$ (412,435)</u>	<u>\$ 62,597</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 241,000	\$ 0	\$ 241,000	\$ 0
Insurance Recovery	912	0	0	912
Transfers In	29,224	0	0	29,224
Total Other Financing Sources (Uses)	<u>\$ 271,136</u>	<u>\$ 0</u>	<u>\$ 241,000</u>	<u>\$ 30,136</u>
Net Change in Fund Balance	<u>\$ (78,702)</u>	<u>\$ (171,435)</u>	<u>\$ (171,435)</u>	<u>\$ 92,733</u>
Fund Balance, July 1, 2011	<u>566,290</u>	<u>570,895</u>	<u>570,895</u>	<u>(4,605)</u>
Fund Balance, June 30, 2012	<u>\$ 487,588</u>	<u>\$ 399,460</u>	<u>\$ 399,460</u>	<u>\$ 88,128</u>

Exhibit F-4

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
County Employees	7-1-07	\$ 11,288	\$ 11,529	\$ 241	97.91 %	\$ 4,972	4.85 %
"	7-1-09	12,199	12,392	193	98.44	5,237	3.68
"	7-1-11	15,176	15,620	444	97.16	5,675	7.82
County Commissioners	7-1-07	0	0	0	0	0	0
"	7-1-09	0	0	0	0	0	0
"	7-1-11	73	95	22	77.23	14	155.73

Exhibit F-5

Carroll County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Carroll County Board of Public Utilities Fund and
Discretely Presented Carroll County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 187	\$ 187	0	\$ 733	26 %
"	7-1-10	0	193	193	0	831	23
"	7-1-11	0	149	149	0	880	17
Carroll County Board of Public Utilities Fund	7-1-09	0	214	214	0	2,494	9
"	7-1-10	0	231	231	0	2,494	9
"	7-1-11	0	218	218	0	2,409	9

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Operation and Maintenance of Equipment and Interest on Debt – Highways and Streets major appropriation categories (the legal level of control) by \$33,318 and \$2,924, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for 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.

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

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

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

Exhibit G-1

Carroll County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>			
	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 17,092	\$ 17,092
Equity in Pooled Cash and Investments	66,313	46,478	0	112,791
Accounts Receivable	0	0	2,043	2,043
Due from Other Governments	0	1,158	0	1,158
Total Assets	<u>\$ 66,313</u>	<u>\$ 47,636</u>	<u>\$ 19,135</u>	<u>\$ 133,084</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 445	\$ 445
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 445</u>	<u>\$ 445</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Administration of Justice	\$ 0	\$ 47,636	\$ 0	\$ 47,636
Restricted for Public Safety	66,313	0	0	66,313
Committed:				
Committed for Finance	0	0	2,443	2,443
Committed for Administration of Justice	0	0	16,247	16,247
Total Fund Balances	<u>\$ 66,313</u>	<u>\$ 47,636</u>	<u>\$ 18,690</u>	<u>\$ 132,639</u>
Total Liabilities and Fund Balances	<u>\$ 66,313</u>	<u>\$ 47,636</u>	<u>\$ 19,135</u>	<u>\$ 133,084</u>

Exhibit G-2

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

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Drug Control	District Attorney General	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 44,581	\$ 24,124	\$ 0	\$ 68,705
Charges for Current Services	0	0	250,162	250,162
Total Revenues	<u>\$ 44,581</u>	<u>\$ 24,124</u>	<u>\$ 250,162</u>	<u>\$ 318,867</u>
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 178,438	\$ 178,438
Administration of Justice	0	12,567	96,609	109,176
Public Safety	15,371	0	0	15,371
Total Expenditures	<u>\$ 15,371</u>	<u>\$ 12,567</u>	<u>\$ 275,047</u>	<u>\$ 302,985</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,210</u>	<u>\$ 11,557</u>	<u>\$ (24,885)</u>	<u>\$ 15,882</u>
Net Change in Fund Balances	\$ 29,210	\$ 11,557	\$ (24,885)	\$ 15,882
Fund Balance, July 1, 2011	<u>37,103</u>	<u>36,079</u>	<u>43,575</u>	<u>116,757</u>
Fund Balance, June 30, 2012	<u>\$ 66,313</u>	<u>\$ 47,636</u>	<u>\$ 18,690</u>	<u>\$ 132,639</u>

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 44,581	\$ 14,500	\$ 14,500	\$ 30,081
Other Local Revenues	0	100	100	(100)
Total Revenues	<u>\$ 44,581</u>	<u>\$ 14,600</u>	<u>\$ 14,600</u>	<u>\$ 29,981</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 15,371	\$ 48,480	\$ 48,480	\$ 33,109
Total Expenditures	<u>\$ 15,371</u>	<u>\$ 48,480</u>	<u>\$ 48,480</u>	<u>\$ 33,109</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,210</u>	<u>\$ (33,880)</u>	<u>\$ (33,880)</u>	<u>\$ 63,090</u>
Net Change in Fund Balance	\$ 29,210	\$ (33,880)	\$ (33,880)	\$ 63,090
Fund Balance, July 1, 2011	<u>37,103</u>	<u>36,761</u>	<u>36,761</u>	<u>342</u>
Fund Balance, June 30, 2012	<u><u>\$ 66,313</u></u>	<u><u>\$ 2,881</u></u>	<u><u>\$ 2,881</u></u>	<u><u>\$ 63,432</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 H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 359,140	\$ 358,692	\$ 339,209	\$ 19,931
Total Revenues	\$ 359,140	\$ 358,692	\$ 339,209	\$ 19,931
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 76,000	\$ 76,000	\$ 76,000	\$ 0
<u>Interest on Debt</u>				
General Government	5,893	50,719	40,873	34,980
<u>Other Debt Service</u>				
General Government	15,959	7,500	17,346	1,387
Total Expenditures	\$ 97,852	\$ 134,219	\$ 134,219	\$ 36,367
Excess (Deficiency) of Revenues Over Expenditures	\$ 261,288	\$ 224,473	\$ 204,990	\$ 56,298
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 19,483	\$ 0	\$ 19,483	\$ 0
Total Other Financing Sources (Uses)	\$ 19,483	\$ 0	\$ 19,483	\$ 0
Net Change in Fund Balance	\$ 280,771	\$ 224,473	\$ 224,473	\$ 56,298
Fund Balance, July 1, 2011	816,113	807,236	807,236	8,877
Fund Balance, June 30, 2012	\$ 1,096,884	\$ 1,031,709	\$ 1,031,709	\$ 65,175

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.

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

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

Exhibit I-1

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

	<u>Agency Funds</u>			Total
	Cities - Sales Tax	Special School District	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,510,359	\$ 1,510,359
Equity in Pooled Cash and Investments	0	318,736	0	318,736
Accounts Receivable	0	0	55	55
Due from Other Governments	384,029	406,180	0	790,209
Taxes Receivable	0	5,418,195	0	5,418,195
Allowance for Uncollectible Taxes	0	(243,570)	0	(243,570)
Total Assets	<u>\$ 384,029</u>	<u>\$ 5,899,541</u>	<u>\$ 1,510,414</u>	<u>\$ 7,793,984</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 384,029	\$ 5,899,541	\$ 0	\$ 6,283,570
Due to Litigants, Heirs, and Others	0	0	1,510,414	1,510,414
Total Liabilities	<u>\$ 384,029</u>	<u>\$ 5,899,541</u>	<u>\$ 1,510,414</u>	<u>\$ 7,793,984</u>

Exhibit I-2

Carroll 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	\$ 2,319,696	\$ 2,319,696	\$ 0
Due from Other Governments	384,422	384,029	384,422	384,029
Total Assets	\$ 384,422	\$ 2,703,725	\$ 2,704,118	\$ 384,029
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 384,422	\$ 2,703,725	\$ 2,704,118	\$ 384,029
Total Liabilities	\$ 384,422	\$ 2,703,725	\$ 2,704,118	\$ 384,029
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 295,509	\$ 7,936,366	\$ 7,913,139	\$ 318,736
Due from Other Governments	406,087	406,180	406,087	406,180
Taxes Receivable	5,051,359	5,418,195	5,051,359	5,418,195
Allowance for Uncollectible Taxes	(261,354)	(243,570)	(261,354)	(243,570)
Total Assets	\$ 5,491,601	\$ 13,517,171	\$ 13,109,231	\$ 5,899,541
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,491,601	\$ 13,517,171	\$ 13,109,231	\$ 5,899,541
Total Liabilities	\$ 5,491,601	\$ 13,517,171	\$ 13,109,231	\$ 5,899,541
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,633,001	\$ 6,715,896	\$ 6,838,538	\$ 1,510,359
Accounts Receivable	0	55	0	55
Total Assets	\$ 1,633,001	\$ 6,715,951	\$ 6,838,538	\$ 1,510,414
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,633,001	\$ 6,715,951	\$ 6,838,538	\$ 1,510,414
Total Liabilities	\$ 1,633,001	\$ 6,715,951	\$ 6,838,538	\$ 1,510,414

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,633,001	\$ 6,715,896	\$ 6,838,538	\$ 1,510,359
Equity in Pooled Cash and Investments	295,509	10,256,062	10,232,835	318,736
Accounts Receivable	0	55	0	55
Due from Other Governments	790,509	790,209	790,509	790,209
Taxes Receivable	5,051,359	5,418,195	5,051,359	5,418,195
Allowance for Uncollectible Taxes	(261,354)	(243,570)	(261,354)	(243,570)
Total Assets	<u>\$ 7,509,024</u>	<u>\$ 22,936,847</u>	<u>\$ 22,651,887</u>	<u>\$ 7,793,984</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 5,876,023	\$ 16,220,896	\$ 15,813,349	\$ 6,283,570
Due to Litigants, Heirs, and Others	1,633,001	6,715,951	6,838,538	1,510,414
Total Liabilities	<u>\$ 7,509,024</u>	<u>\$ 22,936,847</u>	<u>\$ 22,651,887</u>	<u>\$ 7,793,984</u>

Carroll County School Department

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

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

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

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

Exhibit J-1

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

Functions/Programs	Program Revenues		Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions				
Governmental Activities:						
Instruction	\$ 1,165,728	\$ 683,736	\$ 78,625	\$ (403,367)		
Support Services	2,835,700	42,294	152,803	(2,640,603)		
Operation of Non-Instructional Services	55,478	6,247	14,989	(34,242)		
Total Governmental Activities	\$ 4,056,906	\$ 732,277	\$ 246,417	\$ (3,078,212)		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 558,703		
Local Option Sales Taxes				72,515		
Other Local Taxes				52		
Grants and Contributions Not Restricted to Specific Programs				2,725,024		
Miscellaneous				31,519		
Total General Revenues				\$ 3,387,813		
Change in Net Assets				\$ 309,601		
Net Assets, July 1, 2011				9,227,902		
Net Assets, June 30, 2012				\$ 9,537,503		

Exhibit J-2

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

	Major Funds		Total Govern- mental Funds
	General Purpose School	School Transpor - tation	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,769,329	\$ 1,368,546	\$ 6,137,875
Accounts Receivable	13,438	0	13,438
Due from Other Governments	60,375	0	60,375
Property Taxes Receivable	0	577,840	577,840
Allowance for Uncollectible Property Taxes	0	(25,992)	(25,992)
Total Assets	<u>\$ 4,843,142</u>	<u>\$ 1,920,394</u>	<u>\$ 6,763,536</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 5,299	\$ 0	\$ 5,299
Payroll Deductions Payable	6,313	1,310	7,623
Deferred Revenue - Current Property Taxes	0	534,358	534,358
Deferred Revenue - Delinquent Property Taxes	0	15,600	15,600
Other Deferred Revenues	6,108	0	6,108
Total Liabilities	<u>\$ 17,720</u>	<u>\$ 551,268</u>	<u>\$ 568,988</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Instruction	\$ 6,168	\$ 0	\$ 6,168
Restricted for Operation of Non-Instructional Services	7,188	0	7,188
Committed:			
Committed for Support Services	0	1,369,126	1,369,126
Assigned:			
Assigned for Support Services	492,397	0	492,397
Unassigned	4,319,669	0	4,319,669
Total Fund Balances	<u>\$ 4,825,422</u>	<u>\$ 1,369,126</u>	<u>\$ 6,194,548</u>
Total Liabilities and Fund Balances	<u>\$ 4,843,142</u>	<u>\$ 1,920,394</u>	<u>\$ 6,763,536</u>

Exhibit J-3

Carroll County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Carroll County School Department
June 30, 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 J-2)		\$ 6,194,548
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 176,489	
Add: buildings and improvements net of accumulated depreciation	1,282,716	
Add: other capital assets net of accumulated depreciation	<u>1,909,745</u>	3,368,950
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(47,703)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>21,708</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 9,537,503</u></u>

Exhibit J-4

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 71,980	\$ 621,829	\$ 0	\$ 693,809
Licenses and Permits	53	0	0	53
Charges for Current Services	722,443	121	0	722,564
Other Local Revenues	41,244	0	0	41,244
State of Tennessee	1,996,952	785,932	0	2,782,884
Federal Government	123,002	0	1,527	124,529
Total Revenues	<u>\$ 2,955,674</u>	<u>\$ 1,407,882</u>	<u>\$ 1,527</u>	<u>\$ 4,365,083</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,062,214	\$ 0	\$ 1,527	\$ 1,063,741
Support Services	1,671,742	1,298,160	0	2,969,902
Operation of Non-Instructional Services	31,163	0	0	31,163
Capital Outlay	96,048	0	0	96,048
Total Expenditures	<u>\$ 2,861,167</u>	<u>\$ 1,298,160</u>	<u>\$ 1,527</u>	<u>\$ 4,160,854</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 94,507	\$ 109,722	\$ 0	\$ 204,229
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,795	\$ 0	\$ 0	\$ 9,795
Total Other Financing Sources (Uses)	<u>\$ 9,795</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,795</u>
Net Change in Fund Balances	\$ 104,302	\$ 109,722	\$ 0	\$ 214,024
Fund Balance, July 1, 2011	4,721,120	1,259,404	0	5,980,524
Fund Balance, June 30, 2012	<u>\$ 4,825,422</u>	<u>\$ 1,369,126</u>	<u>\$ 0</u>	<u>\$ 6,194,548</u>

Exhibit J-5

Carroll County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Carroll County School Department
For the Year Ended June 30, 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 J-4)		\$ 214,024
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 482,575	
Less: current-year depreciation expense	<u>(378,732)</u>	103,843
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 21,708	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(20,284)</u>	1,424
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(9,690)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 309,601</u>

Exhibit J-6

Carroll County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Carroll County School Department
 General Purpose School Fund
 For the Year Ended June 30, 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	
Revenues							
Local Taxes	\$ 71,980	\$ 0	\$ 0	\$ 71,980	\$ 65,060	\$ 65,060	\$ 6,920
Licenses and Permits	53	0	0	53	50	50	3
Charges for Current Services	722,443	0	0	722,443	690,000	693,500	28,943
Other Local Revenues	41,244	0	0	41,244	31,000	31,020	10,224
State of Tennessee	1,996,952	0	0	1,996,952	1,982,673	1,987,045	9,907
Federal Government	123,002	0	0	123,002	109,600	136,318	(13,316)
Total Revenues	\$ 2,955,674	\$ 0	\$ 0	\$ 2,955,674	\$ 2,878,383	\$ 2,912,993	\$ 42,681
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 25,823	\$ 0	\$ 0	\$ 25,823	\$ 17,479	\$ 34,422	\$ 8,599
Alternative Instruction Program	75,847	0	0	75,847	77,869	77,869	2,022
Special Education Program	437,819	0	0	437,819	472,405	472,405	34,586
Vocational Education Program	492,800	0	0	492,800	531,779	531,779	38,979
Adult Education Program	29,925	0	0	29,925	43,803	43,803	13,878
<u>Support Services</u>							
Attendance	22,169	0	0	22,169	23,544	23,544	1,375
Health Services	116,717	0	0	116,717	118,635	118,635	1,918
Other Student Support	56,040	0	0	56,040	50,640	60,540	4,500
Special Education Program	87,653	0	0	87,653	108,510	108,510	20,857
Vocational Education Program	56,269	0	0	56,269	54,720	61,720	5,451
Adult Programs	57,793	0	0	57,793	60,042	60,042	2,249
Other Programs	4,237	0	0	4,237	0	4,237	0
Board of Education	153,474	0	0	153,474	160,130	160,130	6,656

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	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>Support Services (Cont.)</u>							
Director of Schools	\$ 92,628	\$ 0	\$ 0	\$ 92,628	\$ 96,718	\$ 96,718	\$ 4,090
Office of the Principal	92,210	0	0	92,210	95,510	95,510	3,300
Fiscal Services	118,882	0	1,500	120,382	122,327	122,327	1,945
Operation of Plant	127,942	0	0	127,942	145,695	145,695	17,753
Maintenance of Plant	97,181	0	0	97,181	108,280	108,280	11,099
Transportation	503,565	(408,870)	490,897	585,592	579,733	627,733	42,141
Central and Other	84,982	0	0	84,982	100,718	100,718	15,736
<u>Operation of Non-Instructional Services</u>							
Food Service	31,163	0	0	31,163	13,557	29,816	(1,347)
<u>Capital Outlay</u>							
Regular Capital Outlay	96,048	0	0	96,048	450,000	379,791	283,743
Total Expenditures	\$ 2,861,167	\$ (408,870)	\$ 492,397	\$ 2,944,694	\$ 3,432,094	\$ 3,464,224	\$ 519,530
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 94,507	\$ 408,870	\$ (492,397)	\$ 10,980	\$ (553,711)	\$ (551,231)	\$ 562,211
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 9,795	\$ 0	\$ 0	\$ 9,795	\$ 0	\$ 0	\$ 9,795
Total Other Financing Sources (Uses)	\$ 9,795	\$ 0	\$ 0	\$ 9,795	\$ 0	\$ 0	\$ 9,795
Net Change in Fund Balance	\$ 104,302	\$ 408,870	\$ (492,397)	\$ 20,775	\$ (553,711)	\$ (551,231)	\$ 572,006
Fund Balance, July 1, 2011	4,721,120	(408,870)	0	4,312,250	4,306,452	4,306,452	5,798
Fund Balance, June 30, 2012	\$ 4,825,422	\$ 0	\$ (492,397)	\$ 4,333,025	\$ 3,752,741	\$ 3,755,221	\$ 577,804

Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,527	\$ 1,527	\$ 1,527	\$ 0
Total Revenues	\$ 1,527	\$ 1,527	\$ 1,527	\$ 0
<u>Expenditures</u>				
<u>Instruction</u>				
Vocational Education Program	\$ 1,527	\$ 1,527	\$ 1,527	\$ 0
Total Expenditures	\$ 1,527	\$ 1,527	\$ 1,527	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2011	0	0	0	0
Fund Balance, June 30, 2012	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 621,829	\$ 598,751	\$ 598,751	\$ 23,078
Charges for Current Services	121	0	0	121
Other Local Revenues	0	100	100	(100)
State of Tennessee	785,932	760,000	760,000	25,932
Total Revenues	<u>\$ 1,407,882</u>	<u>\$ 1,358,851</u>	<u>\$ 1,358,851</u>	<u>\$ 49,031</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 20,133	\$ 25,500	\$ 25,500	\$ 5,367
Transportation	1,278,027	1,381,400	1,381,400	103,373
Total Expenditures	<u>\$ 1,298,160</u>	<u>\$ 1,406,900</u>	<u>\$ 1,406,900</u>	<u>\$ 108,740</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 109,722</u>	<u>\$ (48,049)</u>	<u>\$ (48,049)</u>	<u>\$ 157,771</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 5,000	\$ 5,000	\$ (5,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>
Net Change in Fund Balance	\$ 109,722	\$ (43,049)	\$ (43,049)	\$ 152,771
Fund Balance, July 1, 2011	<u>1,259,404</u>	<u>1,257,516</u>	<u>1,257,516</u>	<u>1,888</u>
Fund Balance, June 30, 2012	<u>\$ 1,369,126</u>	<u>\$ 1,214,467</u>	<u>\$ 1,214,467</u>	<u>\$ 154,659</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Carroll County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Other Loans
For the Year Ended June 30, 2012

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-11</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-12</u>
<u>NOTES PAYABLE</u>								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Solid Waste Bailor	\$ 60,000	5.2 %	10-2-07	10-1-12	\$ 26,000	\$ 0	\$ 13,000	\$ 13,000
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks	241,000	2.65	12-14-11	12-1-16	0	241,000	0	241,000
Total Notes Payable					\$ 26,000	\$ 241,000	\$ 13,000	\$ 254,000
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Front-end Loader	99,975	4.5	5-18-07	7-5-11	\$ 20,950	\$ 0	\$ 20,950	\$ 0
Utility Tractor	41,440	4.95	2-16-10	2-16-12	13,803	0	13,803	0
Total Capital Leases Payable					\$ 34,753	\$ 0	\$ 34,753	\$ 0
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Jail Renovation	2,200,000	Variable	1-15-04	5-25-28	\$ 1,685,000	\$ 0	\$ 76,000	\$ 1,609,000
Jail Renovation	8,164,130	2.32	2-22-12	3-1-37	0	8,164,130	0	8,164,130
Total Other Loans Payable					\$ 1,685,000	\$ 8,164,130	\$ 76,000	\$ 9,773,130

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 59,000	\$ 6,115	\$ 65,115
2014	47,000	4,545	51,545
2015	48,000	3,286	51,286
2016	49,000	2,001	51,001
2017	51,000	676	51,676
Total	\$ 254,000	\$ 16,623	\$ 270,623

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2013	\$ 322,130	\$ 201,705	\$ 11,746	\$ 535,581
2014	331,000	190,958	11,169	533,127
2015	340,000	184,777	10,578	535,355
2016	348,000	178,444	9,965	536,409
2017	357,000	171,961	9,337	538,298
2018	366,000	165,325	8,687	540,012
2019	376,000	158,536	8,015	542,551
2020	385,000	151,570	7,322	543,892
2021	395,000	144,452	6,607	546,059
2022	405,000	137,156	5,869	548,025
2023	416,000	129,684	5,110	550,794
2024	426,000	122,030	4,322	552,352
2025	437,000	114,201	3,511	554,712
2026	448,000	106,190	2,672	556,862
2027	459,000	97,980	1,810	558,790
2028	471,000	89,587	920	561,507
2029	353,000	80,991	0	433,991
2030	361,000	72,802	0	433,802
2031	370,000	64,426	0	434,426
2032	378,000	55,842	0	433,842
2033	387,000	47,073	0	434,073
2034	396,000	38,094	0	434,094
2035	406,000	28,907	0	434,907
2036	415,000	19,488	0	434,488
2037	425,000	9,860	0	434,860
Total	\$ 9,773,130	\$ 2,762,039	\$ 107,640	\$ 12,642,809

Exhibit K-3

Carroll County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utility	General	Payment in-lieu-of taxes	\$ 282,500
"	Solid Waste/Sanitation	"	26,907
"	Highway/Public Works	"	29,224
"	General Debt Service	"	19,483
Total Transfers			<u>\$ 358,114</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 81,322 (1)	\$ 75,000	RLI Insurance Company
Road Supervisors	Section 8-24-102, TCA, and County Commission	135,132 (2)	20,000 (3)	"
Director of Schools	State Board of Education and Carroll County Board of Education	81,374 (4)	50,000	"
Trustee	Section 8-24-102, TCA	61,751	758,200	"
Assessor of Property	Section 8-24-102, TCA	60,207 (5)	10,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	61,751 (6)	60,000	Auto-Owners Insurance Company
Register	Section 8-24-102, TCA	61,751	25,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	67,927 (7)	25,000	"
Employee Bonds:				
Employee Blanket Bond - General County Government			150,000	Local Government Property and Casualty Fund
Board of Education			150,000	Tennessee Risk Management Trust

- (1) Includes a purchasing agent salary of \$10,000.
- (2) Includes four road supervisors' salaries at \$33,783 each.
- (3) Includes four road supervisors' bonds at \$5,000 each.
- (4) Includes a chief executive officer training supplement of \$1,000 and health insurance premiums of \$11,212.
- (5) Assessor of Property Johnny Radford died on May 30, 2011. The office was vacant until July 11, 2011, when Rita Jones was appointed.
- (6) Does not include special commissioner fees of \$21,854.
- (7) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 3,008,444	\$ 275,662	\$ 0	\$ 0	\$ 0	\$ 311,280	\$ 206,746	\$ 3,802,132	
Trustee's Collections - Prior Year	99,480	10,485	0	0	0	10,659	11,800	132,424	
Trustee's Collections - Bankruptcy	743	73	0	0	0	109	80	1,005	
Circuit/Clerk & Master Collections - Prior Years	97,499	9,286	0	0	0	10,446	10,446	127,677	
Interest and Penalty	21,540	2,033	0	0	0	2,297	2,088	27,958	
Payments in-Lieu-of Taxes - T.V.A.	12	0	0	0	0	0	0	12	
Payments in-Lieu-of Taxes - Local Utilities	11,501	0	0	0	0	1,054	795	13,350	
Payments in-Lieu-of Taxes - Other	78,387	7,208	0	0	0	8,109	5,407	99,111	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	179,662	0	0	0	0	0	0	179,662	
Wheel Tax	827,810	0	0	0	0	465,643	0	1,293,453	
Litigation Tax - General	76,186	0	0	0	0	0	0	76,186	
Litigation Tax - Special Purpose	88,966	0	0	0	0	0	0	88,966	
Litigation Tax - Jail, Workhouse, or Courthouse	8,907	0	0	0	0	0	121,778	130,685	
Business Tax	288,736	0	0	0	0	0	0	288,736	
Mineral Severance Tax	0	0	0	0	0	33,767	0	33,767	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	70,729	0	0	0	0	0	0	70,729	
Wholesale Beer Tax	49,831	0	0	0	0	0	0	49,831	
Beer Privilege Tax	95	0	0	0	0	0	0	95	
Interstate Telecommunications Tax	908	0	0	0	0	0	0	908	
<u>Total Local Taxes</u>	\$ 4,909,436	\$ 304,747	\$ 0	\$ 0	\$ 0	\$ 843,364	\$ 359,140	\$ 6,416,687	
<u>Licenses and Permits</u>									
<u>Permits</u>									
Beer Permits	\$ 1,179	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,179	
Building Permits	90	0	0	0	0	0	0	90	
Other Permits	75	0	0	0	0	0	0	75	
<u>Total Licenses and Permits</u>	\$ 1,344	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,344	

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 3,732	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,732	
Officers Costs	2,384	0	0	0	0	0	0	2,384	
Drug Control Fines	8,769	0	5,750	0	0	0	0	14,519	
Drug Court Fees	2,224	0	0	0	0	0	0	2,224	
Jail Fees	1,598	0	0	0	0	0	0	1,598	
DUI Treatment Fines	429	0	0	0	0	0	0	429	
Data Entry Fee - Circuit Court	346	0	0	0	0	0	0	346	
Victims Assistance Assessments	3,598	0	0	0	0	0	0	3,598	
<u>General Sessions Court</u>									
Fines	24,911	0	0	0	0	0	0	24,911	
Officers Costs	54,896	0	0	0	0	0	0	54,896	
Game and Fish Fines	543	0	0	0	0	0	0	543	
Drug Control Fines	6,340	0	6,632	0	0	0	0	12,972	
Drug Court Fees	3,370	0	0	0	0	0	0	3,370	
Jail Fees	6,353	0	0	0	0	0	0	6,353	
District Attorney General Fees	95	0	0	1,458	0	0	0	1,553	
Judicial Commissioner Fees	1,366	0	0	0	0	0	0	1,366	
DUI Treatment Fines	6,966	0	0	0	0	0	0	6,966	
Data Entry Fee - General Sessions Court	4,003	0	0	0	0	0	0	4,003	
Courtroom Security Fee	280	0	0	0	0	0	0	280	
Victims Assistance Assessments	2,380	0	0	0	0	0	0	2,380	
<u>Juvenile Court</u>									
Data Entry Fee - Juvenile Court	1,372	0	0	0	0	0	0	1,372	
<u>Chancery Court</u>									
Officers Costs	1,520	0	0	0	0	0	0	1,520	
Data Entry Fee - Chancery Court	2,034	0	0	0	0	0	0	2,034	
<u>Courts in Other District Counties</u>									
District Attorney General Fees	0	0	0	22,666	0	0	0	22,666	
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	24,799	0	0	0	0	24,799	

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	\$ 13,400	\$ 0	\$ 7,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,800
Total Fines, Forfeitures, and Penalties	\$ 152,909	\$ 0	\$ 44,581	\$ 24,124	\$ 0	\$ 0	\$ 0	\$ 221,614
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Residential Waste Collection Charge	\$ 0	\$ 1,132,712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,132,712
Solid Waste Disposal Fees	0	218	0	0	0	0	0	218
Other General Service Charges	1,300	0	0	0	0	0	0	1,300
<u>Fees</u>								
Copy Fees	152	0	0	0	0	0	0	152
Library Fees	313	0	0	0	0	0	0	313
Archives and Records Management Fee - County Clerk	10,531	0	0	0	0	0	0	10,531
Greenbelt Late Application Fee	250	0	0	0	0	0	0	250
Telephone Commissions	51,490	0	0	0	0	0	0	51,490
Vending Machine Collections	394	0	0	0	0	53	0	447
Constitutional Officers' Fees and Commissions	0	0	0	0	250,162	0	0	250,162
Data Processing Fee - Register	8,642	0	0	0	0	0	0	8,642
Data Processing Fee - Sheriff	5,578	0	0	0	0	0	0	5,578
Sexual Offender Registration Fees - Sheriff	4,650	0	0	0	0	0	0	4,650
Data Processing Fee - County Clerk	1,125	0	0	0	0	0	0	1,125
<u>Education Charges</u>								
Tuition - Other	1,115	0	0	0	0	0	0	1,115
Contract for Instructional Services with Other LEAs	191,832	0	0	0	0	0	0	191,832
Total Charges for Current Services	\$ 277,372	\$ 1,132,930	\$ 0	\$ 0	\$ 250,162	\$ 53	\$ 0	\$ 1,660,517
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 77,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,788
Lease/Rentals	46,968	0	0	0	0	0	0	46,968
Sale of Materials and Supplies	0	0	0	0	0	3,783	0	3,783

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works		
<u>Other Local Revenues (Cont.)</u>								
<u>Recurring Items (Cont.)</u>								
Commissary Sales	\$ 24,488	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,488
Sale of Gasoline	93,547	0	0	0	0	0	0	93,547
Sale of Recycled Materials	25,176	108,379	0	0	0	0	0	133,555
Miscellaneous Refunds	75,553	184	0	0	0	516	0	76,253
<u>Nonrecurring Items</u>								
Sale of Equipment	965	0	0	0	0	17,870	0	18,835
Sale of Property	84,905	0	0	0	0	0	0	84,905
Contributions and Gifts	15,782	0	0	0	0	0	0	15,782
Performance Bond Forfeitures	2,500	0	0	0	0	0	0	2,500
<u>Other Local Revenues</u>								
Other Local Revenues	77,480	0	0	0	0	0	0	77,480
Total Other Local Revenues	\$ 525,152	\$ 108,563	\$ 0	\$ 0	\$ 0	\$ 22,169	\$ 0	\$ 655,884
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 88,003	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,003
Clerk and Master	48,150	0	0	0	0	0	0	48,150
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	89,142	0	0	0	0	0	0	89,142
General Sessions Court Clerk	172,050	0	0	0	0	0	0	172,050
Juvenile Court Clerk	38,409	0	0	0	0	0	0	38,409
Register	93,752	0	0	0	0	0	0	93,752
Sheriff	9,123	0	0	0	0	0	0	9,123
Trustee	326,669	0	0	0	0	0	0	326,669
Total Fees Received from County Officials	\$ 865,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 865,298
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500
Airport Maintenance Program	6,336	0	0	0	0	0	0	6,336

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>State of Tennessee (Cont.)</u>									
<u>General Government Grants (Cont.)</u>									
Aging Programs	\$ 57,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,070
Alternative School Program	643,884	0	0	0	0	0	0	0	643,884
Solid Waste Grants	0	4,708	0	0	0	0	0	0	4,708
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	13,800	0	0	0	0	0	0	0	13,800
<u>Health and Welfare Grants</u>									
Health Department Programs	148,558	0	0	0	0	0	0	0	148,558
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	0	228,925	0	0	228,925
State Aid Program	0	0	0	0	0	198,816	0	0	198,816
Litter Program	0	56,005	0	0	0	0	0	0	56,005
<u>Other State Revenues</u>									
Income Tax	25,838	0	0	0	0	0	0	0	25,838
Beer Tax	18,421	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	59,223	0	0	0	0	0	0	0	59,223
Mixed Drink Tax	2,890	0	0	0	0	0	0	0	2,890
Contracted Prisoner Boarding	527,520	0	0	0	0	0	0	0	527,520
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,844,192	0	0	1,844,192
Petroleum Special Tax	0	0	0	0	0	20,580	0	0	20,580
Registrar's Salary Supplement	18,955	0	0	0	0	0	0	0	18,955
Other State Grants	53,351	0	0	0	0	0	0	0	53,351
Other State Revenues	25,790	0	0	0	0	0	0	0	25,790
Total State of Tennessee	\$ 1,606,136	\$ 60,713	\$ 0	\$ 0	\$ 0	\$ 2,292,513	\$ 0	\$ 0	\$ 3,959,362
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 63,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,625
Disaster Relief	18,189	0	0	0	0	55,474	0	0	73,663
Homeland Security Grants	90,445	0	0	0	0	0	0	0	90,445
Other Federal through State	201,242	0	0	0	0	0	0	0	201,242

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Federal Government (Cont.)</u>									
<u>Direct Federal Revenue</u>									
Forest Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,610	\$ 0	\$ 2,610	
Total Federal Government	\$ 373,501	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,084	\$ 0	\$ 431,585	
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 12,344	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,344	
Paving and Maintenance	0	0	0	0	0	1,180	0	1,180	
<u>Citizens Groups</u>									
Donations	3,789	0	0	0	0	0	0	3,789	
<u>Other</u>									
Other	17,689	0	0	0	0	0	0	17,689	
Total Other Governments and Citizens Groups	\$ 33,822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,180	\$ 0	\$ 35,002	
Total	\$ 8,744,970	\$ 1,606,953	\$ 44,581	\$ 24,124	\$ 250,162	\$ 3,217,363	\$ 359,140	\$ 14,247,293	

Exhibit K-6

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

	General Purpose School	School Federal Projects	School Transpor - tation	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 0	\$ 0	\$ 518,736	\$ 518,736
Trustee's Collections - Prior Year	0	0	17,763	17,763
Trustee's Collections - Bankruptcy	0	0	142	142
Circuit/Clerk & Master Collections - Prior Years	0	0	17,411	17,411
Interest and Penalty	0	0	3,812	3,812
Payments in-Lieu-of Taxes - Local Utilities	0	0	50,450	50,450
Payments in-Lieu-of Taxes - Other	0	0	13,515	13,515
<u>County Local Option Taxes</u>				
Local Option Sales Tax	71,928	0	0	71,928
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	52	0	0	52
Total Local Taxes	\$ 71,980	\$ 0	\$ 621,829	\$ 693,809
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 53	\$ 0	\$ 0	\$ 53
Total Licenses and Permits	\$ 53	\$ 0	\$ 0	\$ 53
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 1,381	\$ 0	\$ 0	\$ 1,381
Lunch Payments - Adults	1,866	0	0	1,866
Transportation - Other State Systems	40,860	0	121	40,981
Contract for Instructional Services with Other LEAs	616,267	0	0	616,267
<u>Other Charges for Services</u>				
Other Charges for Services	62,069	0	0	62,069
Total Charges for Current Services	\$ 722,443	\$ 0	\$ 121	\$ 722,564
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 12	\$ 0	\$ 0	\$ 12
Lease/Rentals	8,400	0	0	8,400
Sale of Materials and Supplies	1,313	0	0	1,313
Miscellaneous Refunds	7,652	0	0	7,652
<u>Nonrecurring Items</u>				
Sale of Equipment	22,813	0	0	22,813
Damages Recovered from Individuals	84	0	0	84
Contributions and Gifts	970	0	0	970
Total Other Local Revenues	\$ 41,244	\$ 0	\$ 0	\$ 41,244

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	School Transpor - tation	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 4,237	\$ 0	\$ 0	\$ 4,237
<u>State Education Funds</u>				
Basic Education Program	1,875,000	0	0	1,875,000
School Food Service	172	0	0	172
Driver Education	1,975	0	0	1,975
Other State Education Funds	95,000	0	0	95,000
Statewide Student Management System (SSMS) - ARRA	9	0	0	9
Career Ladder Program	10,616	0	0	10,616
Career Ladder - Extended Contract	4,467	0	0	4,467
Career Ladder - Extended Contract - ARRA	3,300	0	0	3,300
<u>Other State Revenues</u>				
Mixed Drink Tax	76	0	0	76
State Revenue Sharing - T.V.A.	0	0	785,932	785,932
Safe Schools - ARRA	2,100	0	0	2,100
Total State of Tennessee	\$ 1,996,952	\$ 0	\$ 785,932	\$ 2,782,884
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 11,040	\$ 0	\$ 0	\$ 11,040
USDA - Commodities	620	0	0	620
Adult Education State Grant Program	79,444	0	0	79,444
Other Vocational	11,000	0	0	11,000
Other Federal through State	17,753	1,527	0	19,280
<u>Direct Federal Revenue</u>				
Forest Service	3,145	0	0	3,145
Total Federal Government	\$ 123,002	\$ 1,527	\$ 0	\$ 124,529
Total	\$ 2,955,674	\$ 1,527	\$ 1,407,882	\$ 4,365,083

Exhibit K-7

Carroll 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	\$	32,650	
Social Security		1,991	
State Retirement		7,988	
Unemployment Compensation		99	
Employer Medicare		466	
Audit Services		8,557	
Consultants		1,250	
Dues and Memberships		3,284	
Legal Notices, Recording, and Court Costs		2,012	
Periodicals		871	
Other Charges		4,652	
Total County Commission			\$ 63,820

Board of Equalization

Board and Committee Members Fees	\$	1,282	
Data Processing Services		11,332	
Total Board of Equalization			12,614

Other Boards and Committees

Secretary(ies)	\$	23	
Board and Committee Members Fees		200	
Social Security		1	
State Retirement		2	
Legal Notices, Recording, and Court Costs		142	
Total Other Boards and Committees			368

County Mayor/Executive

County Official/Administrative Officer	\$	71,322	
Assistant(s)		36,952	
Purchasing Personnel		10,000	
Secretary(ies)		27,187	
Part-time Personnel		7,946	
Social Security		8,863	
State Retirement		10,910	
Employee and Dependent Insurance		19,088	
Unemployment Compensation		389	
Employer Medicare		2,073	
Communication		700	
Dues and Memberships		1,500	
Maintenance Agreements		3,272	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Postal Charges	\$	3,038	
Printing, Stationery, and Forms		1,251	
Travel		4,824	
Office Supplies		3,243	
Office Equipment		627	
Total County Mayor/Executive			\$ 213,185

County Attorney

Consultants	\$	2,750	
Legal Services		9,117	
Total County Attorney			11,867

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		22,907	
Part-time Personnel		5,687	
Election Commission		3,290	
Election Workers		10,070	
Social Security		4,995	
State Retirement		5,822	
Employee and Dependent Insurance		5,344	
Unemployment Compensation		473	
Employer Medicare		1,168	
Communication		927	
Legal Notices, Recording, and Court Costs		2,040	
Maintenance Agreements		14,356	
Maintenance and Repair Services - Equipment		8,127	
Postal Charges		1,745	
Printing, Stationery, and Forms		11,379	
Travel		3,361	
Office Supplies		2,762	
Office Equipment		170	
Total Election Commission			160,199

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		52,635	
Part-time Personnel		3,538	
Social Security		6,776	
State Retirement		8,579	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Employee and Dependent Insurance	\$	17,633	
Unemployment Compensation		323	
Employer Medicare		1,585	
Communication		2,113	
Data Processing Services		6,900	
Dues and Memberships		593	
Maintenance Agreements		2,757	
Postal Charges		634	
Travel		885	
Other Contracted Services		2,375	
Office Supplies		1,796	
Office Equipment		9,406	
Total Register of Deeds			\$ 180,279

County Buildings

Custodial Personnel	\$	20,209	
Maintenance Personnel		27,893	
Social Security		2,679	
State Retirement		3,608	
Employee and Dependent Insurance		14,694	
Unemployment Compensation		270	
Employer Medicare		626	
Communication		831	
Maintenance Agreements		4,506	
Maintenance and Repair Services - Buildings		52,659	
Maintenance and Repair Services - Equipment		3,684	
Maintenance and Repair Services - Vehicles		1,522	
Permits		410	
Custodial Supplies		7,919	
Electricity		84,192	
Gasoline		2,539	
Natural Gas		9,985	
Water and Sewer		6,533	
Other Supplies and Materials		4,031	
Building and Contents Insurance		41,782	
Liability Insurance		90,015	
Building Construction		238,499	
Building Improvements		46,059	
Data Processing Equipment		13,823	
Total County Buildings			678,968

(Continued)

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	60,207	
Deputy(ies)		71,193	
In-Service Training		125	
Social Security		7,195	
State Retirement		9,855	
Employee and Dependent Insurance		32,823	
Unemployment Compensation		647	
Employer Medicare		1,683	
Communication		967	
Contracts with Private Agencies		8,730	
Dues and Memberships		1,500	
Maintenance Agreements		1,838	
Postal Charges		782	
Travel		316	
Gasoline		384	
Office Supplies		1,507	
Office Equipment		1,993	
Total Property Assessor's Office			\$ 201,745

Reappraisal Program

Deputy(ies)	\$	15,732	
Data Processing Services		4,557	
Postal Charges		220	
Office Supplies		42	
Total Reappraisal Program			20,551

County Trustee's Office

County Official/Administrative Officer	\$	61,751
Deputy(ies)		52,635
Part-time Personnel		2,726
Social Security		6,490
State Retirement		8,579
Employee and Dependent Insurance		24,480
Unemployment Compensation		311
Employer Medicare		1,518
Communication		693
Data Processing Services		4,375
Dues and Memberships		693
Legal Notices, Recording, and Court Costs		194
Maintenance Agreements		1,090

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	4,685	
Travel		783	
Office Supplies		1,619	
Office Equipment		1,800	
Total County Trustee's Office			\$ 174,422

County Clerk's Office

State Retirement	\$	11,945	
Employee and Dependent Insurance		24,603	
Communication		371	
Maintenance Agreements		293	
Office Supplies		1,728	
Total County Clerk's Office			38,940

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		154,477	
Board and Committee Members Fees		150	
Jury and Witness Expense		9,946	
Social Security		12,205	
State Retirement		16,213	
Employee and Dependent Insurance		43,669	
Unemployment Compensation		811	
Employer Medicare		2,854	
Communication		3,207	
Data Processing Services		25,514	
Dues and Memberships		683	
Legal Notices, Recording, and Court Costs		1,249	
Maintenance Agreements		5,890	
Postal Charges		3,626	
Travel		980	
Office Supplies		13,372	
Other Charges		104	
Data Processing Equipment		518	
Office Equipment		3,218	
Total Circuit Court			360,437

General Sessions Judge

Judge(s)	\$	100,218	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Social Security	\$	5,919	
State Retirement		7,516	
Employee and Dependent Insurance		9,788	
Employer Medicare		1,384	
Dues and Memberships		70	
Travel		1,517	
Office Supplies		103	
Total General Sessions Judge			\$ 126,515

Chancery Court

Deputy(ies)	\$	97,322	
Social Security		5,116	
State Retirement		11,930	
Employee and Dependent Insurance		47,991	
Unemployment Compensation		540	
Employer Medicare		1,196	
Communication		2,025	
Data Processing Services		7,066	
Dues and Memberships		563	
Maintenance Agreements		2,766	
Postal Charges		1,366	
Office Supplies		2,256	
Total Chancery Court			180,137

Juvenile Court

Supervisor/Director	\$	49,639	
Youth Service Officer(s)		35,250	
Guidance Personnel		33,999	
In-Service Training		50	
Social Security		6,678	
State Retirement		8,917	
Employee and Dependent Insurance		32,940	
Unemployment Compensation		331	
Employer Medicare		1,562	
Communication		1,785	
Maintenance Agreements		294	
Postal Charges		448	
Travel		233	
Office Supplies		3	
Total Juvenile Court			172,129

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

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

Victims Assistance Programs

Remittance of Revenue Collected	\$	4,000	
Total Victims Assistance Programs			4,000

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		772,489	
Detective(s)		4,830	
Investigator(s)		107,032	
Salary Supplements		13,800	
Part-time Personnel		6,880	
Overtime Pay		46,424	
Other Salaries and Wages		21,280	
In-Service Training		19,581	
Social Security		60,405	
State Retirement		74,540	
Employee and Dependent Insurance		166,417	
Unemployment Compensation		3,611	
Employer Medicare		14,127	
Contracts with Other Public Agencies		2,680	
Dues and Memberships		2,710	
Maintenance Agreements		38,358	
Maintenance and Repair Services - Equipment		1,546	
Maintenance and Repair Services - Vehicles		45,317	
Postal Charges		3,055	
Travel		10,108	
Electricity		12,647	
Gasoline		129,330	
Law Enforcement Supplies		2,430	
Natural Gas		828	
Office Supplies		6,955	
Uniforms		10,101	
Water and Sewer		1,466	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Supplies and Materials	\$	731	
Other Charges		3,999	
Data Processing Equipment		7,255	
Motor Vehicles		99,792	
Other Equipment		24,993	
Total Sheriff's Department			\$ 1,783,644

Administration of the Sexual Offender Registry

Remittance of Revenue Collected	\$	1,300	
Data Processing Supplies		125	
Total Administration of the Sexual Offender Registry			1,425

Jail

Medical Personnel	\$	1,156	
Dispatchers/Radio Operators		180,359	
Guards		449,524	
Clerical Personnel		29,581	
Cafeteria Personnel		46,929	
Part-time Personnel		15,150	
Overtime Pay		33,423	
In-Service Training		463	
Social Security		42,922	
State Retirement		55,364	
Employee and Dependent Insurance		136,964	
Unemployment Compensation		4,122	
Employer Medicare		10,038	
Communication		17,372	
Maintenance Agreements		8,591	
Maintenance and Repair Services - Equipment		7,165	
Medical and Dental Services		132,136	
Custodial Supplies		20,944	
Electricity		33,418	
Food Supplies		159,966	
Library Books/Media		1,101	
Natural Gas		8,938	
Prisoners Clothing		3,926	
Uniforms		6,920	
Water and Sewer		28,590	
Other Supplies and Materials		5,284	
Other Equipment		5,702	
Total Jail			1,446,048

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Educational Assistants	\$	497,459	
In-Service Training		250	
Social Security		29,037	
State Retirement		35,432	
Employee and Dependent Insurance		67,256	
Unemployment Compensation		2,516	
Employer Medicare		6,791	
Communication		2,282	
Dues and Memberships		525	
Licenses		990	
Maintenance Agreements		3,537	
Maintenance and Repair Services - Equipment		1,151	
Maintenance and Repair Services - Vehicles		11,509	
Medical and Dental Services		3,982	
Tuition		1,715	
Other Contracted Services		11,615	
Custodial Supplies		4,643	
Food Supplies		34,104	
Gasoline		33,519	
Instructional Supplies and Materials		1,228	
Office Supplies		6,437	
Other Supplies and Materials		13,005	
Building and Contents Insurance		1,185	
Liability Insurance		12,628	
Workers' Compensation Insurance		3,500	
Other Charges		6,289	
Motor Vehicles		65,133	
Office Equipment		290	
Total Juvenile Services			\$ 858,008

Fire Prevention and Control

Supervisor/Director	\$	33,234
Other Salaries and Wages		16,000
In-Service Training		820
Social Security		2,852
State Retirement		2,493
Employee and Dependent Insurance		9,707
Unemployment Compensation		270
Employer Medicare		667
Communication		1,363

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Dues and Memberships	\$	402	
Maintenance and Repair Services - Equipment		5,999	
Maintenance and Repair Services - Vehicles		19,732	
Medical and Dental Services		208	
Travel		970	
Gasoline		16,875	
Office Supplies		2,025	
Other Supplies and Materials		48	
Liability Insurance		7,778	
Other Charges		11,812	
Motor Vehicles		45,000	
Other Equipment		40,611	
Total Fire Prevention and Control			\$ 218,866

Civil Defense

Supervisor/Director	\$	37,920	
In-Service Training		348	
Social Security		2,107	
State Retirement		2,844	
Employee and Dependent Insurance		9,788	
Unemployment Compensation		135	
Employer Medicare		493	
Communication		3,657	
Maintenance Agreements		2,028	
Maintenance and Repair Services - Equipment		4,630	
Maintenance and Repair Services - Vehicles		57	
Postal Charges		90	
Travel		713	
Gasoline		2,185	
Office Supplies		4,837	
Other Supplies and Materials		95,488	
Other Charges		2,872	
Other Equipment		2,933	
Total Civil Defense			173,125

County Coroner/Medical Examiner

Medical Personnel	\$	12,000	
Other Per Diem and Fees		4,800	
Contracts with Government Agencies		9,764	
Transportation - Other than Students		775	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Travel	\$ 1,303	
Total County Coroner/Medical Examiner		\$ 28,642

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 50,045	
Clerical Personnel	76,576	
Social Security	6,958	
State Retirement	5,376	
Employee and Dependent Insurance	33,650	
Unemployment Compensation	889	
Employer Medicare	1,627	
Communication	3,000	
Contracts with Government Agencies	25,066	
Dues and Memberships	200	
Janitorial Services	7,312	
Maintenance and Repair Services - Buildings	1,241	
Maintenance and Repair Services - Office Equipment	1,131	
Matching Share	1,873	
Travel	7,226	
Other Contracted Services	1,310	
Custodial Supplies	3,139	
Drugs and Medical Supplies	773	
Office Supplies	3,066	
Utilities	11,655	
Other Supplies and Materials	9,192	
Office Equipment	862	
Total Local Health Center		252,167

Rabies and Animal Control

Social Security	\$ 744	
State Retirement	900	
Unemployment Compensation	30	
Employer Medicare	174	
Communication	380	
Maintenance and Repair Services - Vehicles	55	
Pest Control	12,000	
Veterinary Services	1,235	
Animal Food and Supplies	454	
Gasoline	2,430	
Total Rabies and Animal Control		18,402

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Contributions	\$	1,000	
Pauper Burials		350	
Other Charges		300	
Total General Welfare Assistance			\$ 1,650

Other Local Welfare Services

Dues and Memberships	\$	10,553	
Total Other Local Welfare Services			10,553

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	20,000	
Social Workers		15,182	
Other Salaries and Wages		14,540	
Social Security		2,952	
State Retirement		2,639	
Employee and Dependent Insurance		4,985	
Unemployment Compensation		423	
Employer Medicare		690	
Communication		1,550	
Contracts with Other Public Agencies		4,046	
Contracts with Private Agencies		4,295	
Licenses		810	
Maintenance Agreements		295	
Matching Share		780	
Printing, Stationery, and Forms		2,282	
Travel		1,888	
Food Supplies		1,990	
Gasoline		2,790	
Office Supplies		903	
Other Charges		1,748	
Total Senior Citizens Assistance			84,788

Libraries

Assistant(s)	\$	14,483	
Librarians		22,331	
Other Salaries and Wages		12,162	
Social Security		2,952	
State Retirement		2,761	
Employee and Dependent Insurance		4,080	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Unemployment Compensation	\$	438	
Employer Medicare		690	
Communication		1,984	
Dues and Memberships		355	
Maintenance and Repair Services - Equipment		880	
Postal Charges		258	
Travel		443	
Library Books/Media		10,710	
Office Supplies		5,087	
Periodicals		510	
Office Equipment		2,317	
Total Libraries			\$ 82,441

Parks and Fair Boards

Supervisor/Director	\$	42,707	
Social Security		2,468	
State Retirement		3,203	
Employee and Dependent Insurance		9,788	
Unemployment Compensation		146	
Employer Medicare		577	
Communication		892	
Maintenance Agreements		1,530	
Maintenance and Repair Services - Buildings		3,634	
Maintenance and Repair Services - Equipment		220	
Remittance of Revenue Collected		8,455	
Permits		90	
Other Contracted Services		740	
Custodial Supplies		3,069	
Office Supplies		42	
Utilities		32,623	
Furniture and Fixtures		674	
Total Parks and Fair Boards			110,858

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	245,756	
Total Other Social, Cultural, and Recreational			245,756

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	34,638	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Secretary(ies)	\$	5,991	
Other Fringe Benefits		9,786	
Communication		1,610	
Travel		2,241	
Other Supplies and Materials		2,759	
Office Equipment		267	
Total Agriculture Extension Service			\$ 57,292

Forest Service

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

Soil Conservation

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

Flood Control

Dues and Memberships	\$	6,641	
Total Flood Control			6,641

Other Operations

Industrial Development

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

Other Economic and Community Development

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

Airport

Supervisor/Director	\$	31,843	
Part-time Personnel		12,356	
Social Security		2,538	
State Retirement		2,388	
Employee and Dependent Insurance		9,788	
Unemployment Compensation		320	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Employer Medicare	\$	594	
Communication		2,182	
Maintenance and Repair Services - Buildings		4,490	
Maintenance and Repair Services - Equipment		5,368	
Travel		435	
Custodial Supplies		389	
Gasoline		69,261	
Office Supplies		492	
Utilities		12,619	
Liability Insurance		3,250	
Airport Improvement		<u>216,636</u>	
Total Airport	\$		374,949

Veterans' Services

Supervisor/Director	\$	22,101	
Social Security		1,370	
State Retirement		1,658	
Unemployment Compensation		135	
Employer Medicare		320	
Communication		364	
Maintenance Agreements		291	
Postal Charges		90	
Travel		735	
Office Supplies		<u>820</u>	
Total Veterans' Services			27,884

Other Charges

Handling Charges and Administrative Costs	\$	120	
Contributions		4,000	
Rentals		4,000	
Library Books/Media		7,000	
Road Signs		212	
Premiums on Corporate Surety Bonds		900	
Trustee's Commission		91,801	
Workers' Compensation Insurance		71,585	
Liability Claims		<u>55,791</u>	
Total Other Charges			235,409

Contributions to Other Agencies

Contributions	\$	<u>5,450</u>	
Total Contributions to Other Agencies			<u>5,450</u>

Total General Fund \$ 8,684,813

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Clerical Personnel	\$	20,350	
Social Security		1,160	
State Retirement		1,526	
Employee and Dependent Insurance		4,935	
Unemployment Compensation		153	
Employer Medicare		271	
Communication		587	
Contracts with Private Agencies		990,737	
Legal Services		431	
Postal Charges		838	
Maintenance and Repair Services - Records		64,139	
Office Supplies		1,044	
Other Charges		2,311	
Office Equipment		90	
Total Waste Pickup			\$ 1,088,572

Recycling Center

Supervisor/Director	\$	48,354
Clerical Personnel		25,448
Part-time Personnel		2,000
Other Salaries and Wages		128,306
Social Security		11,330
State Retirement		15,078
Employee and Dependent Insurance		61,750
Unemployment Compensation		991
Employer Medicare		2,650
Communication		986
Contracts with Private Agencies		20,410
Freight Expenses		6,770
Legal Notices, Recording, and Court Costs		39
Maintenance and Repair Services - Buildings		1,678
Maintenance and Repair Services - Equipment		3,504
Maintenance and Repair Services - Vehicles		7,541
Transportation - Other than Students		178
Brokerage Fees - Recyclables		2
Custodial Supplies		591
Gasoline		32,013
Office Supplies		609
Utilities		7,847
Other Supplies and Materials		1,225

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Building and Contents Insurance	\$	2,050	
Liability Insurance		6,063	
Trustee's Commission		17,662	
Workers' Compensation Insurance		9,301	
Other Charges		1,188	
Total Recycling Center			\$ 415,564

Highways

Litter and Trash Collection

Truck Drivers	\$	22,351	
Social Security		1,386	
Unemployment Compensation		224	
Employer Medicare		324	
Contracts with Government Agencies		398	
Maintenance and Repair Services - Vehicles		1,376	
Gasoline		3,165	
Other Supplies and Materials		743	
Other Charges		11,963	
Total Litter and Trash Collection			41,930

Principal on Debt

General Government

Principal on Notes	\$	13,000	
Total General Government			13,000

Interest on Debt

General Government

Interest on Notes	\$	1,014	
Total General Government			1,014

Total Solid Waste/Sanitation Fund \$ 1,560,080

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	913	
Confidential Drug Enforcement Payments		4,000	
Dues and Memberships		110	
Maintenance and Repair Services - Vehicles		79	
Travel		1,278	

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Veterinary Services	\$	226	
Animal Food and Supplies		453	
Trustee's Commission		421	
Special Education Equipment		1,853	
Other Equipment		6,038	
Total Drug Enforcement			\$ 15,371

Total Drug Control Fund \$ 15,371

District Attorney General Fund

Administration of Justice

District Attorney General

Communication	\$	1,355	
Travel		1,400	
Tuition		2,300	
Office Supplies		2,223	
Trustee's Commission		238	
Other Charges		5,051	
Total District Attorney General			\$ 12,567

Total District Attorney General Fund 12,567

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	178,438	
Total County Clerk's Office			\$ 178,438

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	96,609	
Total Chancery Court			96,609

Total Constitutional Officers - Fees Fund 275,047

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	135,132	
Accountants/Bookkeepers		27,187	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Secretary(ies)	\$	25,448	
Communication		4,358	
Contracts with Other Public Agencies		6,720	
Data Processing Services		7,246	
Dues and Memberships		3,516	
Evaluation and Testing		520	
Maintenance and Repair Services - Office Equipment		225	
Postal Charges		133	
Printing, Stationery, and Forms		352	
Travel		2,021	
Tuition		170	
Data Processing Supplies		728	
Drugs and Medical Supplies		351	
Electricity		5,090	
Natural Gas		1,156	
Office Supplies		361	
Utilities		955	
Water and Sewer		692	
Building and Contents Insurance		7,500	
Other Equipment		814	
Total Administration			\$ 230,675

Highway and Bridge Maintenance

Equipment Operators	\$	292,989	
Truck Drivers		136,121	
Laborers		125,506	
Contracts with Private Agencies		2,275	
Engineering Services		6,803	
Asphalt - Liquid		45,723	
Crushed Stone		24,250	
Fertilizer, Lime, and Seed		309	
General Construction Materials		192	
Ice		715	
Other Road Supplies		330	
Pipe - Metal		27,969	
Road Signs		6,416	
Wood Products		9,140	
Chemicals		824	
Other Supplies and Materials		1,941	
Total Highway and Bridge Maintenance			681,503

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	108,711	
Maintenance and Repair Services - Equipment		9,911	
Maintenance and Repair Services - Vehicles		1,945	
Tow-in Services		188	
Diesel Fuel		154,530	
Equipment and Machinery Parts		149,780	
Garage Supplies		3,989	
Gasoline		47,600	
Lubricants		11,118	
Tires and Tubes		42,988	
Other Supplies and Materials		293	
Other Charges		765	
Total Operation and Maintenance of Equipment	\$		531,818

Other Charges

Liability Insurance	\$	23,444	
Trustee's Commission		30,879	
Workers' Compensation Insurance		48,602	
Liability Claims		997	
Total Other Charges			103,922

Employee Benefits

Social Security	\$	56,189	
State Retirement		63,518	
Medical Insurance		402,119	
Unemployment Compensation		9,658	
Total Employee Benefits			531,484

Capital Outlay

Bridge Construction	\$	238,200	
Communication Equipment		535	
Highway Construction		700,531	
Highway Equipment		241,320	
Motor Vehicles		10,000	
State Aid Projects		198,816	
Other Equipment		38,610	
Other Capital Outlay		20,410	
Total Capital Outlay			1,448,422

(Continued)

Exhibit K-7

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

<u>Highway/Public Works Fund (Cont.)</u>		
<u>Principal on Debt</u>		
<u>Highways and Streets</u>		
Principal on Capital Leases	\$ 34,753	
Total Highways and Streets	<u>34,753</u>	\$ 34,753
<u>Interest on Debt</u>		
<u>Highways and Streets</u>		
Interest on Notes	\$ 2,963	
Interest on Capital Leases	1,661	
Total Highways and Streets	<u>4,624</u>	<u>4,624</u>
Total Highway/Public Works Fund		\$ 3,567,201
<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Other Loans	\$ 76,000	
Total General Government	<u>76,000</u>	\$ 76,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Other Loans	\$ 5,893	
Total General Government	<u>5,893</u>	5,893
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 6,113	
Other Debt Service	9,846	
Total General Government	<u>15,959</u>	<u>15,959</u>
Total General Debt Service Fund		97,852
<u>Other Capital Projects Fund</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Other Debt Issuance Charges	\$ 48,693	
Total General Government	<u>48,693</u>	\$ 48,693
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Architects	\$ 550,511	
Building Construction	678,255	
Total General Administration Projects	<u>1,228,766</u>	<u>1,228,766</u>
Total Other Capital Projects Fund		<u>1,277,459</u>
Total Governmental Funds - Primary Government		<u>\$ 15,490,390</u>

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	11,697	
Career Ladder Program		750	
Temporary Personnel		5,235	
Other Salaries and Wages		5,570	
Social Security		692	
State Retirement		537	
Employer Medicare		342	
Instructional Supplies and Materials		1,000	
Total Regular Instruction Program			\$ 25,823

Alternative Instruction Program

Teachers	\$	33,756	
Educational Assistants		14,593	
Social Security		2,836	
State Retirement		4,149	
Medical Insurance		9,012	
Employer Medicare		663	
Instructional Supplies and Materials		2,000	
Regular Instruction Equipment		8,838	
Total Alternative Instruction Program			75,847

Special Education Program

Teachers	\$	232,993	
Career Ladder Program		2,995	
Educational Assistants		74,484	
Other Salaries and Wages		7,046	
Certified Substitute Teachers		2,488	
Non-certified Substitute Teachers		3,993	
Social Security		19,118	
State Retirement		26,933	
Medical Insurance		19,663	
Employer Medicare		4,471	
Maintenance and Repair Services - Equipment		1,188	
Travel		381	
Other Contracted Services		10,206	
Instructional Supplies and Materials		11,173	
Other Supplies and Materials		1,168	
Other Charges		271	
Special Education Equipment		19,248	
Total Special Education Program			437,819

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	341,104	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,528	
Certified Substitute Teachers		1,662	
Non-certified Substitute Teachers		3,544	
Social Security		20,405	
State Retirement		31,314	
Medical Insurance		31,285	
Employer Medicare		4,773	
Travel		644	
Instructional Supplies and Materials		19,566	
Textbooks		97	
Other Charges		250	
Vocational Instruction Equipment		<u>32,628</u>	
Total Vocational Education Program	\$		492,800

Adult Education Program

Teachers	\$	15,039	
Other Salaries and Wages		13,054	
Social Security		809	
Employer Medicare		407	
Instructional Supplies and Materials		<u>616</u>	
Total Adult Education Program			29,925

Support Services

Attendance

Clerical Personnel	\$	18,767	
Social Security		1,164	
State Retirement		1,408	
Employer Medicare		272	
Other Contracted Services		9	
In Service/Staff Development		<u>549</u>	
Total Attendance			22,169

Health Services

Medical Personnel	\$	18,042	
Other Salaries and Wages		64,613	
Social Security		4,999	
State Retirement		6,021	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Employer Medicare	\$	1,169	
Communication		732	
Printing, Stationery, and Forms		690	
Travel		1,995	
Other Contracted Services		249	
Drugs and Medical Supplies		1,357	
Other Supplies and Materials		14,105	
In Service/Staff Development		1,129	
Other Charges		906	
Health Equipment		510	
Other Equipment		200	
Total Health Services			\$ 116,717

Other Student Support

Secretary(ies)	\$	23,338	
Social Security		1,412	
State Retirement		1,750	
Medical Insurance		5,064	
Employer Medicare		330	
Evaluation and Testing		4,937	
Operating Lease Payments		3,857	
Travel		9,702	
Other Supplies and Materials		2,782	
Other Charges		130	
Other Equipment		2,738	
Total Other Student Support			56,040

Special Education Program

Supervisor/Director	\$	58,165	
Career Ladder Program		3,000	
In-Service Training		256	
Social Security		3,639	
State Retirement		5,559	
Medical Insurance		5,172	
Employer Medicare		851	
Medical and Dental Services		107	
Travel		535	
Other Contracted Services		100	
Other Supplies and Materials		738	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

In Service/Staff Development	\$	8,292	
Other Charges		50	
Other Equipment		1,189	
Total Special Education Program			\$ 87,653

Vocational Education Program

Secretary(ies)	\$	23,338	
Other Salaries and Wages		340	
Social Security		1,423	
State Retirement		1,776	
Employer Medicare		333	
Operating Lease Payments		5,400	
Other Contracted Services		11,000	
In Service/Staff Development		12,659	
Total Vocational Education Program			56,269

Adult Programs

Supervisor/Director	\$	45,964	
Social Security		2,780	
State Retirement		4,160	
Employer Medicare		650	
Communication		3,221	
Other Supplies and Materials		279	
In Service/Staff Development		699	
Other Charges		40	
Total Adult Programs			57,793

Other Programs

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

Board of Education

Secretary to Board	\$	11,212	
Board and Committee Members Fees		6,000	
Social Security		928	
State Retirement		1,015	
Unemployment Compensation		7,791	
Employer Medicare		217	
Other Fringe Benefits		275	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Audit Services	\$	2,750	
Dues and Memberships		1,564	
Legal Services		39	
Liability Insurance		55,357	
Trustee's Commission		4,711	
Workers' Compensation Insurance		54,423	
In Service/Staff Development		1,818	
Criminal Investigation of Applicants - TBI		1,194	
Other Charges		4,180	
Total Board of Education			\$ 153,474

Director of Schools

County Official/Administrative Officer	\$	69,162	
Career Ladder Program		1,000	
Social Security		3,492	
State Retirement		6,350	
Employer Medicare		817	
Communication		6,663	
Dues and Memberships		1,182	
Postal Charges		2,279	
Travel		250	
Other Supplies and Materials		99	
In Service/Staff Development		1,334	
Total Director of Schools			92,628

Office of the Principal

Principals	\$	64,036	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		117	
Social Security		3,530	
State Retirement		5,896	
Medical Insurance		8,046	
Employer Medicare		826	
Communication		5,854	
Postal Charges		470	
Travel		187	
In Service/Staff Development		2,248	
Total Office of the Principal			92,210

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Accountants/Bookkeepers	\$	44,100	
Clerical Personnel		39,607	
Other Salaries and Wages		1,286	
Social Security		4,640	
State Retirement		6,374	
Medical Insurance		11,339	
Employer Medicare		1,085	
Data Processing Services		5,972	
Data Processing Supplies		723	
Office Supplies		3,090	
In Service/Staff Development		112	
Administration Equipment		554	
Total Fiscal Services			\$ 118,882

Operation of Plant

Janitorial Services	\$	34,336	
Disposal Fees		3,372	
Other Contracted Services		2,366	
Custodial Supplies		11,237	
Electricity		59,024	
Natural Gas		13,776	
Water and Sewer		3,736	
Plant Operation Equipment		95	
Total Operation of Plant			127,942

Maintenance of Plant

Maintenance Personnel	\$	50,869	
Other Salaries and Wages		2,619	
Social Security		2,882	
State Retirement		3,815	
Medical Insurance		11,231	
Employer Medicare		674	
Maintenance and Repair Services - Buildings		8,560	
Maintenance and Repair Services - Equipment		7,116	
Travel		317	
Other Contracted Services		3,038	
Other Supplies and Materials		5,926	
Maintenance Equipment		134	
Total Maintenance of Plant			97,181

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	47,149	
Other Salaries and Wages		14,353	
Social Security		3,813	
State Retirement		3,908	
Employer Medicare		892	
Communication		5,082	
Other Supplies and Materials		38	
In Service/Staff Development		104	
Other Charges		88	
Transportation Equipment		408,870	
Other Equipment		19,268	
Total Transportation	\$		503,565

Central and Other

Other Salaries and Wages	\$	36,000	
Social Security		2,174	
State Retirement		2,700	
Medical Insurance		5,064	
Employer Medicare		508	
Communication		4,573	
Maintenance and Repair Services - Equipment		465	
Travel		40	
Other Contracted Services		26,502	
Other Supplies and Materials		1,446	
In Service/Staff Development		155	
Other Charges		3,977	
Administration Equipment		1,378	
Total Central and Other			84,982

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	11,367	
Other Salaries and Wages		47	
Social Security		708	
State Retirement		853	
Employer Medicare		166	
Maintenance and Repair Services - Equipment		1,024	
Food Supplies		11,320	
USDA - Commodities		620	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Supplies and Materials	\$	239	
In Service/Staff Development		60	
Other Charges		140	
Food Service Equipment		4,619	
Total Food Service			\$ 31,163

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	88,598	
Other Equipment		7,450	
Total Regular Capital Outlay			96,048

Total General Purpose School Fund \$ 2,861,167

School Federal Projects Fund

Instruction

Vocational Education Program

Teachers	\$	1,307	
Social Security		82	
State Retirement		119	
Employer Medicare		19	
Total Vocational Education Program			\$ 1,527

Total School Federal Projects Fund 1,527

School Transportation Fund

Support Services

Board of Education

Other Fringe Benefits	\$	399	
Trustee's Commission		19,734	
Total Board of Education			\$ 20,133

Transportation

Supervisor/Director	\$	39,747	
Mechanic(s)		85,202	
Bus Drivers		427,146	
Clerical Personnel		23,830	
Other Salaries and Wages		49,231	
In-Service Training		1,206	

(Continued)

Exhibit K-8

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	38,181	
State Retirement		43,751	
Medical Insurance		20,256	
Employer Medicare		9,022	
Laundry Service		6,143	
Maintenance and Repair Services - Equipment		16	
Medical and Dental Services		4,295	
Other Contracted Services		2,264	
Diesel Fuel		336,913	
Garage Supplies		2,552	
Gasoline		5,668	
Lubricants		8,448	
Small Tools		5,506	
Tires and Tubes		40,431	
Vehicle Parts		98,315	
Gravel and Chert		1,271	
Other Supplies and Materials		2,283	
In Service/Staff Development		2,308	
Other Charges		7,072	
Other Equipment		16,970	
Total Transportation			\$ <u>1,278,027</u>

Total School Transportation Fund \$ 1,298,160

Total Governmental Funds - Carroll County School Department \$ 4,160,854

Exhibit K-9

Carroll County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2012

	Cities Sales Tax Fund	Special School District Fund	Total
<u>Cash Receipts</u>			
Trustee's Collections - Bankruptcy	\$ 0	\$ 1,065	\$ 1,065
Circuit/Clerk & Master Collections - Prior Years	0	175,709	175,709
Local Option Sales Tax	2,319,696	2,424,510	4,744,206
Interstate Telecommunications Tax	0	1,601	1,601
City/School District Property Taxes:			
Current Property Tax	0	4,840,343	4,840,343
Prior Year's Property Tax	0	197,127	197,127
Interest and Penalty	0	37,607	37,607
Payments in-Lieu-of Taxes	0	253,971	253,971
Marriage Licenses	0	1,790	1,790
Mixed Drink Tax	0	2,643	2,643
Total Cash Receipts	<u>\$ 2,319,696</u>	<u>\$ 7,936,366</u>	<u>\$ 10,256,062</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,296,499	\$ 7,781,255	\$ 10,077,754
Trustee's Commission	23,197	131,884	155,081
Total Cash Disbursements	<u>\$ 2,319,696</u>	<u>\$ 7,913,139</u>	<u>\$ 10,232,835</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 23,227	\$ 23,227
Cash Balance, July 1, 2011	0	295,509	295,509
Cash Balance, June 30, 2012	<u>\$ 0</u>	<u>\$ 318,736</u>	<u>\$ 318,736</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 29, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Carroll County's basic financial statements and have issued our report thereon dated October 29, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Carroll County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Carroll County Board of Public Utilities and Carroll County Indigent Care as described in our report on Carroll County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.03 and 12.05.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02 and 12.04.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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 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 29, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Carroll 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. Carroll County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

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

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carroll County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carroll County's compliance with those requirements.

In our opinion, Carroll County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Carroll County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional

analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 620 (5)
Passed-through State Department of Education:			
National School Lunch Program	10.555	N/A	11,040 (5)
Total U.S. Department of Agriculture			<u>\$ 11,660</u>
U.S. Department of Justice:			
Passed-through State Administrative Office of the Courts:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	(2)	\$ 8,856
Total U.S. Department of Justice			<u>\$ 8,856</u>
U.S. Department of Labor:			
Passed-through Dyersburg State Community College:			
WIA Youth Activities	17.259	(3)	\$ 17,753
Total U.S. Department of Labor			<u>\$ 17,753</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 192,311
Total U.S. Department of Transportation			<u>\$ 192,311</u>
U.S. Department of Education:			
Passed-through State Department Education:			
Adult Education - Basic Grants to States	84.002	Z-10-218492-00	\$ 79,444
Career and Technical Education- Basic Grants to States	84.048	(2)	11,000
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	100,409
Education Jobs Fund	84.410	(2)	1,527
Total U.S. Department of Education			<u>\$ 192,380</u>
U.S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 57,070
Total U.S. Department of Health and Human Services			<u>\$ 57,070</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 487,735
Emergency Management Performance Grants	97.042	(2)	63,625
Homeland Security Grant Program	97.067	(2)	90,445
Total U.S. Department of Homeland Security			<u>\$ 641,805</u>
Total Expenditures of Federal Awards			<u>\$ 1,121,835</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Agriculture Extension Grant - State Department of Agriculture	N/A	(2)	\$ 3,000
Airport Maintenance Program - State Department of Transportation	N/A	(2)	6,336
Flood Stream Debris Removal and Repair - State Department of Environment and Conservation	N/A	(2)	41,151
Juvenile Court Improvement Funds - State Commission on Children and Youth	N/A	(2)	4,500
Juvenile Court Prevention Services - State Department of Children's Services	N/A	(2)	643,884
Litter Program - State Department of Environment and Conservation	N/A	Z-12-LIT009	56,005
Local Health Services - State Department of Health	N/A	Z-12-43624-00	148,558
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	4,708
Tree Cutting Grant - State Department of Transportation	N/A	AERO-11,126-00	8,200
Voting Equipment Grant - Tennessee Secretary of State	N/A	(2)	<u>1,000</u>
 Total State Grants			 <u>\$ 917,342</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) 11-12-300-067-YTHPT: \$11,503; 11-12-300-067-EDJTG: \$6,250.
- (4) FEMA-1909-DR-TN: \$55,474; FEMA-1974-DR-TN: \$293,540; FEMA-1979-DR-TN: \$120,532; information not available: \$18,189.
- (5) Total for CFDA No. 10.555 is \$11,660.

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

OFFICE OF HIGHWAY COMMISSION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	165	Highway/Public Works Fund expenditures exceeded appropriations at the major category level of control
11.03	166	The Highway Department did not maintain a system to account for materials used on some types of road projects

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.04	166	The docket trial balance was not reconciled with cash control records

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.05	167	Duties were not segregated adequately

CARROLL 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, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Carroll County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Carroll County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Airport Improvement Program (CFDA No. 20.106), Adult Education - Basic Grants to States (CFDA No. 84.002), Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036), and the Homeland Security Grant Program (CFDA No. 97.067) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Carroll County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF HIGHWAY COMMISSION

FINDING 12.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED 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 Carroll County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 12.02 **HIGHWAY/PUBLIC WORKS FUND EXPENDITURES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL**
(Noncompliance Under *Government Auditing Standards*)

Highway/Public Works Fund expenditures exceeded appropriations approved by the County Commission in the Operation and Maintenance of Equipment and Interest on Debt - Highways and Streets major appropriation categories (the legal level of control) by \$33,318 and \$2,924, respectively. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 12.03 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

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

OFFICE OF CLERK AND MASTER

FINDING 12.04 **THE DOCKET TRIAL BALANCE WAS NOT RECONCILED WITH CASH CONTROL RECORDS**
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2012, the clerk and master had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, this trial balance did not reconcile with general ledger accounts by \$5,800. Therefore, we were unable to determine if the clerk and master had complied with provisions of the Unclaimed Property Act, Section 66-29-113, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to identify all funds placed on deposit with the court, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

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

FINDING 12.05 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

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

BEST PRACTICES

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

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

Carroll County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a

management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. CARROLL COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

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

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

There were no findings and questioned costs for federal awards.

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

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