

ANNUAL FINANCIAL REPORT
HARTSVILLE/TROUSDALE
COUNTY GOVERNMENT, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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COUNTY GOVERNMENT, 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

**HARTSVILLE/TROUSDALE
COUNTY GOVERNMENT, TENNESSEE
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Audit Highlights

Annual Financial Report
Hartsville/Trousdale County Government, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2012.

Results

Our report on Hartsville/Trousdale County Government is unqualified.

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

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ Deficiencies were noted in the purchase order system.

HARTSVILLE/TROUSDALE COUNTY WATER DEPARTMENT

- ◆ Employees shared a username and password.

OFFICE OF SUPERINTENDENT OF ROADS

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

OFFICE OF TRUSTEE

- ◆ The trustee did not solicit competitive bids for its operating bank accounts.
-

OFFICE OF CLERK AND MASTER

- ◆ A cash shortage of \$300 existed at June 30, 2012.
-

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICES OF SUPERINTENDENT OF ROADS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS 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 Hartsville/Trousdale County.

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

INTRODUCTORY SECTION

Hartsville/Trousdale County Officials
June 30, 2012

Officials

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

Hartsville/Trousdale County Government Commissioners

Mark Beeler, Chairman	Mike Keisling
Freddie Banks	Clyde Mansfield
Wayne Brown	James McDonald
Steve Burrow	David Nollner
James Chambers	John Oliver
Don Coker	Mark Presley
William Fergusson	Carol Pruitt
Terry Gregory	Phillip Taylor
Tammy Jackson	Robert Thurman
Richard Johnson	Marshall White, Jr.

Water and Sewerage Board

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

Board of Education

Denise Jackson, Chairman
Regina Waller
James Crabtree
Randy Linville
Anthony Crook

Highway Commission

Jakie West, County Mayor, Chairman
Charles Beasley, Superintendent of Roads
Bobby Joe Lewis

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

January 24, 2013

Hartsville/Trousdale County Government Mayor and
Board of County Commissioners
Hartsville/Trousdale County Government, 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 Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hartsville/Trousdale County Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hartsville/Trousdale County Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hartsville/Trousdale County Government Emergency Communications District, which represent 4.6 percent and 1.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hartsville/Trousdale County Government Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2013, on our consideration of Hartsville/Trousdale County Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 69 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hartsville/Trousdale County Government's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County School Department (a discretely presented component unit),

and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Hartsville/Trousdale County Government, Tennessee
 Statement of Net Assets
 June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hartsville/ Trousdale County School Department	Trousdale County Emergency Communications District
ASSETS					
Cash	\$ 733,166	\$ 1,664,384	\$ 2,397,550	\$ 0	\$ 821,138
Equity in Pooled Cash and Investments	4,842,828	0	4,842,828	4,645,844	0
Accounts Receivable	206,240	160,598	366,838	2,600	2,024
Allowance for Uncollectibles	(33,008)	0	(33,008)	0	0
Due from Other Governments	453,709	0	453,709	218,089	0
Due from Agency Fund	4,881	0	4,881	0	0
Due from Primary Government	0	0	0	136,398	0
Due from Component Units	19,644	0	19,644	0	0
Property Taxes Receivable	3,673,291	0	3,673,291	1,247,398	0
Allowance for Uncollectible Property Taxes	(521,126)	0	(521,126)	(167,705)	0
Internal Balances	12,169	(12,169)	0	0	0
Restricted Assets:					
Revenue Bond Future Debt Service	0	18,612	18,612	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,033,159	322,043	1,355,202	629,383	0
Construction in Progress	0	657,870	657,870	1,930,019	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	1,293,698	7,500	1,301,198	11,248,903	0
Infrastructure	4,221,149	6,451,831	10,672,980	0	0
Other Capital Assets	667,205	41,681	708,886	478,492	149,421
Intangibles	0	0	0	37,673	0
Total Assets	\$ 16,607,005	\$ 9,312,350	\$ 25,919,355	\$ 20,407,094	\$ 972,583
LIABILITIES					
Accounts Payable	\$ 188,538	\$ 0	\$ 188,538	\$ 312,458	\$ 2,908
Accrued Payroll	30,911	0	30,911	5,541	0
Payroll Deductions Payable	51	1,840	1,891	186,136	0
Accrued Interest Payable	9,385	0	9,385	0	0
Contracts Payable	0	0	0	142,792	0
Retainage Payable	0	0	0	94,594	0
Due to Primary Government	0	0	0	19,644	0
Due to Component Units	136,398	0	136,398	0	0
Due to State of Tennessee	1,597	6,296	7,893	0	0
Deferred Revenue - Current Property Taxes	3,040,203	0	3,040,203	1,048,714	0
Revenue Bonds Payable	0	5,146	5,146	0	0
Noncurrent Liabilities:					
Due Within One Year	1,135,574	34,092	1,169,666	0	0
Due in More Than One Year	8,397,321	331,409	8,728,730	137,300	0
Total Liabilities	\$ 12,939,978	\$ 378,783	\$ 13,318,761	\$ 1,947,179	\$ 2,908

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental Activities	Business- type Activities	Total	Hartsville/ Trousdale County School Department	Trousdale County Emergency Communications District	
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 6,739,087	\$ 7,161,744	\$ 13,900,831	\$ 0	\$ 0	
Invested in Capital Assets	0	0	0	14,324,470	149,421	
Restricted for:						
General Government	516,837	0	516,837	0	0	
Administration of Justice	131,559	0	131,559	0	0	
Public Safety	99,019	0	99,019	0	0	
Highway/Public Works	524,347	0	524,347	0	0	
Debt Service	1,443,227	18,612	1,461,839	0	0	
Education Capital Projects	666,025	0	666,025	0	0	
Other Purposes	99,444	0	99,444	0	0	
Education	0	0	0	196,417	0	
School Federal Projects	0	0	0	13,178	0	
Unrestricted	(6,552,518)	1,753,211	(4,799,307)	3,925,850	820,254	
Total Net Assets	\$ 3,667,027	\$ 8,933,567	\$ 12,600,594	\$ 18,459,915	\$ 969,675	

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

Exhibit B

Hartsville/Trousdale County Government, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	Hartsville/Trousdale County School Department	Trousdale County Emergency Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 660,855	\$ 96,785	\$ 31,864	\$ 0	\$ (532,206)	\$ 0	\$ (532,206)	\$ 0	\$ 0	\$ 0
Finance	311,461	147,127	0	0	(164,334)	0	(164,334)	0	0	0
Administration of Justice	360,780	335,928	9,121	0	(15,731)	0	(15,731)	0	0	0
Public Safety	2,280,882	350,621	17,000	111,452	(1,801,809)	0	(1,801,809)	0	0	0
Public Health and Welfare	1,466,759	603,129	45,145	0	(818,485)	0	(818,485)	0	0	0
Social, Cultural, and Recreational Services	237,335	17,926	50,452	3,642	(165,315)	0	(165,315)	0	0	0
Agriculture and Natural Resources	51,838	0	0	0	(51,838)	0	(51,838)	0	0	0
Other Operations	202,853	0	0	0	(202,853)	0	(202,853)	0	0	0
Highways/Public Works	2,094,950	0	1,224,697	388,019	(482,234)	0	(482,234)	0	0	0
Education	1,824,729	0	0	513,645	(1,311,084)	0	(1,311,084)	0	0	0
Interest on Long-term Debt	167,806	0	0	0	(167,806)	0	(167,806)	0	0	0
Other Debt Service	52,224	0	0	0	(52,224)	0	(52,224)	0	0	0
Total Governmental Activities	\$ 9,712,472	\$ 1,551,516	\$ 1,378,279	\$ 1,016,758	\$ (5,765,919)	\$ 0	\$ (5,765,919)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Public Utility - Water and Sewer	\$ 1,896,136	\$ 1,635,961	\$ 0	\$ 63,295	\$ 0	\$ (196,880)	\$ (196,880)	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 1,896,136	\$ 1,635,961	\$ 0	\$ 63,295	\$ 0	\$ (196,880)	\$ (196,880)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 11,608,608	\$ 3,187,477	\$ 1,378,279	\$ 1,080,053	\$ (5,765,919)	\$ (196,880)	\$ (5,962,799)	\$ 0	\$ 0	\$ 0
Component Units:										
School Department	\$ 10,877,423	\$ 59,522	\$ 1,889,549	\$ 1,824,729	\$ 0	\$ 0	\$ 0	\$ (7,103,623)	\$ 0	\$ 99,908
Emergency Communications District	108,596	166,001	42,503	0	0	0	0	0	0	0
Total Component Units	\$ 10,986,019	\$ 225,523	\$ 1,932,052	\$ 1,824,729	\$ 0	\$ 0	\$ 0	\$ (7,103,623)	\$ 0	\$ 99,908

(Continued)

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Hartsville/Trousdale County School Department	Trousdale County Emergency Communications District	Governmental Activities	Primary Government Business-type Activities	Total
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 3,185,258	\$ 994,903	\$ 0	\$ 0	\$ 3,185,258	\$ 0
Property Taxes Levied for Debt Service					124,747	0	0	0	124,747	0
Local Option Sales Tax					567,265	459,692	0	0	567,265	0
Wheel Tax					313,117	0	0	0	313,117	0
Wholesale Beer Tax					146,723	0	0	0	146,723	0
Litigation Tax					124,336	0	0	0	124,336	0
Business Tax					29,068	10,600	0	0	29,068	0
Interstate Telecommunications Tax					464	439	0	0	464	0
Adequate Facilities/Development Tax					20,000	0	0	0	20,000	0
Grants and Contributions Not Restricted for Specific Programs					206,681	0	0	0	206,681	0
Unrestricted Investment Income					100,004	7,392,788	5,977	0	11,419	111,423
Insurance Recovery					0	0	0	0	0	0
Miscellaneous					44,198	12,628	0	0	44,198	0
Total General Revenues					\$ 4,861,861	\$ 8,871,050	\$ 5,977	\$ 0	\$ 11,419	\$ 4,873,280
Transfers					(5,000)	0	0	0	5,000	0
Change in Net Assets					(909,058)	1,767,427	105,885	0	(180,461)	(1,089,519)
Net Assets, July 1, 2011					4,576,085	16,692,488	863,790	0	9,114,028	13,690,113
Net Assets, June 30, 2012					\$ 3,667,027	\$ 18,459,915	\$ 969,675	\$ 0	\$ 8,933,567	\$ 12,600,594

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

Hartsville/Trousdale County Government, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2012

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects	Other			
							Governmental Funds	Governmental Funds		
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 733,066	\$ 0	\$ 0	\$ 733,166	
Equity in Pooled Cash and Investments	1,596,278	739,516	100,000	411,684	1,381,219	69,357	544,774		4,842,828	
Accounts Receivable	165,030	676	0	31,120	0	0	9,414		206,240	
Allowance for Uncollectibles	(33,008)	0	0	0	0	0	0		(33,008)	
Due from Other Governments	240,783	0	0	212,644	0	0	282		453,709	
Due from Other Funds	4,881	12,169	200,000	0	0	0	0		217,050	
Due from Component Units	19,644	0	0	0	0	0	0		19,644	
Property Taxes Receivable	2,114,975	505,898	550,843	0	0	0	501,575		3,673,291	
Allowance for Uncollectible Property Taxes	(340,189)	(71,035)	(44,179)	0	0	0	(65,723)		(521,126)	
Total Assets	\$ 3,768,494	\$ 1,187,224	\$ 806,664	\$ 655,448	\$ 1,381,219	\$ 802,423	\$ 990,322	\$ 0	\$ 9,591,794	

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 113,684	\$ 16,335	\$ 0	\$ 40,369	\$ 0	\$ 0	\$ 18,150	\$ 0	\$ 188,538
Accrued Payroll	0	0	0	30,911	0	0	0	0	30,911
Payroll Deductions Payable	51	0	0	0	0	0	0	0	51
Due to Other Funds	200,000	0	0	0	0	0	0	0	200,000
Due to Component Units	0	0	0	0	0	136,398	0	0	136,398
Due to State of Tennessee	0	0	0	1,597	0	0	0	0	1,597
Deferred Revenue - Current Property Taxes	1,696,734	412,621	506,664	0	0	0	424,184	0	3,040,203
Deferred Revenue - Delinquent Property Taxes	66,559	20,981	0	0	0	0	9,950	0	97,490
Other Deferred Revenues	136,139	0	0	106,354	0	0	0	0	242,493
Total Liabilities	\$ 2,213,167	\$ 449,937	\$ 506,664	\$ 179,231	\$ 0	\$ 136,398	\$ 452,284	\$ 0	\$ 3,937,681
Fund Balances									
Restricted:									
Restricted for General Government	\$ 16,921	\$ 581,605	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 598,526
Restricted for Finance	101	0	0	0	0	0	0	0	101
Restricted for Administration of Justice	108,697	0	0	0	0	0	22,862	0	131,559

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects	Other Governmental Funds	
\$ 60,701 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	38,318 \$	99,019
52,414	0	0	0	0	0	0	0	52,414
0	0	0	429,288	0	0	0	0	429,288
0	0	0	46,929	0	0	0	0	46,929
10,515	0	0	0	1,274,915	0	0	164,437	1,449,867
0	0	0	0	0	666,025	0	0	666,025
0	155,682	0	0	0	0	0	0	155,682
1,746	0	0	0	0	0	0	0	1,746
0	0	300,000	0	0	0	0	256,863	556,863
30,335	0	0	0	0	0	0	0	30,335
0	0	0	0	106,304	0	0	55,558	161,862
1,273,897	0	0	0	0	0	0	0	1,273,897
\$ 1,555,327 \$	737,287 \$	300,000 \$	476,217 \$	1,381,219 \$	666,025 \$	538,038 \$	990,322 \$	9,591,794
\$ 3,768,494 \$	1,187,224 \$	806,664 \$	655,448 \$	1,381,219 \$	802,423 \$	990,322 \$	990,322 \$	9,591,794

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>	
Restricted (Cont.):	
Restricted for Public Safety	
Restricted for Social, Cultural, and Recreational Services	
Restricted for Highways/Public Works	
Restricted for Capital Outlay	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for General Government	
Committed for Public Safety	
Committed for Public Health and Welfare	
Committed for Social, Cultural, and Recreational Services	
Committed for Debt Service	
Unassigned	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

Hartsville/Trousdale County Government, 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)		\$ 5,654,113
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,033,159	
Add: buildings and improvements net of accumulated depreciation	1,293,698	
Add: infrastructure net of accumulated depreciation	4,221,149	
Add: other capital assets net of accumulated depreciation	<u>667,205</u>	7,215,211
(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	\$ (476,124)	
Less: other loans payable	(8,374,761)	
Less: landfill postclosure care costs	(387,674)	
Less: other postemployment benefits liability	(210,569)	
Less: compensated absences payable	(83,767)	
Less: accrued interest on notes	<u>(9,385)</u>	(9,542,280)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>339,983</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 3,667,027</u>

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

Exhibit C-3

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

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Ambulance Service	Highway / Public Works	Education		General Capital Projects	Other	Governmen- tal Funds	
					Debt Service	Service				
<u>Revenues</u>										
Local Taxes	\$ 3,405,110	\$ 511,773	\$ 0	\$ 0	\$ 359,589	\$ 0	\$ 0	\$ 411,560	\$ 4,688,032	
Licenses and Permits	22,171	15,339	0	0	0	0	0	0	37,510	
Fines, Forfeitures, and Penalties	84,462	0	0	0	0	0	0	39,544	124,006	
Charges for Current Services	496,725	146,568	0	0	0	0	0	110,431	753,724	
Other Local Revenues	140,411	0	0	18,572	14,563	1,655	0	27,171	202,372	
Fees Received from County Officials	381,704	0	0	0	0	0	0	0	381,704	
State of Tennessee	456,914	3,803	0	1,612,724	0	0	0	6,100	2,079,541	
Federal Government	258,811	0	0	0	0	0	0	0	258,811	
Other Governments and Citizens Groups	50,056	0	0	0	75,000	0	0	316,330	441,386	
Total Revenues	\$ 5,296,364	\$ 677,483	\$ 0	\$ 1,631,296	\$ 449,152	\$ 1,655	\$ 0	\$ 911,136	\$ 8,967,086	
<u>Expenditures</u>										
Current:										
General Government	\$ 493,189	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 493,189	
Finance	310,605	0	0	0	0	0	0	0	310,605	
Administration of Justice	320,625	0	0	0	0	0	0	40,101	360,726	
Public Safety	1,952,305	281,617	0	0	0	0	0	3,053	2,236,975	
Public Health and Welfare	865,541	172,563	0	0	0	0	0	395,474	1,433,578	
Social, Cultural, and Recreational Services	204,849	11,070	0	0	0	0	0	0	215,919	
Agriculture and Natural Resources	51,838	0	0	0	0	0	0	0	51,838	
Other Operations	273,198	107,791	0	0	0	0	0	8,722	389,711	
Highways	0	74,325	0	1,714,045	0	0	0	0	1,788,370	
Debt Service:										
Principal on Debt	24,436	7,381	0	57,727	422,000	0	0	448,512	960,056	
Interest on Debt	1,564	473	0	2,273	19,440	0	0	147,873	171,623	
Other Debt Service	0	0	0	0	37,000	0	0	15,224	52,224	
Capital Projects	0	0	0	0	0	1,834,250	0	0	1,834,250	
Total Expenditures	\$ 4,498,150	\$ 655,220	\$ 0	\$ 1,774,045	\$ 478,440	\$ 1,834,250	\$ 1,058,959	\$ 10,299,064		
Excess (Deficiency) of Revenues Over Expenditures	\$ 798,214	\$ 22,263	\$ 0	\$ (142,749)	\$ (29,288)	\$ (1,832,595)	\$ (147,823)	\$ (1,331,978)		

(Continued)

Exhibit C-3

Hartsville/Trousdale County Government, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds							Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Ambulance Service	Highway / Public Works	Education Debt Service	General Capital Projects	Other			
							Governmental Funds	Governmental Funds		
<u>Other Financing Sources (Uses)</u>										
Insurance Recovery	\$ 4,707	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,707
Transfers In	0	0	300,000	0	0	0	0	127,555	0	427,555
Transfers Out	(416,800)	0	0	0	0	0	0	(15,755)	0	(432,555)
Total Other Financing Sources (Uses)	\$ (412,093)	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,800	\$ (293)	\$ (293)
Net Change in Fund Balances	\$ 386,121	\$ 22,263	\$ 300,000	\$ (142,749)	\$ (29,288)	\$ (1,832,595)	\$ (36,023)	\$ (36,023)	\$ (1,332,271)	\$ (1,332,271)
Fund Balance, July 1, 2011	1,169,206	715,024	0	618,966	1,410,507	2,498,620	574,061	574,061	6,986,384	6,986,384
Fund Balance, June 30, 2012	\$ 1,555,327	\$ 737,287	\$ 300,000	\$ 476,217	\$ 1,381,219	\$ 666,025	\$ 538,038	\$ 538,038	\$ 5,654,113	\$ 5,654,113

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

Exhibit C-4

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,332,271)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital outlays purchased in the current period	\$ 111,947	
Less: current-year depreciation expense	<u>(429,239)</u>	(317,292)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: capital asset disposals		(29,091)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (501,811)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>339,983</u>	(161,828)
(4) The issuance of long-term debt (e.g., notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on notes	\$ 175,727	
Add: principal payments on other loans	752,512	
Add: principal payments on capital leases	<u>31,817</u>	960,056
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 3,817	
Change in landfill closure/postclosure care costs	(4,142)	
Change in other postemployment benefits liability	(45,231)	
Change in compensated absences payable	<u>16,924</u>	<u>(28,632)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (909,058)</u>

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

Exhibit D-1

Hartsville/Trousdale County Government, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Major Fund <u>Enterprise Fund</u> <u>Water and Sewer Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,664,384
Accounts Receivable (Net of Allowance for Uncollectibles)	<u>160,598</u>
Total Current Assets	<u>\$ 1,824,982</u>
Noncurrent Assets:	
Restricted Assets:	
Revenue Bond Future Debt Service	\$ 18,612
Capital Assets (Net of Accumulated Depreciation):	
Land	322,043
Construction in Progress	657,870
Buildings and Improvements	7,500
Infrastructure	6,451,831
Other Capital Assets	<u>41,681</u>
Total Noncurrent Assets	<u>\$ 7,499,537</u>
Total Assets	<u>\$ 9,324,519</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 1,840
Compensated Absences Payable	34,092
Due to Other Funds	12,169
Due to State of Tennessee	6,296
Revenue Bonds Payable	<u>5,146</u>
Total Current Liabilities	<u>\$ 59,543</u>
Noncurrent Liabilities:	
Revenue Bonds Payable	\$ 314,035
Compensated Absences Payable	<u>17,374</u>
Total Noncurrent Liabilities	<u>\$ 331,409</u>
Total Liabilities	<u>\$ 390,952</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 7,161,744
Restricted for Debt Service	18,612
Unrestricted	<u>1,753,211</u>
Total Net Assets	<u>\$ 8,933,567</u>

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

Exhibit D-2

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

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 1,611,458
Other Local Revenues	24,503
Total Operating Revenues	<u>\$ 1,635,961</u>
<u>Operating Expenses</u>	
Other Public Health and Welfare	\$ 1,501,747
Depreciation	344,045
Total Operating Expenses	<u>\$ 1,845,792</u>
Operating Income (Loss)	<u>\$ (209,831)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 11,419
Grant Income	33,340
Interest Expense	(13,681)
Loss on Disposal of Asset	(36,663)
Total Nonoperating Revenues (Expenses)	<u>\$ (5,585)</u>
Income (Loss) Before Transfers and Capital Contributions	\$ (215,416)
Transfers In	5,000
Capital Contributions In	29,955
Change in Net Assets	<u>\$ (180,461)</u>
Net Assets, July 1, 2011	<u>9,114,028</u>
Net Assets, June 30, 2012	<u><u>\$ 8,933,567</u></u>

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

Exhibit D-3

Hartsville/Trousdale County Government, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,611,395
Payments to Employees	(802,573)
Payments to Suppliers	(691,495)
Other Receipts (Payments)	24,503
Net Cash Provided By (Used In) Operating Activities	<u>\$ 141,830</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from Other Funds	\$ 5,000
Grants Received	33,340
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 38,340</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Contributions	\$ 29,955
Acquisition of Capital Assets	(259,588)
Principal Paid on Capital Debt	(4,931)
Interest Paid on Capital Debt	(13,681)
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ (248,245)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 11,419
Net Cash Provided By (Used In) Investing Activities	<u>\$ 11,419</u>
Net Increase (Decrease) in Cash	\$ (56,656)
Cash, July 1, 2011	<u>1,739,652</u>
Cash, June 30, 2012	<u><u>\$ 1,682,996</u></u>

(Continued)

Exhibit D-3

Hartsville/Trousdale County Government, Tennessee
Statement of Cash Flows
Proprietary Fund (Cont.)

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (209,831)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	344,045
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(63)
Increase (Decrease) in Payroll Deductions Payable	(974)
Increase (Decrease) in Due to Other Funds	466
Increase (Decrease) in Due to State of Tennessee	2,452
Increase (Decrease) in Compensated Absences Payable	<u>5,735</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 141,830</u>
<u>Reconciliation of Cash With Statement of Net Assets</u>	
Cash and Cash Equivalents Per Net Assets	\$ 1,664,384
Revenue Bond Future Debt Service Account Per Net Assets	<u>18,612</u>
Cash, June 30, 2012	<u>\$ 1,682,996</u>

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

Exhibit E

Hartsville/Trousdale County Government, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 468,285
Equity in Pooled Cash and Investments	681,314
Accounts Receivable	894
Due from Other Governments	13,000
Cash Shortage	<u>300</u>
Total Assets	<u>\$ 1,163,793</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 24,315
Due to Other Funds	4,881
Due to Litigants, Heirs, and Others	469,479
Due to Joint Venture	<u>665,118</u>
Total Liabilities	<u>\$ 1,163,793</u>

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

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Trousdale County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Trousdale County, and the Metropolitan Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the Metropolitan Commission's approval.

The Hartsville/Trousdale County School Department does not issue separate financial statements from those of the metropolitan government. Therefore,

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

Administrative Office:

Trousdale County Emergency
Communications District
210 Broadway
Hartsville, TN 37074

B. Government-wide and Fund Financial Statements

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

The metropolitan government issues all debt for the discretely presented School Department. Net debt issues totaling \$1,824,729 were contributed by the metropolitan government to the School Department during the year ended June 30, 2012.

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

governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

The metropolitan government reports the following major governmental funds:

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

Urban Services Fund – This special revenue fund accounts for the financial activity for the Urban Services District. Property taxes are the foundational revenues of this fund.

Ambulance Service Fund – This special revenue fund will account for the financial activity for the ambulance service. This fund was opened this year with a transfer from the General Fund.

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

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

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

The metropolitan government reports the following major enterprise fund:

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

Additionally, the metropolitan government reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and state grants and other restricted revenues held for the benefit of the Fifteenth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Hartsville/Trousdale County School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund type:

Special Revenue Fund – The School Federal Projects Fund accounts for and reports the proceeds of specific revenue sources that are restricted to expenditure for specific federal education programs.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

All ambulance service and property taxes receivable are shown with an allowance for uncollectibles. Ambulance service receivables

allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to eight percent of total taxes levied.

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

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

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

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

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

Retainage payable in the discretely presented Hartsville/Trousdale County School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the metropolitan trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

3. Restricted Assets

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants. The Revenue Bond Future Debt Service account is used to report resources set aside to comply with those covenants.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, and similar items), and intangibles (e.g., computer software and similar items) are reported in the governmental and the business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (School Department \$10,000) or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

5. Compensated Absences

Primary Government

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

Discretely Presented School Department

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

6. Long-term Obligations

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

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

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

benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

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

As of June 30, 2012, the metropolitan government had \$8,374,761 in outstanding debt for capital purposes for the discretely presented Hartsville/Trousdale County School Department. This debt is a liability of the metropolitan government, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, the metropolitan government has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the metropolitan government's capital assets.

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.

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 Metropolitan Commission, the metropolitan government’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority.

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

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 School Department

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

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

Primary Government

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

Discretely Presented School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage

The Office of Clerk and Master had a cash shortage of \$300 as of June 30, 2012. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General:	
Libraries	\$ 7,495
 <u>Discretely Presented School Department</u>	
General Purpose School:	
Other Debt Service - Education	130
School Federal Projects:	
Instruction - Vocational Education Program	400

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

The metropolitan government (except for the Water and Sewer Fund) and the discretely presented Hartsville/Trousdale County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the metropolitan government and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the

balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2012, the metropolitan government had the following investments carried at cost. All investments are in the trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for the metropolitan government and the discretely presented Hartsville/Trousdale County School Department since both pool their deposits and investments through the metropolitan trustee.

Investment	Weighted Average Maturities (days)	Cost
State Treasurer's Investment Pool	6 to 164	\$ 278,587

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The metropolitan government has no investment policy that would further limit its investment choices. As of June 30, 2012, the metropolitan government's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Primary Government

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

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 959,554	\$ 82,527	\$ (8,922)	\$ 1,033,159
Total Capital Assets Not Depreciated	\$ 959,554	\$ 82,527	\$ (8,922)	\$ 1,033,159

(Continued)

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 2,072,746	\$ 0	\$ (85,801)	\$ 1,986,945
Roads and Bridges	13,811,223	0	0	13,811,223
Other Capital Assets	3,197,801	29,420	(41,883)	3,185,338
Total Capital Assets				
Depreciated	<u>\$ 19,081,770</u>	<u>\$ 29,420</u>	<u>\$ (127,684)</u>	<u>\$ 18,983,506</u>
Less Accumulated				
Depreciation for:				
Buildings and				
Improvements	\$ 733,623	\$ 34,701	\$ (75,077)	\$ 693,247
Roads and Bridges	9,336,631	253,443	0	9,590,074
Other Capital Assets	2,409,476	141,095	(32,438)	2,518,133
Total Accumulated				
Depreciation	<u>\$ 12,479,730</u>	<u>\$ 429,239</u>	<u>\$ (107,515)</u>	<u>\$ 12,801,454</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 6,602,040</u>	<u>\$ (399,819)</u>	<u>\$ (20,169)</u>	<u>\$ 6,182,052</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 7,561,594</u>	<u>\$ (317,292)</u>	<u>\$ (29,091)</u>	<u>\$ 7,215,211</u>

Business-type Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not				
Depreciated:				
Land	\$ 322,043	\$ 0	\$ 0	\$ 322,043
Construction in				
Progress	624,530	33,340	0	657,870
Total Capital Assets				
Not Depreciated	<u>\$ 946,573</u>	<u>\$ 33,340</u>	<u>\$ 0</u>	<u>\$ 979,913</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 18,000	\$ 0	\$ (9,000)	\$ 9,000
Waterlines	14,076,351	226,248	(250,000)	14,052,599
Other Capital Assets	517,505	0	0	517,505
Total Capital Assets				
Depreciated	<u>\$ 14,611,856</u>	<u>\$ 226,248</u>	<u>\$ (259,000)</u>	<u>\$ 14,579,104</u>

(Continued)

Business-type Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 2,531	\$ 225	\$ (1,256)	\$ 1,500
Waterlines	7,457,525	341,344	(198,101)	7,600,768
Other Capital Assets	496,328	2,476	(22,980)	475,824
Total Accumulated Depreciation	<u>\$ 7,956,384</u>	<u>\$ 344,045</u>	<u>\$ (222,337)</u>	<u>\$ 8,078,092</u>
Total Capital Assets Depreciated, Net	<u>\$ 6,655,472</u>	<u>\$ (117,797)</u>	<u>\$ (36,663)</u>	<u>\$ 6,501,012</u>
Business-type Activities Capital Assets, Net	<u>\$ 7,602,045</u>	<u>\$ (84,457)</u>	<u>\$ (36,663)</u>	<u>\$ 7,480,925</u>

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

Governmental Activities:

General Government	\$ 9,919
Public Safety	45,245
Public Health and Welfare	49,810
Social, Cultural, and Recreational Services	10,704
Highways/Public Works	<u>313,561</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 429,239</u>

Business-type Activities:

Water and Sewer	<u>\$ 344,045</u>
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Discretely Presented School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 629,383	\$ 0	\$ 0	\$ 629,383
Construction in Progress	312,042	1,617,977	0	1,930,019
Total Capital Assets Not Depreciated	<u>\$ 941,425</u>	<u>\$ 1,617,977</u>	<u>\$ 0</u>	<u>\$ 2,559,402</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,508,693	\$ 0	\$ 0	\$ 18,508,693
Other Capital Assets	1,155,676	76,139	(55,248)	1,176,567
Intangibles	49,770	0	0	49,770
Total Capital Assets Depreciated	<u>\$ 19,714,139</u>	<u>\$ 76,139</u>	<u>\$ (55,248)</u>	<u>\$ 19,735,030</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 6,900,269	\$ 359,521	\$ 0	\$ 7,259,790
Other Capital Assets	681,267	69,294	(52,486)	698,075
Intangibles	7,950	4,147	0	12,097
Total Accumulated Depreciation	<u>\$ 7,589,486</u>	<u>\$ 432,962</u>	<u>\$ (52,486)</u>	<u>\$ 7,969,962</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,124,653</u>	<u>\$ (356,823)</u>	<u>\$ (2,762)</u>	<u>\$ 11,765,068</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,066,078</u>	<u>\$ 1,261,154</u>	<u>\$ (2,762)</u>	<u>\$ 14,324,470</u>

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

Governmental Activities:

Instruction	\$ 363,668
Support Services	<u>69,294</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 432,962</u>

C. Interfund Receivables and Payables

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Judical District Drug (agency fund)	\$ 4,881
Urban Services	Water and Sewer (enterprise fund)	12,169
Ambulance Service	General	200,000

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:		
Discretely Presented School		
Department:	Primary Government:	
General Purpose School	General Capital Projects	\$ 136,398
	Component Unit:	
	Discretely Presented School	
Primary government:	Department:	
General	General Purpose School	19,644

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In		
	Ambulance Service Fund	Water and Sewer (Enterprise Fund)	Nonmajor Governmental Funds
General Fund	\$ 300,000	\$ 5,000	\$ 111,800
Nonmajor governmental funds	0	0	15,755
Total	\$ 300,000	\$ 5,000	\$ 127,555

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-term Debt

Primary Government

General Obligation Notes and Other Loans

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

Capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to ten years for notes and up to 21 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. As of June 30, 2012, all capital outlay notes outstanding will be retired from the General Debt Service and Highway/Public Works funds, and other loans outstanding will be retired from the General Debt Service and Education Debt Service funds.

Capital outlay notes and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Capital Outlay Notes	3.95 to 4.68 %	3-1-15	\$ 1,387,000	\$ 476,124
Other Loans	Variable	6-30-27	13,978,359	8,374,761

In prior years, the metropolitan government entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned the metropolitan government \$3,000,000 for the construction of a new middle school. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the government pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .57 percent, and other fees totaled approximately .35 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. Fees on this loan also include a trustee fee of \$85 per month.

Also, in prior years, the metropolitan government entered into another loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned the metropolitan government \$8,455,359 for the construction of a new high school. This loan is repayable at a variable interest rate based on the daily LIBOR. In addition, the government pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2012, the variable interest rate was .49 percent, and other fees totaled approximately .5 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal. A trustee fee of \$85 per month is also included on this loan.

Also, in prior years, the metropolitan government entered into a loan agreement with the Tennessee State School Board Authority. Under this loan agreement, the authority loaned the metropolitan government \$2,523,000 for rehabilitation and repairs of county school buildings. This loan earns interest monthly based upon the local government investment pool rate, which is netted against the annual principal payment. The metropolitan government pays an annual administrative fee of \$2,018 under this agreement. The loan retirement schedule also includes equal monthly payments of interest; however, the county will semi-annually receive a federal interest subsidy, which will offset these payments resulting in a zero percent interest rate.

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	\$ 326,124	\$ 19,863	\$ 345,987
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	\$ 476,124	\$ 29,759	\$ 505,883

Year Ending June 30	Other Loans			
	Principal	Interest	(1) Other Fees	Total
2013	\$ 790,321	\$ 152,093	\$ 28,780	\$ 971,194
2014	816,403	148,825	26,246	991,474
2015	842,908	145,421	23,609	1,011,938
2016	870,806	141,879	20,783	1,033,468
2017	665,431	138,304	17,060	820,795
2018-2022	3,584,514	652,146	50,682	4,287,342
2023-2027	804,378	612,503	10,433	1,427,314
Total	<u>\$ 8,374,761</u>	<u>\$ 1,991,171</u>	<u>\$ 177,593</u>	<u>\$ 10,543,525</u>

(1) Includes interest requirements on Qualified School Construction Bonds, Series 2010, before federal interest rate subsidy.

There is \$219,995 available in the General Debt Service Fund and \$1,381,219 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including notes and other loans totaled \$1,125, based on the 2010 federal census.

Changes in Long-term Liabilities

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

	Notes	Other Loans	Capital Leases
Balance, July 1, 2011	\$ 651,851	\$ 9,127,273	\$ 31,817
Reductions	(175,727)	(752,512)	(31,817)
Balance, June 30, 2012	<u>\$ 476,124</u>	<u>\$ 8,374,761</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 326,124</u>	<u>\$ 790,321</u>	<u>\$ 0</u>

	Compensated Absences	Landfill Postclosure Care Cost	Other Postemployment Benefits
Balance, July 1, 2011	\$ 100,691	\$ 383,532	\$ 165,338
Additions	108,364	9,086	50,593
Reductions	(125,288)	(4,944)	(5,362)
Balance, June 30, 2012	<u>\$ 83,767</u>	<u>\$ 387,674</u>	<u>\$ 210,569</u>
Balance Due Within One Year	<u>\$ 13,129</u>	<u>\$ 6,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 9,532,895
Less: Balance Due Within One Year	<u>(1,135,574)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,397,321</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

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

The metropolitan government issues revenue bonds to provide funds for the acquisition and construction of major capital facilities and other capital outlay purchases, such as equipment.

Revenue bonds outstanding were issued for original terms of up to 38 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. As of June 30, 2012, all revenue bonds outstanding will be retired from the enterprise fund.

Revenue bonds outstanding as of June 30, 2012, for business-type activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
Revenue Bonds	4.25	% 4-24-43	\$ 350,000	\$ 319,181

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 5,146	\$ 13,466	\$ 18,612
2014	5,369	13,243	18,612
2015	5,602	13,010	18,612
2016	5,845	12,767	18,612
2017	6,098	12,514	18,612
2018-2022	34,692	58,368	93,060
2023-2027	42,891	50,169	93,060
2028-2032	53,025	40,035	93,060
2033-2037	65,555	27,505	93,060
2038-2042	81,046	12,014	93,060
2043	13,912	248	14,160
Total	\$ 319,181	\$ 253,339	\$ 572,520

Changes in Long-term Liabilities

Long-term liability activity for the Water and Sewer Fund (enterprise fund) for the year ended June 30, 2012, was as follows:

Business-type Activities:

	Revenue Bonds	Compensated Absences
Balance, July 1, 2011	\$ 324,112	\$ 45,731
Additions	0	43,875
Reductions	(4,931)	(38,140)
Balance, June 30, 2012	<u>\$ 319,181</u>	<u>\$ 51,466</u>
Balance Due Within One Year	<u>\$ 5,146</u>	<u>\$ 34,092</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 370,647
Less: Revenue Bonds Payable	(5,146)
Less: Balance Due Within One Year	<u>(34,092)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 331,409</u>

Discretely Presented School Department

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 86,563
Additions	111,788
Reductions	<u>(61,051)</u>
Balance, June 30, 2012	<u>\$ 137,300</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	<u>\$ 137,300</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 137,300</u>

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

E. On-Behalf Payments – Discretely Presented School Department

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Hartsville/Trousdale County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$1,403. The metropolitan government has recognized these on-behalf payments as revenues and expenditures in the Urban Services Fund.

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hartsville/Trousdale 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 \$41,551 and \$2,961, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

The metropolitan government is exposed to various risks related to general liability, property, and casualty losses. The metropolitan government decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The metropolitan government 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 metropolitan government pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

Discretely Presented School Department

The discretely presented Hartsville/Trousdale 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 an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The discretely presented Hartsville/Trousdale 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.

B. Subsequent Events

On August 31, 2012, Charles Beasley left the Office of Superintendent of Roads and was succeeded by Billy Scruggs.

On September 24, 2012, the metropolitan government issued \$180,000 in general obligation refunding bonds.

On October 22, 2012, the metropolitan government issued capital outlay notes of \$150,000 and \$318,000 for solid waste vehicles.

On December 31, 2012, the metropolitan government closed the Water and Sewer Fund (enterprise fund) and transferred assets, liabilities, and operations to the Hartsville – Trousdale Water/Sewer Utility District of Hartsville/Trousdale County, Tennessee.

C. Contingent Liabilities

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

D. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the metropolitan government to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the metropolitan government reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The metropolitan government closed its sanitary landfill in 1996. The \$387,674 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District, Jackson, Macon, Smith, Trousdale, and Wilson counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. The metropolitan government made no contributions to the DTF for the year ended June 30, 2012.

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

Administrative Office:

Office of District Attorney General
Fifteenth Judicial District
210 Broadway
Hartsville, TN 37074

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of the metropolitan government are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in

state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the metropolitan government participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Primary Government

The metropolitan government requires employees to contribute five percent of their earnable compensation to the plan. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 8.05 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the metropolitan government is established and may be amended by the TCRS Board of Trustees.

Former City of Hartsville Employees

The metropolitan government requires employees to contribute five percent of their earnable compensation to the plan. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 20.09 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the metropolitan government is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

Primary Government

For the year ended June 30, 2012, the metropolitan government's annual pension cost of \$319,389 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on

investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The metropolitan government's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 12 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	\$319,389	100%	\$0
6-30-11	318,831	100	0
6-30-10	312,695	100	0

Former City of Hartsville Employees

For the year ended June 30, 2012, the metropolitan government's annual pension cost of \$164,579 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The metropolitan government's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 20 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$164,579	100%	\$0
6-30-11	181,842	100	0
6-30-10	157,984	100	0

Funded Status and Funding Progress

Primary Government

As of July 1, 2011, the most recent actuarial valuation date, the plan was 93.52 percent funded. The actuarial accrued liability for benefits was \$10.02 million, and the actuarial value of assets was \$9.37 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.65 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.93 million, and the ratio of the UAAL to the covered payroll was 16.53 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.

Former City of Hartsville Employees

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.42 percent funded. The actuarial accrued liability for benefits was \$5.01 million, and the actuarial value of assets was \$4.58 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.43 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.78 million, and the ratio of the UAAL to the covered payroll was 55.38 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 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$429,524, \$435,065, and \$309,529 respectively, equal to the required contributions for each year.

2. Deferred Compensation

The discretely presented Hartsville/Trousdale County School Department offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 403(b) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
ARC	\$ 112,000	\$ 36,000	\$ 15,000
Interest on the NPO	3,463	3,621	2,992
Adjustment to the ARC	(3,675)	(3,844)	(3,176)
Annual OPEB cost	\$ 111,788	\$ 35,777	\$ 14,816
Amount of contribution	(61,051)	(4,124)	(1,238)
Increase/decrease in NPO	\$ 50,737	\$ 31,653	\$ 13,578
Net OPEB obligation, 7-1-11	86,563	90,535	74,803
Net OPEB obligation, 6-30-12	\$ 137,300	\$ 122,188	\$ 88,381

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 85,130	82 %	\$ 70,215
6-30-11	"	89,167	81.67	86,563
6-30-12	"	111,788	54.61	137,300
6-30-10	Local Government Group	52,000	14	44,721
6-30-11	"	54,106	15.33	90,535
6-30-12	"	35,777	11.53	122,188
6-30-10	Medicare Supplement	16,108	8.38	60,085
6-30-11	"	16,143	8.36	74,803
6-30-12	"	14,816	8.35	88,381

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 987,000	\$ 270,000	\$ 160,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 987,000	\$ 270,000	\$ 160,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 5,856,415	\$ 3,053,009	\$ N/A
UAAL as a % of covered payroll	17%	9%	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual

results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.05 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

Office of County Mayor

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

Office of Superintendent of Roads

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

Office of Director of Schools

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

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

A. **Summary of Significant Accounting Policies**

1. **Reporting Entity**

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

2. **Basis of Accounting**

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

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

3. **Cash and Cash Equivalents**

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

4. **Supply Inventory**

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

5. **Capital Assets**

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

6. **Estimates**

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

7. **Budgets and Budgetary Accounting**

The district follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The board has the ability to change line item amounts without a formal vote if the change does not increase the amounts budgeted.
- b. The budget amounts shown are the final authorized amounts as amended during the year.

The *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* establishes the legal budget level of control to be at the line-item level.

B. Cash and Certificates of Deposit

The district is authorized to invest funds in financial institutions and direct obligations of the federal government. During the year, the district invested funds that were not immediately needed in certificates of deposit and savings accounts. The district has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by state statute to be secured

and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the district and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The district's deposits with financial institutions are fully insured or collateralized by securities held in the district's name.

C. Capital Assets

A summary of changes in capital assets in service follows:

	Balance 7-1-11	Additions	Disposals	Balance 6-30-12
Equipment	\$ 286,286	\$ 25,761	\$ 0	\$ 312,047
	\$ 286,286	\$ 25,761	\$ 0	\$ 312,047
Less Accumulated Depreciation	<u>(129,322)</u>			<u>(162,626)</u>
Utility Plant - Net	<u>\$ 156,964</u>			<u>\$ 149,421</u>

D. Risk Management

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

E. Service Arrangement Contract and Economic Dependence

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

F. Related-party Transactions

The district contracted with the Trousdale County Building Inspector to do the current addressing. The contract is with the inspector personally; however, he received the contract based on his employment with Trousdale County. The contract was for \$5,100 a year. The payments are made to the inspector directly and are not transactions with the county.

G. Donated Services

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,405,110	\$ 3,186,322	\$ 3,186,322	\$ 218,788
Licenses and Permits	22,171	14,735	14,735	7,436
Fines, Forfeitures, and Penalties	84,462	86,850	86,850	(2,388)
Charges for Current Services	496,725	393,700	395,900	100,825
Other Local Revenues	140,411	369,350	173,542	(33,131)
Fees Received from County Officials	381,704	382,500	382,500	(796)
State of Tennessee	456,914	331,237	359,843	97,071
Federal Government	258,811	126,489	260,343	(1,532)
Other Governments and Citizens Groups	50,056	14,500	34,144	15,912
Total Revenues	\$ 5,296,364	\$ 4,905,683	\$ 4,894,179	\$ 402,185
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,866	\$ 16,683	\$ 16,683	\$ 3,817
Beer Board	126	250	250	124
County Mayor/Executive	165,707	172,798	172,798	7,091
County Attorney	9,859	17,400	17,400	7,541
Election Commission	84,981	82,008	86,904	1,923
Register of Deeds	77,613	80,244	80,244	2,631
Planning	35,845	35,494	36,394	549
County Buildings	106,192	138,900	150,075	43,883
Preservation of Records	0	500	500	500
<u>Finance</u>				
Property Assessor's Office	105,771	109,781	109,781	4,010
County Trustee's Office	105,745	108,702	108,702	2,957
County Clerk's Office	99,089	107,604	101,989	2,900
<u>Administration of Justice</u>				
Circuit Court	147,446	153,790	153,790	6,344
General Sessions Court	82,642	83,117	84,117	1,475
Chancery Court	71,885	73,463	73,463	1,578
Judicial Commissioners	18,652	19,483	19,483	831
<u>Public Safety</u>				
Sheriff's Department	903,842	949,022	926,680	22,838
Drug Enforcement	49,741	52,642	52,642	2,901
Administration of the Sexual Offender Registry	0	3,200	3,200	3,200
Jail	746,667	782,386	815,992	69,325
Workhouse	56,860	63,494	63,494	6,634
Juvenile Services	18,821	25,663	25,663	6,842
Fire Prevention and Control	34,923	38,750	41,750	6,827
Civil Defense	24,624	26,550	26,550	1,926
Other Emergency Management	109,537	117,489	117,489	7,952
Inspection and Regulation	2,590	6,662	6,662	4,072
County Coroner/Medical Examiner	4,700	15,310	15,310	10,610

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 29,312	\$ 32,549	\$ 32,549	\$ 3,237
Ambulance/Emergency Medical Services	787,594	798,060	806,095	18,501
Alcohol and Drug Programs	3,437	6,628	6,628	3,191
Other Local Health Services	0	8,600	8,600	8,600
Sanitation Education/Information	39,198	39,237	39,237	39
Other Public Health and Welfare	6,000	6,000	6,000	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	37,496	39,576	39,576	2,080
Libraries	90,993	78,237	83,498	(7,495)
Parks and Fair Boards	73,560	116,178	126,952	53,392
Other Social, Cultural, and Recreational	2,800	0	2,800	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	40,026	40,787	40,787	761
Soil Conservation	11,812	11,812	11,812	0
<u>Other Operations</u>				
Other Charges	251,764	571,562	281,562	29,798
Employee Benefits	10,632	15,100	15,100	4,468
Miscellaneous	10,802	11,866	11,866	1,064
<u>Principal on Debt</u>				
General Government	24,436	0	24,436	0
<u>Interest on Debt</u>				
General Government	1,564	0	1,564	0
Total Expenditures	\$ 4,498,150	\$ 5,057,577	\$ 4,847,067	\$ 348,917
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 798,214	\$ (151,894)	\$ 47,112	\$ 751,102
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,707	\$ 0	\$ 1,050	\$ 3,657
Transfers Out	(416,800)	0	(427,931)	11,131
Total Other Financing Sources (Uses)	\$ (412,093)	\$ 0	\$ (426,881)	\$ 14,788
Net Change in Fund Balance				
Fund Balance, July 1, 2011	\$ 1,169,206	\$ 793,041	\$ 793,041	\$ 376,165
Fund Balance, June 30, 2012	\$ 1,555,327	\$ 641,147	\$ 413,272	\$ 1,142,055

Exhibit F-2

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Urban Services Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 511,773	\$ 524,952	\$ 524,952	\$ (13,179)
Licenses and Permits	15,339	12,000	12,000	3,339
Charges for Current Services	146,568	142,000	142,000	4,568
State of Tennessee	3,803	1,800	3,203	600
Total Revenues	<u>\$ 677,483</u>	<u>\$ 680,752</u>	<u>\$ 682,155</u>	<u>\$ (4,672)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 278,783	\$ 338,253	\$ 328,400	\$ 49,617
Fire Prevention and Control	2,834	3,500	3,500	666
<u>Public Health and Welfare</u>				
Rabies and Animal Control	8,248	16,200	16,200	7,952
Waste Pickup	164,315	163,191	166,691	2,376
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	5,820	10,000	8,500	2,680
Other Social, Cultural, and Recreational	5,250	3,750	5,250	0
<u>Other Operations</u>				
Other Charges	105,150	117,086	117,086	11,936
Employee Benefits	2,641	1,650	3,053	412
<u>Highways</u>				
Highway and Bridge Maintenance	74,325	75,000	75,000	675
<u>Principal on Debt</u>				
General Government	7,381	0	9,353	1,972
<u>Interest on Debt</u>				
General Government	473	0	500	27
Total Expenditures	<u>\$ 655,220</u>	<u>\$ 728,630</u>	<u>\$ 733,533</u>	<u>\$ 78,313</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,263</u>	<u>\$ (47,878)</u>	<u>\$ (51,378)</u>	<u>\$ 73,641</u>
Net Change in Fund Balance	\$ 22,263	\$ (47,878)	\$ (51,378)	\$ 73,641
Fund Balance, July 1, 2011	<u>715,024</u>	<u>699,438</u>	<u>699,438</u>	<u>15,586</u>
Fund Balance, June 30, 2012	<u>\$ 737,287</u>	<u>\$ 651,560</u>	<u>\$ 648,060</u>	<u>\$ 89,227</u>

Exhibit F-3

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Ambulance Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Total Other Financing Sources (Uses)	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Net Change in Fund Balance	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Fund Balance, July 1, 2011	0	0	0	0
Fund Balance, June 30, 2012	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 18,572	\$ 3,700	\$ 9,225	\$ 9,347
State of Tennessee	1,612,724	1,481,388	1,686,642	(73,918)
Total Revenues	<u>\$ 1,631,296</u>	<u>\$ 1,485,088</u>	<u>\$ 1,695,867</u>	<u>\$ (64,571)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 129,248	\$ 134,712	\$ 135,892	\$ 6,644
Highway and Bridge Maintenance	1,146,522	912,429	1,302,633	156,111
Operation and Maintenance of Equipment	210,188	197,120	231,730	21,542
Other Charges	61,583	131,037	64,037	2,454
Employee Benefits	52,964	60,079	53,525	561
Capital Outlay	113,540	251,498	170,498	56,958
<u>Principal on Debt</u>				
Highways and Streets	57,727	0	57,727	0
<u>Interest on Debt</u>				
Highways and Streets	2,273	0	2,273	0
Total Expenditures	<u>\$ 1,774,045</u>	<u>\$ 1,686,875</u>	<u>\$ 2,018,315</u>	<u>\$ 244,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (142,749)</u>	<u>\$ (201,787)</u>	<u>\$ (322,448)</u>	<u>\$ 179,699</u>
Net Change in Fund Balance	\$ (142,749)	\$ (201,787)	\$ (322,448)	\$ 179,699
Fund Balance, July 1, 2011	<u>618,966</u>	<u>618,966</u>	<u>618,966</u>	<u>0</u>
Fund Balance, June 30, 2012	<u>\$ 476,217</u>	<u>\$ 417,179</u>	<u>\$ 296,518</u>	<u>\$ 179,699</u>

Exhibit F-5

Hartsville/Trousdale County Government, Tennessee
Schedule of Funding Progress – Pension Plans
Primary Government and Discretely Presented Hartsville/Trousdale
County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Primary Government	7-1-11	\$ 9,375	\$ 10,024	\$ 649	93.52 %	\$ 3,928	16.53 %
"	7-1-09	7,464	7,722	258	96.66	4,086	6.30
"	7-1-07	6,880	7,163	283	96.05	3,171	8.92
Former City of Hartsville	7-1-11	4,577	5,007	429	91.42	775	55.38
"	7-1-09	3,909	4,811	901	81.26	794	113.58
"	7-1-07	3,794	3,800	6	99.84	805	0.75

Exhibit F-6

Hartsville/Trousdale County Government, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hartsville/Trousdale
County School Department
June 30, 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)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 380	\$ 380	0 %	\$ 3,079	12 %
"	7-1-10	0	406	406	0	3,596	11
"	7-1-11	0	270	270	0	3,053	9
Medicare Supplement	7-1-09	0	156	156	0	N/A	N/A
"	7-1-10	0	156	156	0	N/A	N/A
"	7-1-11	0	160	160	0	N/A	N/A
<u>DISCRETELY PRESENTED HARTSVILLE/TROUSDALE</u> <u>COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	909	909	0	5,993	15
"	7-1-10	0	939	939	0	5,993	16
"	7-1-11	0	987	987	0	5,856	17

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

The metropolitan government's budgetary basis of accounting is consistent with 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

Expenditures exceeded appropriations approved by the County Commission in the Libraries major appropriation category (the legal level of control) of the General Fund by \$7,495. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

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

Exhibit G-1

Hartsville/Trousdale County Government, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				Total	Debt Service Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General			General Debt Service		
\$ 258,673 \$	38,318 \$	22,862 \$	319,853 \$	224,921 \$	544,774			
9,414	0	0	9,414	0	9,414			
282	0	0	282	0	282			
298,274	0	0	298,274	203,301	501,575			
(42,385)	0	0	(42,385)	(23,338)	(65,723)			
\$ 524,258 \$	38,318 \$	22,862 \$	585,438 \$	404,884 \$	990,322			

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

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

Fund Balances

Restricted:
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Debt Service
Committed:
Committed for Public Health and Welfare
Committed for Debt Service
Total Fund Balances

Total Liabilities and Fund Balances

\$ 12,750 \$	0 \$	0 \$	12,750 \$	5,400 \$	18,150
247,440	0	0	247,440	176,744	424,184
7,205	0	0	7,205	2,745	9,950
\$ 267,395 \$	0 \$	0 \$	267,395 \$	184,889 \$	452,284
\$ 0 \$	0 \$	22,862 \$	22,862 \$	0 \$	22,862
0	38,318	0	38,318	0	38,318
0	0	0	0	164,437	164,437
256,863	0	0	256,863	0	256,863
0	0	0	0	55,558	55,558
\$ 256,863 \$	38,318 \$	22,862 \$	318,043 \$	219,995 \$	538,038
\$ 524,258 \$	38,318 \$	22,862 \$	585,438 \$	404,884 \$	990,322

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

	Special Revenue Funds				Total	Debt Service Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	General		General	Debt Service	
<u>Revenues</u>								
Local Taxes	\$ 274,595	\$ 0	\$ 0	\$ 0	\$ 274,595	\$ 136,965	\$ 411,560	
Fines, Forfeitures, and Penalties	0	8,104	31,346	94	39,450	94	39,544	
Charges for Current Services	110,431	0	0	0	110,431	0	110,431	
Other Local Revenues	24,661	0	916	1,594	25,577	1,594	27,171	
State of Tennessee	6,100	0	0	0	6,100	0	6,100	
Other Governments and Citizens Groups	0	0	0	0	0	316,330	316,330	
Total Revenues	\$ 415,787	\$ 8,104	\$ 32,262	\$ 456,153	\$ 454,983	\$ 454,983	\$ 911,136	
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 40,101	\$ 0	\$ 40,101	\$ 0	\$ 40,101	
Public Safety	0	3,053	0	0	3,053	0	3,053	
Public Health and Welfare	395,474	0	0	0	395,474	0	395,474	
Other Operations	8,722	0	0	0	8,722	0	8,722	
Debt Service:								
Principal on Debt	0	0	0	0	0	448,512	448,512	
Interest on Debt	0	0	0	0	0	147,873	147,873	
Other Debt Service	0	0	0	0	0	15,224	15,224	
Total Expenditures	\$ 404,196	\$ 3,053	\$ 40,101	\$ 447,350	\$ 447,350	\$ 611,609	\$ 1,058,959	
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,591	\$ 5,051	\$ (7,839)	\$ 8,803	\$ (156,626)	\$ (147,823)		
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,555	\$ 127,555	
Transfers Out	(15,755)	0	0	(15,755)	0	0	(15,755)	
Total Other Financing Sources (Uses)	\$ (15,755)	\$ 0	\$ 0	\$ (15,755)	\$ 127,555	\$ 127,555	\$ 111,800	
Net Change in Fund Balances	\$ (4,164)	\$ 5,051	\$ (7,839)	\$ (6,952)	\$ (29,071)	\$ (29,071)	\$ (36,023)	
Fund Balance, July 1, 2011	261,027	33,267	30,701	324,995	249,066	249,066	574,061	
Fund Balance, June 30, 2012	\$ 256,863	\$ 38,318	\$ 22,862	\$ 318,043	\$ 219,995	\$ 219,995	\$ 538,038	

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 274,595	\$ 261,148	\$ 261,148	\$ 13,447
Charges for Current Services	110,431	104,000	104,000	6,431
Other Local Revenues	24,661	12,000	12,000	12,661
State of Tennessee	6,100	3,000	3,000	3,100
Total Revenues	<u>\$ 415,787</u>	<u>\$ 380,148</u>	<u>\$ 380,148</u>	<u>\$ 35,639</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 252,586	\$ 266,776	\$ 266,776	\$ 14,190
Other Waste Disposal	137,944	163,200	163,200	25,256
Postclosure Care Costs	4,944	6,000	6,000	1,056
<u>Other Operations</u>				
Other Charges	8,722	9,000	9,000	278
Total Expenditures	<u>\$ 404,196</u>	<u>\$ 444,976</u>	<u>\$ 444,976</u>	<u>\$ 40,780</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,591</u>	<u>\$ (64,828)</u>	<u>\$ (64,828)</u>	<u>\$ 76,419</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,755)	\$ 0	\$ (15,755)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (15,755)</u>	<u>\$ 0</u>	<u>\$ (15,755)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (4,164)	\$ (64,828)	\$ (80,583)	\$ 76,419
Fund Balance, July 1, 2011	261,027	238,221	238,221	22,806
Fund Balance, June 30, 2012	<u>\$ 256,863</u>	<u>\$ 173,393</u>	<u>\$ 157,638</u>	<u>\$ 99,225</u>

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 8,104	\$ 4,700	\$ 4,700	\$ 3,404
Total Revenues	<u>\$ 8,104</u>	<u>\$ 4,700</u>	<u>\$ 4,700</u>	<u>\$ 3,404</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 3,053	\$ 29,425	\$ 29,425	\$ 26,372
Total Expenditures	<u>\$ 3,053</u>	<u>\$ 29,425</u>	<u>\$ 29,425</u>	<u>\$ 26,372</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,051</u>	<u>\$ (24,725)</u>	<u>\$ (24,725)</u>	<u>\$ 29,776</u>
Net Change in Fund Balance	\$ 5,051	\$ (24,725)	\$ (24,725)	\$ 29,776
Fund Balance, July 1, 2011	<u>33,267</u>	<u>33,149</u>	<u>33,149</u>	<u>118</u>
Fund Balance, June 30, 2012	<u><u>\$ 38,318</u></u>	<u><u>\$ 8,424</u></u>	<u><u>\$ 8,424</u></u>	<u><u>\$ 29,894</u></u>

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 136,965	\$ 127,004	\$ 127,004	\$ 9,961
Fines, Forfeitures, and Penalties	94	0	0	94
Other Local Revenues	1,594	0	178	1,416
Other Governments and Citizens Groups	316,330	314,312	316,331	(1)
Total Revenues	\$ 454,983	\$ 441,316	\$ 443,513	\$ 11,470
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 118,000	\$ 118,000	\$ 118,000	\$ 0
Education	330,512	330,525	330,525	13
<u>Interest on Debt</u>				
General Government	24,783	24,788	24,788	5
Education	123,090	207,469	159,845	36,755
<u>Other Debt Service</u>				
General Government	7,869	4,000	9,400	1,531
Education	7,355	5,338	7,357	2
Total Expenditures	\$ 611,609	\$ 690,120	\$ 649,915	\$ 38,306
Excess (Deficiency) of Revenues Over Expenditures	\$ (156,626)	\$ (248,804)	\$ (206,402)	\$ 49,776
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 122,316	\$ 4,757	\$ (4,757)
Transfers In	127,555	0	117,559	9,996
Total Other Financing Sources (Uses)	\$ 127,555	\$ 122,316	\$ 122,316	\$ 5,239
Net Change in Fund Balance	\$ (29,071)	\$ (126,488)	\$ (84,086)	\$ 55,015
Fund Balance, July 1, 2011	249,066	242,645	242,645	6,421
Fund Balance, June 30, 2012	\$ 219,995	\$ 116,157	\$ 158,559	\$ 61,436

Major Governmental Fund

Education Debt Service Fund

The Education 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

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 359,589	\$ 333,500	\$ 333,500	\$ 26,089
Other Local Revenues	14,563	15,000	15,000	(437)
Other Governments and Citizens Groups	75,000	75,000	75,000	0
Total Revenues	<u>\$ 449,152</u>	<u>\$ 423,500</u>	<u>\$ 423,500</u>	<u>\$ 25,652</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 422,000	\$ 422,000	\$ 422,000	\$ 0
<u>Interest on Debt</u>				
Education	19,440	281,350	248,356	228,916
<u>Other Debt Service</u>				
Education	37,000	10,000	42,994	5,994
Total Expenditures	<u>\$ 478,440</u>	<u>\$ 713,350</u>	<u>\$ 713,350</u>	<u>\$ 234,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (29,288)</u>	<u>\$ (289,850)</u>	<u>\$ (289,850)</u>	<u>\$ 260,562</u>
Net Change in Fund Balance	\$ (29,288)	\$ (289,850)	\$ (289,850)	\$ 260,562
Fund Balance, July 1, 2011	1,410,507	1,387,450	1,387,450	23,057
Fund Balance, June 30, 2012	<u>\$ 1,381,219</u>	<u>\$ 1,097,600</u>	<u>\$ 1,097,600</u>	<u>\$ 283,619</u>

Fiduciary Funds

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

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

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

Exhibit I-1

Hartsville/Trousdale County Government, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>		
	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>			
Cash	\$ 468,285	\$ 0	\$ 468,285
Equity in Pooled Cash and Investments	0	681,314	681,314
Accounts Receivable	894	0	894
Due from Other Governments	0	13,000	13,000
Cash Shortage	300	0	300
Total Assets	<u>\$ 469,479</u>	<u>\$ 694,314</u>	<u>\$ 1,163,793</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 24,315	\$ 24,315
Due to Other Funds	0	4,881	4,881
Due to Litigants, Heirs, and Others	469,479	0	469,479
Due to Joint Ventures	0	665,118	665,118
Total Liabilities	<u>\$ 469,479</u>	<u>\$ 694,314</u>	<u>\$ 1,163,793</u>

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 392,301	\$ 2,115,598	\$ 2,039,614	\$ 468,285
Accounts Receivable	0	894	0	894
Cash Shortage	0	300	0	300
Total Assets	<u>\$ 392,301</u>	<u>\$ 2,116,792</u>	<u>\$ 2,039,614</u>	<u>\$ 469,479</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 392,301</u>	<u>\$ 2,116,792</u>	<u>\$ 2,039,614</u>	<u>\$ 469,479</u>
Total Liabilities	<u>\$ 392,301</u>	<u>\$ 2,116,792</u>	<u>\$ 2,039,614</u>	<u>\$ 469,479</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 748,546	\$ 209,923	\$ 277,155	\$ 681,314
Due from Other Governments	13,000	0	0	13,000
Total Assets	<u>\$ 761,546</u>	<u>\$ 209,923</u>	<u>\$ 277,155</u>	<u>\$ 694,314</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 24,315	\$ 0	\$ 24,315
Due to Other Funds	0	4,881	0	4,881
Due to Joint Venture	761,546	180,727	277,155	665,118
Total Liabilities	<u>\$ 761,546</u>	<u>\$ 180,727</u>	<u>\$ 277,155</u>	<u>\$ 694,314</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 392,301	\$ 2,115,598	\$ 2,039,614	\$ 468,285
Equity in Pooled Cash and Investments	748,546	209,923	277,155	681,314
Accounts Receivable	0	894	0	894
Due from Other Governments	13,000	0	0	13,000
Cash Shortage	0	300	0	300
Total Assets	<u>\$ 1,153,847</u>	<u>\$ 2,326,715</u>	<u>\$ 2,316,769</u>	<u>\$ 1,163,793</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 24,315	\$ 0	\$ 24,315
Due to Other Funds	0	4,881	0	4,881
Due to Litigants, Heirs, and Others	392,301	2,116,792	2,039,614	469,479
Due to Joint Venture	761,546	180,727	277,155	665,118
Total Liabilities	<u>\$ 1,153,847</u>	<u>\$ 2,302,400</u>	<u>\$ 2,316,769</u>	<u>\$ 1,163,793</u>

Hartsville/Trousdale County School Department

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

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

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

Exhibit J-1

Hartsville/Trousdale County Government, Tennessee
Statement of Activities
Discretely Presented Hartsville/Trousdale County School Department
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,467,759	\$ 46,197	\$ 881,750	\$ 1,824,729	\$ (3,715,083)
Support Services	3,282,876	13,325	547,703	0	(2,721,848)
Operation of Non-Instructional Services	735,458	0	460,096	0	(275,362)
Other Debt Service	391,330	0	0	0	(391,330)
Total Governmental Activities	\$ 10,877,423	\$ 59,522	\$ 1,889,549	\$ 1,824,729	\$ (7,103,623)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	994,903
Local Option Sales Tax					459,692
Business Tax					10,600
Interstate Telecommunications Tax					439
Grants and Contributions Not Restricted to Specific Programs					7,392,788
Miscellaneous					12,628
Total General Revenues				\$	8,871,050
Change in Net Assets				\$	1,767,427
Net Assets, July 1, 2011					16,692,488
Net Assets, June 30, 2012				\$	18,459,915

Exhibit J-2

Hartsville/Trousdale County Government, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hartsville/ Trousdale County School Department
June 30, 2012

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Govern-mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,566,449	\$ 79,395	\$ 4,645,844
Accounts Receivable	2,600	0	2,600
Due from Other Governments	216,363	1,726	218,089
Due from Primary Government	136,398	0	136,398
Property Taxes Receivable	1,247,398	0	1,247,398
Allowance for Uncollectible Property Taxes	(167,705)	0	(167,705)
Total Assets	\$ 6,001,503	\$ 81,121	\$ 6,082,624
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 311,944	\$ 514	\$ 312,458
Accrued Payroll	5,541	0	5,541
Payroll Deductions Payable	168,707	17,429	186,136
Contracts Payable	142,792	0	142,792
Retainage Payable	94,594	0	94,594
Due to Primary Government	19,644	0	19,644
Deferred Revenue - Current Property Taxes	1,048,714	0	1,048,714
Deferred Revenue - Delinquent Property Taxes	26,417	0	26,417
Other Deferred Revenues	40,227	0	40,227
Total Liabilities	\$ 1,858,580	\$ 17,943	\$ 1,876,523
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 196,417	\$ 13,178	\$ 209,595
Committed:			
Committed for Education	1,970,019	50,000	2,020,019
Unassigned	1,976,487	0	1,976,487
Total Fund Balances	\$ 4,142,923	\$ 63,178	\$ 4,206,101
Total Liabilities and Fund Balances	\$ 6,001,503	\$ 81,121	\$ 6,082,624

Exhibit J-3

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Hartsville/Trousdale County School Department
June 30, 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)		\$ 4,206,101
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 629,383	
Add: construction in progress	1,930,019	
Add: buildings and improvements net of accumulated depreciation	11,248,903	
Add: other capital assets net of accumulated depreciation	478,492	
Add: intangibles net of accumulated depreciation	<u>37,673</u>	14,324,470
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		66,644
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Less: other postemployment benefits liability		<u>(137,300)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 18,459,915</u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u>	
	General	Fund	
	Purpose	School	Total
	School	Federal	Governmental
		Projects	Funds
<u>Revenues</u>			
Local Taxes	\$ 1,681,289	\$ 0	\$ 1,681,289
Licenses and Permits	874	0	874
Charges for Current Services	53,083	0	53,083
Other Local Revenues	67,486	0	67,486
State of Tennessee	7,361,255	0	7,361,255
Federal Government	506,591	1,147,707	1,654,298
Other Governments and Citizens Groups	1,824,729	0	1,824,729
Total Revenues	<u>\$ 11,495,307</u>	<u>\$ 1,147,707</u>	<u>\$ 12,643,014</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,879,578	\$ 955,276	\$ 5,834,854
Support Services	3,096,256	191,003	3,287,259
Operation of Non-Instructional Services	735,458	0	735,458
Capital Outlay	1,836,477	0	1,836,477
Debt Service:			
Other Debt Service	391,330	0	391,330
Total Expenditures	<u>\$ 10,939,099</u>	<u>\$ 1,146,279</u>	<u>\$ 12,085,378</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 556,208	\$ 1,428	\$ 557,636
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 5,868	\$ 0	\$ 5,868
Total Other Financing Sources (Uses)	<u>\$ 5,868</u>	<u>\$ 0</u>	<u>\$ 5,868</u>
Net Change in Fund Balances	\$ 562,076	\$ 1,428	\$ 563,504
Fund Balance, July 1, 2011	<u>3,580,847</u>	<u>61,750</u>	<u>3,642,597</u>
Fund Balance, June 30, 2012	<u>\$ 4,142,923</u>	<u>\$ 63,178</u>	<u>\$ 4,206,101</u>

Exhibit J-5

Hartsville/Trousdale County Government, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hartsville/Trousdale County School Department
For the Year Ended June 30, 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)		\$ 563,504
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,694,116	
Less: current-year depreciation expense	<u>(432,962)</u>	1,261,154
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: capital asset disposals		(2,762)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2011	\$ (70,376)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>66,644</u>	(3,732)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(50,737)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,767,427</u>

Exhibit J-6

Hartsville/Trousdale County Government, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hartsville/ Trousdale County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,681,289	\$ 1,587,876	\$ 1,587,876	\$ 93,413
Licenses and Permits	874	600	600	274
Charges for Current Services	53,083	42,500	42,500	10,583
Other Local Revenues	67,486	10,000	10,000	57,486
State of Tennessee	7,361,255	7,350,055	7,353,613	7,642
Federal Government	506,591	440,625	523,171	(16,580)
Other Governments and Citizens Groups	1,824,729	0	1,824,729	0
Total Revenues	\$ 11,495,307	\$ 9,431,656	\$ 11,342,489	\$ 152,818
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,840,817	\$ 3,993,998	\$ 3,977,698	\$ 136,881
Alternative Instruction Program	86,305	87,750	87,750	1,445
Special Education Program	738,283	742,850	764,850	26,567
Vocational Education Program	186,386	196,300	196,300	9,914
Adult Education Program	27,787	46,080	42,954	15,167
<u>Support Services</u>				
Attendance	20,290	20,300	20,300	10
Health Services	160,224	163,115	163,115	2,891
Other Student Support	181,614	193,825	193,825	12,211
Regular Instruction Program	439,043	447,090	447,090	8,047
Special Education Program	84,984	93,964	85,464	480
Vocational Education Program	26,617	27,200	27,200	583
Adult Programs	31,633	33,420	35,014	3,381
Other Programs	44,512	0	44,512	0
Board of Education	104,635	116,040	116,040	11,405
Director of Schools	167,259	195,800	196,532	29,273
Office of the Principal	546,687	552,150	552,150	5,463
Fiscal Services	94,681	97,000	97,000	2,319
Operation of Plant	597,406	703,600	703,600	106,194
Maintenance of Plant	159,392	230,850	194,850	35,458
Transportation	437,279	516,000	503,800	66,521
<u>Operation of Non-Instructional Services</u>				
Food Service	505,927	407,400	512,095	6,168
Community Services	101,055	153,000	102,367	1,312
Early Childhood Education	128,476	145,842	145,842	17,366
<u>Capital Outlay</u>				
Regular Capital Outlay	1,836,477	2,440,748	4,481,748	2,645,271
<u>Principal on Debt</u>				
Education	0	391,200	0	0
<u>Other Debt Service</u>				
Education	391,330	0	391,200	(130)
Total Expenditures	\$ 10,939,099	\$ 11,995,522	\$ 14,083,296	\$ 3,144,197

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 556,208	\$ (2,563,866)	\$ (2,740,807)	\$ 3,297,015
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 2,417,666	\$ 586,054	\$ (586,054)
Insurance Recovery	5,868	0	0	5,868
Total Other Financing Sources (Uses)	\$ 5,868	\$ 2,417,666	\$ 586,054	\$ (580,186)
Net Change in Fund Balance	\$ 562,076	\$ (146,200)	\$ (2,154,753)	\$ 2,716,829
Fund Balance, July 1, 2011	3,580,847	2,823,253	2,823,253	757,594
Fund Balance, June 30, 2012	\$ 4,142,923	\$ 2,677,053	\$ 668,500	\$ 3,474,423

Exhibit J-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,147,707	\$ 1,833,359	\$ 1,821,110	\$ (673,403)
Total Revenues	\$ 1,147,707	\$ 1,833,359	\$ 1,821,110	\$ (673,403)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 692,094	\$ 1,029,225	\$ 1,021,015	\$ 328,921
Special Education Program	248,125	433,063	428,346	180,221
Vocational Education Program	15,057	15,457	14,657	(400)
<u>Support Services</u>				
Other Student Support	3,376	2,811	3,612	236
Regular Instruction Program	123,320	236,598	233,091	109,771
Special Education Program	52,236	57,863	62,180	9,944
Vocational Education Program	961	961	961	0
Office of the Principal	7,002	41,400	41,400	34,398
Transportation	4,108	20,642	20,642	16,534
Total Expenditures	\$ 1,146,279	\$ 1,838,020	\$ 1,825,904	\$ 679,625
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,428	\$ (4,661)	\$ (4,794)	\$ 6,222
Net Change in Fund Balance	\$ 1,428	\$ (4,661)	\$ (4,794)	\$ 6,222
Fund Balance, July 1, 2011	61,750	61,750	61,750	0
Fund Balance, June 30, 2012	\$ 63,178	\$ 57,089	\$ 56,956	\$ 6,222

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hartsville/Trousdale County Government, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Capital Leases,
and Other Loans
For the Year Ended June 30, 2012

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Matured During Period	Outstanding 6-30-12
<u>GOVERNMENTAL ACTIVITIES</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Leachate Collection Trench	\$ 72,000	4.65 %	4-1-04	3-1-13	\$ 18,000	\$ 9,000	\$ 9,000
Highway Equipment/Solid Waste Truck	525,000	4.68	3-1-05	3-1-15	239,000	56,000	183,000
Fire Truck	190,000	4.21	3-7-05	3-1-14	72,000	23,000	49,000
Ambulance Vehicles	300,000	4	Various	10-15-12	240,000	30,000	210,000
Total Payable through General Debt Service Fund					\$ 569,000	\$ 118,000	\$ 451,000
<u>Payable through Highway/Public Works Fund</u>							
Highway Equipment	300,000	3.95	4-9-07	12-9-12	\$ 82,851	\$ 57,727	\$ 25,124
Total Notes Payable					\$ 651,851	\$ 175,727	\$ 476,124
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Fund</u>							
Sheriff's Department Vehicles	73,402	6.4	9-4-09	9-4-11	\$ 24,436	\$ 24,436	\$ 0
<u>Payable through Urban Services Fund</u>							
Sheriff's Department Vehicles	22,173	6.4	9-4-09	9-4-11	7,381	7,381	0
Total Capital Leases Payable					\$ 31,817	\$ 31,817	\$ 0
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School Construction	3,000,000	Variable	10-11-1995	5-25-16	\$ 1,021,914	\$ 186,200	\$ 835,714
Qualified School Construction Bonds, Series 2010	2,523,000	(1)	10-1-10	6-30-27	2,523,000	144,312	2,378,688
<u>Payable through Education Debt Service Fund</u>							
School Construction	8,455,359	Variable	8-30-02	5-25-22	5,582,359	422,000	5,160,359
Total Other Loans Payable					\$ 9,127,273	\$ 752,512	\$ 8,374,761

(Continued)

Exhibit K-1

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

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Matured During Period	Outstanding 6-30-12
<u>BUSINESS-TYPE ACTIVITIES</u>							
<u>BONDS PAYABLE</u>							
Payable through Water and Sewer Fund	\$ 350,000	4.25 %	5-24-05	4-24-43	\$ 324,112	\$ 4,931	\$ 319,181
Water and Sewer Bonds - Series 2004							
Total Bonds Payable					\$ 324,112	\$ 4,931	\$ 319,181

(1) Interest rate of approximately 4.85 percent is offset by a federal interest subsidy, resulting in a net interest rate of zero percent.

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 326,124	\$ 19,863	\$ 345,987
2014	86,000	6,902	92,902
2015	64,000	2,994	66,994
Total	\$ 476,124	\$ 29,759	\$ 505,883

Year Ending June 30	Other Loans			
	Principal	Interest	(1) Other Fees	Total
2013	\$ 790,321	\$ 152,093	\$ 28,780	\$ 971,194
2014	816,403	148,825	26,246	991,474
2015	842,908	145,421	23,609	1,011,938
2016	870,806	141,879	20,783	1,033,468
2017	665,431	138,304	17,060	820,795
2018	684,431	135,807	14,869	835,107
2019	704,431	133,216	12,598	850,245
2020	725,431	130,528	10,240	866,199
2021	746,431	127,736	7,791	881,958
2022	723,790	124,859	5,184	853,833
2023	157,431	122,315	2,019	281,765
2024	157,432	122,315	2,019	281,766
2025	157,432	122,315	2,019	281,766
2026	157,432	122,315	2,019	281,766
2027	174,651	123,243	2,357	300,251
Total	\$ 8,374,761	\$ 1,991,171	\$ 177,593	\$ 10,543,525

(1) Includes interest requirements on Qualified School Construction Bonds, Series 2010, before federal interest rate subsidy.

(Continued)

Exhibit K-2

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

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 5,146	\$ 13,466	\$ 18,612
2014	5,369	13,243	18,612
2015	5,602	13,010	18,612
2016	5,845	12,767	18,612
2017	6,098	12,514	18,612
2018	6,363	12,249	18,612
2019	6,638	11,974	18,612
2020	6,926	11,686	18,612
2021	7,226	11,386	18,612
2022	7,539	11,073	18,612
2023	7,866	10,746	18,612
2024	8,207	10,405	18,612
2025	8,563	10,049	18,612
2026	8,934	9,678	18,612
2027	9,321	9,291	18,612
2028	9,725	8,887	18,612
2029	10,146	8,466	18,612
2030	10,586	8,026	18,612
2031	11,045	7,567	18,612
2032	11,523	7,089	18,612
2033	12,023	6,589	18,612
2034	12,544	6,068	18,612
2035	13,087	5,525	18,612
2036	13,655	4,957	18,612
2037	14,246	4,366	18,612
2038	14,864	3,748	18,612
2039	15,508	3,104	18,612
2040	16,180	2,432	18,612
2041	16,881	1,731	18,612
2042	17,613	999	18,612
2043	13,912	248	14,160
Total	\$ 319,181	\$ 253,339	\$ 572,520

Exhibit K-3

Hartsville/Trousdale County Government, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
General	Ambulance Service	Operations	\$ 300,000
"	Water and Sewer	"	5,000
"	General Debt Service	QSCB subsidy payment	111,800
Solid Waste/ Sanitation	"	Close project	15,755
Total Transfers			<u>\$ 432,555</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 60,950	(1) \$ 25,000	State Automobile Mutual Insurance Company
Superintendent of Roads	Section 8-24-102, TCA	57,477	100,000	"
Director of Schools	State Board of Education and Hartsville/Trousdale County Government	89,429	(2) (4)	"
Trustee	Board of Education	52,251	497,000	"
Assessor of Property	Section 8-24-102, TCA	52,251	10,000	"
County Clerk	Section 8-24-102, TCA	52,251	35,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	52,251	35,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	52,251	35,000	"
Register	Section 8-24-102, TCA	52,251	25,000	"
Sheriff	Section 8-24-102, TCA	57,477	(3) 25,000	"
Employee Blanket Bond Coverage:				
General County, Water Department, and Highway Employees			150,000	Tennessee Risk Management Trust
School Employees			150,000	"

- (1) Includes \$600 for serving as chairman of the Highway Commission.
- (2) Includes \$1,000 as a chief executive officer training supplement, \$1,740 as secretary of the board of education, and \$5,400 for a performance bonus.
- (3) Does not include a law enforcement training supplement of \$600.
- (4) The director of schools is covered under the blanket bond.

Hartsville/Trousdale County Government, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,242,687	\$ 383,172	\$ 242,631	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	172,353	49,598	21,412	0	0	0
Circuit/Clerk & Master Collections - Prior Years	36,302	7,574	4,273	0	0	0
Interest and Penalty	28,971	7,940	3,555	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	27,371	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	7,514	4,903	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	416,170	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	27,214	0	0	0	0	0
Litigation Tax - Special Purpose	71,388	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	25,341	0	2,724	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0
Other County Local Option Taxes	0	24,323	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	54,517	0	0	0	0	0
Wholesale Beer Tax	146,723	0	0	0	0	0
Interstate Telecommunications Tax	464	0	0	0	0	0
Other Statutory Local Taxes	0	34,263	0	0	0	0
<u>City Local Option Taxes</u>						
Local Option Sales Tax	148,095	0	0	0	0	0
Total Local Taxes	\$ 3,405,110	\$ 511,773	\$ 274,595	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 15,339	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Building Permits	21,286	0	0	0	0	0
Other Permits	885	0	0	0	0	0
Total Licenses and Permits	\$ 22,171	\$ 15,339	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 2,258	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,968	0	0	0	0	0
Drug Control Fines	0	0	0	2,658	0	0
Data Entry Fee - Circuit Court	842	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	10,348	0	0	0	0	0
Officers Costs	25,042	0	0	0	0	0
Game and Fish Fines	56	0	0	0	0	0
Drug Control Fines	0	0	0	5,446	0	0
Jail Fees	4,115	0	0	0	0	0
DUI Treatment Fines	2,730	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,788	0	0	0	0	0
Courtroom Security Fee	25,973	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	200	0	0	0	0	0
Officers Costs	752	0	0	0	0	0
DUI Treatment Fines	2,945	0	0	0	0	0
Data Entry Fee - Juvenile Court	66	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	745	0	0	0	0	0
Data Entry Fee - Chancery Court	986	0	0	0	0	0
Courts in Other District Counties						
District Attorney General Fees					31,346	
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	1,648	0	0	0	31,346	0
	\$ 84,462	\$ 0	\$ 0	\$ 8,104	\$ 31,346	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 110,431	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Residential Waste Collection Charge	\$ 0	\$ 146,568	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	458,548	0	0	0	0	0
Zoning Studies	400	0	0	0	0	0
Other General Service Charges	17,236	0	0	0	0	0
<u>Fees</u>						
Copy Fees	5,737	0	0	0	0	0
Telephone Commissions	10,400	0	0	0	0	0
Data Processing Fee - Register	2,596	0	0	0	0	0
Data Processing Fee - Sheriff	112	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,200	0	0	0	0	0
Data Processing Fee - County Clerk	496	0	0	0	0	0
Total Charges for Current Services	\$ 496,725	\$ 146,568	\$ 110,431	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 81,233	\$ 0	\$ 0	\$ 0	\$ 0	\$ 959
Lease/Rentals	20,197	0	0	0	0	0
Commissary Sales	5,000	0	0	0	0	0
Sale of Gasoline	6,879	0	0	0	0	0
Sale of Recycled Materials	435	0	24,661	0	0	0
Miscellaneous Refunds	17,112	0	0	0	916	12,088
<u>Nonrecurring Items</u>						
Sale of Equipment	5,300	0	0	0	0	0
Sale of Property	1	0	0	0	0	0
Damages Recovered from Individuals	100	0	0	0	0	5,525
Contributions and Gifts	2,424	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	1,730	0	0	0	0	0
Total Other Local Revenues	\$ 140,411	\$ 0	\$ 24,661	\$ 0	\$ 916	\$ 18,572

(Continued)

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

	Special Revenue Funds						
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works	
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 80,580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	25,041	0	0	0	0	0	0
General Sessions Court Clerk	78,487	0	0	0	0	0	0
Clerk and Master	22,988	0	0	0	0	0	0
Register	24,351	0	0	0	0	0	0
Sheriff	3,626	0	0	0	0	0	0
Trustee	146,631	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 381,704	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	27,200	0	0	0	0	0	0
Solid Waste Grants	0	0	6,100	0	0	0	0
On-Behalf Contributions for OPEB	0	1,403	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	6,600	2,400	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	388,019	0
Litter Program	39,045	0	0	0	0	0	0
<u>Other State Revenues</u>							
Flood Control	143	0	0	0	0	0	0
Income Tax	18,071	0	0	0	0	0	0
Beer Tax	19,584	0	0	0	0	0	0
Alcoholic Beverage Tax	13,711	0	0	0	0	0	0
Emergency Hospital - Prisoners	33,606	0	0	0	0	0	0
Board of Jurors	121	0	0	0	0	0	0
Contracted Prisoner Boarding	261,310	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,214,163
Petroleum Special Tax	0	0	0	0	0	0	10,542

(Continued)

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

	Special Revenue Funds					
	General	Urban Services	Solid Waste / Sanitation	Drug Control	District Attorney General	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	13,359	0	0	0	0	0
Total State of Tennessee	\$ 456,914	\$ 3,803	\$ 6,100	\$ 0	\$ 0	\$ 1,612,724
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 111,452	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	5,000	0	0	0	0	0
Other Federal through State	8,580	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	11,464	0	0	0	0	0
Tax Credit Bond Rebate	122,315	0	0	0	0	0
Total Federal Government	\$ 258,811	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 9,115	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	26,804	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	14,137	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 50,056	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 5,296,364	\$ 677,483	\$ 415,787	\$ 8,104	\$ 32,262	\$ 1,631,296

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	General Capital Projects	0 \$	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 92,185	\$ 0	\$ 0	\$ 0	\$ 2,960,675	
Trustee's Collections - Prior Year	13,256	19,390		0	276,009	
Circuit/Clerk & Master Collections - Prior Years	2,658	3,983		0	54,790	
Interest and Penalty	2,129	3,099		0	45,694	
Payments in-Lieu-of Taxes - T.V.A.	0	0		0	27,371	
Payments in-Lieu-of Taxes - Other	0	0		0	12,417	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0		0	416,170	
Wheel Tax	0	313,117		0	313,117	
Litigation Tax - General	0	0		0	27,214	
Litigation Tax - Special Purpose	0	0		0	71,388	
Litigation Tax - Jail, Workhouse, or Courthouse	25,734	0		0	25,734	
Business Tax	1,003	0		0	29,068	
Adequate Facilities/Development Tax	0	20,000		0	20,000	
Other County Local Option Taxes	0	0		0	24,323	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0		0	54,517	
Wholesale Beer Tax	0	0		0	146,723	
Interstate Telecommunications Tax	0	0		0	464	
Other Statutory Local Taxes	0	0		0	34,263	
<u>City Local Option Taxes</u>						
Local Option Sales Tax	0	0		0	148,095	
Total Local Taxes	\$ 136,965	\$ 359,589	\$ 0	\$ 0	\$ 4,688,032	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,339	
<u>Permits</u>						
Building Permits	0	0		0	21,286	
Other Permits	0	0		0	885	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,510	

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	General Capital Projects	0 \$	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines			0 \$		0 \$	2,258
Officers Costs			0		0	1,968
Drug Control Fines			0		0	2,658
Data Entry Fee - Circuit Court			0		0	842
<u>General Sessions Court</u>						
Fines			0		0	10,348
Officers Costs			0		0	25,042
Game and Fish Fines			0		0	56
Drug Control Fines			0		0	5,446
Jail Fees	94		0		0	4,209
DUI Treatment Fines	0		0		0	2,730
Data Entry Fee - General Sessions Court	0		0		0	3,788
Courtroom Security Fee	0		0		0	25,973
<u>Juvenile Court</u>						
Fines			0		0	200
Officers Costs			0		0	752
DUI Treatment Fines			0		0	2,945
Data Entry Fee - Juvenile Court			0		0	66
<u>Chancery Court</u>						
Officers Costs			0		0	745
Data Entry Fee - Chancery Court			0		0	986
<u>Courts in Other District Counties</u>						
District Attorney General Fees			0		0	31,346
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0		0		0	1,648
Total Fines, Forfeitures, and Penalties	94 \$	0 \$	0 \$	0 \$	0 \$	124,006
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	0 \$	0 \$	0 \$	0 \$	0 \$	110,431

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	Capital Projects Fund		
				General Capital	Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Residential Waste Collection Charge	0 \$	0 \$	0 \$	0 \$	0 \$	146,568
Patient Charges	0	0	0	0	0	458,548
Zoning Studies	0	0	0	0	0	400
Other General Service Charges	0	0	0	0	0	17,236
<u>Fees</u>						
Copy Fees	0	0	0	0	0	5,737
Telephone Commissions	0	0	0	0	0	10,400
Data Processing Fee - Register	0	0	0	0	0	2,596
Data Processing Fee - Sheriff	0	0	0	0	0	112
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,200
Data Processing Fee - County Clerk	0	0	0	0	0	496
Total Charges for Current Services	0 \$	0 \$	0 \$	0 \$	0 \$	753,724
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	1,594 \$	14,563 \$	1,655 \$	1,655 \$	100,004	
Lease/Rentals	0	0	0	0	20,197	
Commissary Sales	0	0	0	0	5,000	
Sale of Gasoline	0	0	0	0	6,879	
Sale of Recycled Materials	0	0	0	0	25,096	
Miscellaneous Refunds	0	0	0	0	30,116	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	5,300	
Sale of Property	0	0	0	0	1	
Damages Recovered from Individuals	0	0	0	0	5,625	
Contributions and Gifts	0	0	0	0	2,424	
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	1,730	
Total Other Local Revenues	1,594 \$	14,563 \$	1,655 \$	1,655 \$	202,372	

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	Capital Projects Fund		
				General Capital Projects	0 \$	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	80,580
Circuit Court Clerk	0	0	0	0	0	25,041
General Sessions Court Clerk	0	0	0	0	0	78,487
Clerk and Master	0	0	0	0	0	22,988
Register	0	0	0	0	0	24,351
Sheriff	0	0	0	0	0	3,626
Trustee	0	0	0	0	0	146,631
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	381,704
<u>State of Tennessee</u>						
General Government Grants	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Juvenile Services Program	0	0	0	0	0	27,200
Aging Programs	0	0	0	0	0	6,100
Solid Waste Grants	0	0	0	0	0	1,403
On-Behalf Contributions for OPEB	0	0	0	0	0	9,000
Public Safety Grants	0	0	0	0	0	388,019
Law Enforcement Training Programs	0	0	0	0	0	39,045
Public Works Grants	0	0	0	0	0	143
State Aid Program	0	0	0	0	0	18,071
Litter Program	0	0	0	0	0	19,584
Other State Revenues	0	0	0	0	0	13,711
Flood Control	0	0	0	0	0	33,606
Income Tax	0	0	0	0	0	121
Beer Tax	0	0	0	0	0	261,310
Alcoholic Beverage Tax	0	0	0	0	0	1,214,163
Emergency Hospital - Prisoners	0	0	0	0	0	10,542
Board of Jurors	0	0	0	0	0	
Contracted Prisoner Boarding	0	0	0	0	0	
Gasoline and Motor Fuel Tax	0	0	0	0	0	
Petroleum Special Tax	0	0	0	0	0	

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Education Debt Service	0 \$	General Capital Projects		
				0 \$	0 \$	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Registrar's Salary Supplement	0 \$	0 \$	0 \$	0 \$	0 \$	15,164
Other State Revenues	0	0	0	0	0	13,359
Total State of Tennessee	0 \$	0 \$	0 \$	0 \$	0 \$	2,079,541
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	0 \$	0 \$	0 \$	0 \$	0 \$	111,452
Law Enforcement Grants	0	0	0	0	0	5,000
Other Federal through State	0	0	0	0	0	8,580
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	0	0	0	0	0	11,464
Tax Credit Bond Rebate	0	0	0	0	0	122,315
Total Federal Government	0 \$	0 \$	0 \$	0 \$	0 \$	258,811
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	316,330 \$	75,000 \$	0 \$	0 \$	0 \$	400,445
Contracted Services	0	0	0	0	0	26,804
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	14,137
Total Other Governments and Citizens Groups	316,330 \$	75,000 \$	0 \$	0 \$	0 \$	441,386
<u>Total</u>	454,983 \$	449,152 \$	0 \$	1,655 \$	0 \$	8,967,086

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 893,492	\$ 0	\$ 893,492
Trustee's Collections - Prior Year	74,664	0	74,664
Circuit/Clerk & Master Collections - Prior Years	21,589	0	21,589
Interest and Penalty	13,036	0	13,036
Payments in-Lieu-of Taxes - T.V.A.	211,923	0	211,923
<u>County Local Option Taxes</u>			
Local Option Sales Tax	455,546	0	455,546
Business Tax	10,600	0	10,600
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	439	0	439
Total Local Taxes	\$ 1,681,289	\$ 0	\$ 1,681,289
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 874	\$ 0	\$ 874
Total Licenses and Permits	\$ 874	\$ 0	\$ 874
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Other	\$ 10,197	\$ 0	\$ 10,197
Receipts from Individual Schools	6,886	0	6,886
<u>Other Charges for Services</u>			
Other Charges for Services	36,000	0	36,000
Total Charges for Current Services	\$ 53,083	\$ 0	\$ 53,083
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Lease/Rentals	\$ 1,575	\$ 0	\$ 1,575
Sale of Recycled Materials	4,864	0	4,864
Refund of Telecommunication & Internet Fees (E-Rate)	52,037	0	52,037
Miscellaneous Refunds	3,315	0	3,315
<u>Nonrecurring Items</u>			
Sale of Equipment	3,400	0	3,400
Damages Recovered from Individuals	345	0	345
Contributions and Gifts	1,950	0	1,950
Total Other Local Revenues	\$ 67,486	\$ 0	\$ 67,486
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 44,512	\$ 0	\$ 44,512
<u>State Education Funds</u>			
Basic Education Program	6,924,990	0	6,924,990
Early Childhood Education	99,158	0	99,158
School Food Service	6,947	0	6,947
Energy Efficient School Initiative	4,875	0	4,875
Other State Education Funds	163,517	0	163,517
Career Ladder Program	43,024	0	43,024
Career Ladder - Extended Contract	29,800	0	29,800

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
<u>State of Tennessee (Cont.)</u>			
<u>State Education Funds (Cont.)</u>			
Career Ladder - Extended Contract - ARRA	\$ 26,841	\$ 0	\$ 26,841
<u>Other State Revenues</u>			
Other State Grants	13,371	0	13,371
Other State Revenues	4,220	0	4,220
Total State of Tennessee	<u>\$ 7,361,255</u>	<u>\$ 0</u>	<u>\$ 7,361,255</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 321,095	\$ 0	\$ 321,095
USDA - Commodities	33,695	0	33,695
Breakfast	90,134	0	90,134
USDA - Other	8,225	0	8,225
Adult Education State Grant Program	41,212	0	41,212
Vocational Education - Basic Grants to States	0	19,230	19,230
Title I Grants to Local Education Agencies	0	253,051	253,051
Special Education - Grants to States	12,230	294,655	306,885
Special Education Preschool Grants	0	7,800	7,800
Safe and Drug-free Schools - State Grants	0	121	121
Rural Education	0	26,514	26,514
Eisenhower Professional Development State Grants	0	55,419	55,419
Race-to-the-Top - ARRA	0	106,834	106,834
Other Federal through State	0	384,083	384,083
Total Federal Government	<u>\$ 506,591</u>	<u>\$ 1,147,707</u>	<u>\$ 1,654,298</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 1,824,729	\$ 0	\$ 1,824,729
Total Other Governments and Citizens Groups	<u>\$ 1,824,729</u>	<u>\$ 0</u>	<u>\$ 1,824,729</u>
Total	<u>\$ 11,495,307</u>	<u>\$ 1,147,707</u>	<u>\$ 12,643,014</u>

Exhibit K-7

Hartsville/Trousdale County Government, 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	\$	4,472	
Other Per Diem and Fees		2,410	
Social Security		401	
Employer Medicare		94	
Audit Services		2,361	
Dues and Memberships		1,000	
Legal Notices, Recording, and Court Costs		530	
Other Contracted Services		1,598	
Total County Commission			\$ 12,866

Beer Board

Board and Committee Members Fees	\$	110	
Legal Notices, Recording, and Court Costs		16	
Total Beer Board			126

County Mayor/Executive

County Official/Administrative Officer	\$	60,350	
Assistant(s)		33,113	
Clerical Personnel		28,600	
Other Salaries and Wages		6,949	
In-Service Training		195	
Social Security		7,812	
State Retirement		9,826	
Medical Insurance		4,560	
Employer Medicare		1,827	
Data Processing Services		7,155	
Printing, Stationery, and Forms		1,406	
Travel		1,440	
Office Supplies		1,730	
Office Equipment		744	
Total County Mayor/Executive			165,707

County Attorney

County Official/Administrative Officer	\$	9,859	
Total County Attorney			9,859

Election Commission

County Official/Administrative Officer	\$	41,800	
Deputy(ies)		2,099	
Election Commission		3,195	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	4,375	
In-Service Training		1,327	
Social Security		2,973	
State Retirement		3,365	
Employer Medicare		695	
Data Processing Services		2,900	
Dues and Memberships		166	
Legal Notices, Recording, and Court Costs		1,956	
Maintenance and Repair Services - Equipment		12,637	
Postal Charges		3,220	
Printing, Stationery, and Forms		472	
Travel		557	
Office Supplies		960	
Other Supplies and Materials		16	
Other Charges		330	
Other Equipment		1,938	
Total Election Commission			\$ 84,981

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		8,192	
Social Security		3,587	
State Retirement		4,206	
Medical Insurance		4,560	
Employer Medicare		839	
Data Processing Services		2,346	
Dues and Memberships		95	
Printing, Stationery, and Forms		666	
Office Supplies		771	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			77,613

Planning

County Official/Administrative Officer	\$	21,746	
Other Salaries and Wages		131	
In-Service Training		385	
Social Security		1,356	
Employer Medicare		317	
Dues and Memberships		7,775	
Legal Notices, Recording, and Court Costs		265	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Printing, Stationery, and Forms	\$	376	
Gasoline		1,901	
Office Supplies		438	
Other Supplies and Materials		75	
Other Charges		580	
Office Equipment		500	
Total Planning			\$ 35,845

County Buildings

Attendants	\$	11,453	
Custodial Personnel		4,399	
Social Security		911	
State Retirement		1,210	
Medical Insurance		6,080	
Employer Medicare		213	
Legal Notices, Recording, and Court Costs		16	
Maintenance and Repair Services - Buildings		23,105	
Pest Control		780	
Custodial Supplies		5,679	
Electricity		34,903	
Natural Gas		13,547	
Water and Sewer		1,836	
Other Charges		2,060	
Total County Buildings			106,192

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		23,825	
Board and Committee Members Fees		650	
Social Security		4,406	
State Retirement		6,124	
Medical Insurance		9,120	
Employer Medicare		1,031	
Dues and Memberships		900	
Legal Notices, Recording, and Court Costs		105	
Maintenance and Repair Services - Vehicles		379	
Printing, Stationery, and Forms		2,383	
Other Contracted Services		2,930	
Gasoline		1,063	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	354	
Office Equipment		250	
Total Property Assessor's Office			\$ 105,771

County Trustee's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		23,825	
Social Security		4,059	
State Retirement		6,124	
Medical Insurance		8,760	
Employer Medicare		949	
Data Processing Services		6,031	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		24	
Printing, Stationery, and Forms		1,498	
Office Supplies		830	
Premiums on Corporate Surety Bonds		1,294	
Total County Trustee's Office			105,745

County Clerk's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		23,825	
Social Security		4,538	
State Retirement		6,124	
Medical Insurance		8,760	
Employer Medicare		1,061	
Data Processing Services		1,250	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		10	
Printing, Stationery, and Forms		475	
Office Supplies		470	
Premiums on Corporate Surety Bonds		225	
Total County Clerk's Office			99,089

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		54,972	
Overtime Pay		552	
Jury and Witness Expense		3,277	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Social Security	\$	6,434	
State Retirement		8,700	
Medical Insurance		12,960	
Employer Medicare		1,505	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		79	
Printing, Stationery, and Forms		3,813	
Office Supplies		693	
Periodicals		161	
Premiums on Corporate Surety Bonds		225	
Data Processing Equipment		1,764	
Total Circuit Court			\$ 147,446

General Sessions Court

Judge(s)	\$	63,253	
Social Security		3,288	
State Retirement		5,092	
Medical Insurance		4,560	
Employer Medicare		769	
Legal Services		5,560	
Other Contracted Services		120	
Total General Sessions Court			82,642

Chancery Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		4,971	
Social Security		3,407	
State Retirement		4,206	
Medical Insurance		4,560	
Employer Medicare		797	
Data Processing Services		644	
Printing, Stationery, and Forms		170	
Office Supplies		410	
Periodicals		244	
Premiums on Corporate Surety Bonds		225	
Total Chancery Court			71,885

Judicial Commissioners

In-Service Training	\$	744	
Social Security		909	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

Employer Medicare	\$	213	
Dues and Memberships		70	
Other Contracted Services		14,660	
Gasoline		2,056	
Total Judicial Commissioners			\$ 18,652

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,477
Deputy(ies)		415,126
Salary Supplements		9,000
Dispatchers/Radio Operators		97,307
Overtime Pay		42,062
In-Service Training		980
Social Security		36,556
State Retirement		49,131
Medical Insurance		68,946
Employer Medicare		7,794
Communication		346
Data Processing Services		69
Dues and Memberships		1,850
Licenses		96
Maintenance and Repair Services - Buildings		61
Maintenance and Repair Services - Equipment		8,274
Maintenance and Repair Services - Office Equipment		1,484
Maintenance and Repair Services - Vehicles		20,919
Medical and Dental Services		620
Printing, Stationery, and Forms		643
Rentals		4,904
Tow-in Services		120
Travel		2,799
Electricity		1,779
Gasoline		40,310
Law Enforcement Supplies		12,518
Office Supplies		3,587
Periodicals		972
Uniforms		5,980
Other Supplies and Materials		720
Premiums on Corporate Surety Bonds		125
Other Charges		714

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Equipment	\$	4,511	
Office Equipment		199	
Other Equipment		5,863	
Total Sheriff's Department			\$ 903,842

Drug Enforcement

Deputy(ies)	\$	36,379	
Social Security		2,418	
State Retirement		3,598	
Medical Insurance		4,200	
Employer Medicare		562	
Gasoline		2,568	
Workers' Compensation Insurance		16	
Total Drug Enforcement			49,741

Jail

Guards	\$	392,024	
Cafeteria Personnel		22,429	
Overtime Pay		1,578	
In-Service Training		1,265	
Social Security		24,513	
State Retirement		32,266	
Medical Insurance		55,752	
Employer Medicare		5,733	
Communication		788	
Data Processing Services		3,150	
Legal Notices, Recording, and Court Costs		75	
Maintenance and Repair Services - Buildings		3,835	
Maintenance and Repair Services - Equipment		1,287	
Medical and Dental Services		129,976	
Pest Control		240	
Printing, Stationery, and Forms		820	
Custodial Supplies		7,892	
Electricity		14,167	
Food Supplies		32,849	
Natural Gas		3,171	
Office Supplies		670	
Prisoners Clothing		777	
Uniforms		2,259	
Water and Sewer		6,587	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$ 1,895	
Other Charges	669	
Total Jail		\$ 746,667

Workhouse

Guards	\$ 36,776	
Social Security	1,989	
State Retirement	2,961	
Medical Insurance	7,417	
Employer Medicare	465	
Maintenance and Repair Services - Equipment	989	
Maintenance and Repair Services - Vehicles	958	
Gasoline	4,762	
Other Supplies and Materials	171	
Other Equipment	372	
Total Workhouse		56,860

Juvenile Services

Other Salaries and Wages	\$ 15,245	
Social Security	945	
Employer Medicare	221	
Travel	310	
Other Charges	2,100	
Total Juvenile Services		18,821

Fire Prevention and Control

In-Service Training	\$ 3,360	
Contributions	17,725	
Dues and Memberships	100	
Legal Notices, Recording, and Court Costs	122	
Maintenance and Repair Services - Equipment	5,363	
Maintenance and Repair Services - Vehicles	275	
Medical and Dental Services	558	
Electricity	275	
Gasoline	650	
Other Charges	298	
Other Equipment	6,197	
Total Fire Prevention and Control		34,923

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

In-Service Training	\$	557	
Contributions		305	
Maintenance and Repair Services - Equipment		1,200	
Maintenance and Repair Services - Vehicles		2,453	
Electricity		2,200	
Gasoline		1,581	
Natural Gas		1,214	
Uniforms		1,493	
Water and Sewer		305	
Other Supplies and Materials		321	
Other Charges		300	
Communication Equipment		4,277	
Other Equipment		8,418	
Total Civil Defense			\$ 24,624

Other Emergency Management

Other Equipment	\$	109,537	
Total Other Emergency Management			109,537

Inspection and Regulation

Supervisor/Director	\$	2,015	
Social Security		116	
State Retirement		162	
Employer Medicare		27	
Drugs and Medical Supplies		144	
Other Supplies and Materials		126	
Total Inspection and Regulation			2,590

County Coroner/Medical Examiner

Other Contracted Services	\$	4,700	
Total County Coroner/Medical Examiner			4,700

Public Health and Welfare

Local Health Center

Communication	\$	1,372	
Contributions		13,500	
Dues and Memberships		200	
Legal Notices, Recording, and Court Costs		33	
Maintenance and Repair Services - Buildings		5,535	
Maintenance and Repair Services - Equipment		769	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Pest Control	\$	150	
Postal Charges		176	
Custodial Supplies		48	
Electricity		4,680	
Natural Gas		1,707	
Periodicals		16	
Water and Sewer		305	
Other Charges		821	
Total Local Health Center			\$ 29,312

Ambulance/Emergency Medical Services

Supervisor/Director	\$	554
Medical Personnel		378,380
Clerical Personnel		23,235
Overtime Pay		155,406
In-Service Training		73
Social Security		34,303
State Retirement		38,176
Medical Insurance		40,571
Employer Medicare		8,022
Communication		10,211
Contracts with Private Agencies		1,050
Data Processing Services		250
Evaluation and Testing		1,162
Laundry Service		386
Legal Notices, Recording, and Court Costs		423
Licenses		1,900
Maintenance and Repair Services - Buildings		228
Maintenance and Repair Services - Equipment		2,071
Maintenance and Repair Services - Office Equipment		500
Maintenance and Repair Services - Vehicles		4,951
Pest Control		1,500
Postal Charges		754
Printing, Stationery, and Forms		2,060
Rentals		3,219
Travel		45
Custodial Supplies		761
Drugs and Medical Supplies		15,774
Electricity		4,419
Gasoline		14,621

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Natural Gas	\$	2,646	
Office Supplies		912	
Uniforms		1,864	
Water and Sewer		730	
Refunds		538	
Workers' Compensation Insurance		34,278	
Other Charges		773	
Office Equipment		320	
Other Equipment		528	
Total Ambulance/Emergency Medical Services			\$ 787,594

Alcohol and Drug Programs

Social Security	\$	162	
State Retirement		217	
Employer Medicare		38	
Other Contracted Services		3,000	
Instructional Supplies and Materials		20	
Total Alcohol and Drug Programs			3,437

Sanitation Education/Information

Education Media Personnel	\$	4,820	
Guards		10,946	
Clerical Personnel		2,287	
Social Security		1,096	
State Retirement		1,253	
Employer Medicare		256	
Advertising		122	
Travel		86	
Other Contracted Services		750	
Custodial Supplies		922	
Gasoline		1,414	
Instructional Supplies and Materials		10,953	
Road Signs		450	
Other Supplies and Materials		3,843	
Total Sanitation Education/Information			39,198

Other Public Health and Welfare

Contributions	\$	6,000	
Total Other Public Health and Welfare			6,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	17,690	
Part-time Personnel		10,057	
Social Security		1,615	
State Retirement		1,694	
Employer Medicare		378	
Communication		1,427	
Maintenance and Repair Services - Buildings		79	
Maintenance and Repair Services - Vehicles		110	
Postal Charges		402	
Travel		417	
Custodial Supplies		33	
Food Supplies		279	
Gasoline		745	
Office Supplies		1,308	
Other Supplies and Materials		1,262	
Total Senior Citizens Assistance			\$ 37,496

Libraries

Assistant(s)	\$	16,372
Librarians		24,602
Social Security		2,535
State Retirement		3,253
Medical Insurance		380
Employer Medicare		593
Communication		2,669
Contributions		3,119
Data Processing Services		625
Licenses		295
Maintenance and Repair Services - Buildings		9
Pest Control		60
Postal Charges		267
Printing, Stationery, and Forms		728
Travel		475
Other Contracted Services		3,572
Custodial Supplies		327
Electricity		5,662
Library Books/Media		6,757
Natural Gas		1,973
Office Supplies		833
Water and Sewer		305

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Other Supplies and Materials	\$	280	
Data Processing Equipment		13,702	
Other Equipment		1,600	
Total Libraries			\$ 90,993

Parks and Fair Boards

Supervisor/Director	\$	7,862	
Laborers		7,105	
Temporary Personnel		24,143	
Overtime Pay		1,204	
In-Service Training		1,225	
Social Security		2,471	
State Retirement		1,579	
Medical Insurance		912	
Employer Medicare		578	
Legal Notices, Recording, and Court Costs		90	
Maintenance and Repair Services - Buildings		1,600	
Maintenance and Repair Services - Equipment		1,030	
Maintenance and Repair Services - Vehicles		636	
Travel		64	
Custodial Supplies		180	
Electricity		10,373	
Fertilizer, Lime, and Seed		467	
Food Supplies		2,269	
Gasoline		616	
Water and Sewer		2,410	
Chemicals		2,046	
Other Supplies and Materials		932	
Other Charges		363	
Site Development		3,034	
Other Equipment		245	
Other Capital Outlay		126	
Total Parks and Fair Boards			73,560

Other Social, Cultural, and Recreational

Matching Share	\$	2,800	
Total Other Social, Cultural, and Recreational			2,800

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	16,638	
Secretary(ies)		7,850	
Social Security		1,873	
State Retirement		3,651	
Communication		2,913	
Contributions		3,875	
Dues and Memberships		300	
Travel		669	
Office Supplies		512	
Office Equipment		1,745	
Total Agriculture Extension Service			\$ 40,026

Soil Conservation

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

Other Operations

Other Charges

Mechanic(s)	\$	23,883	
Overtime Pay		97	
Social Security		1,487	
State Retirement		1,920	
Employer Medicare		358	
Communication		26,066	
Dues and Memberships		80	
Evaluation and Testing		3,308	
Maintenance and Repair Services - Equipment		105	
Maintenance and Repair Services - Vehicles		120	
Postal Charges		8,677	
Rentals		14,880	
Other Supplies and Materials		322	
Liability Insurance		75,145	
Refunds		22	
Trustee's Commission		66,233	
Workers' Compensation Insurance		27,288	
Other Charges		1,773	
Total Other Charges			251,764

Employee Benefits

Unemployment Compensation	\$	10,632	
Total Employee Benefits			10,632

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contributions	\$ 7,000	
Dues and Memberships	3,802	
Total Miscellaneous		\$ 10,802

Principal on Debt

General Government

Principal on Capital Leases	\$ 24,436	
Total General Government		24,436

Interest on Debt

General Government

Interest on Capital Leases	\$ 1,564	
Total General Government		<u>1,564</u>

Total General Fund \$ 4,498,150

Urban Services Fund

Public Safety

Sheriff's Department

Deputy(ies)	\$ 162,315	
Salary Supplements	2,400	
Dispatchers/Radio Operators	35,254	
Overtime Pay	5,774	
Social Security	12,756	
State Retirement	28,013	
Medical Insurance	13,654	
Employer Medicare	2,983	
Maintenance and Repair Services - Vehicles	4,783	
Gasoline	10,851	
Total Sheriff's Department		\$ 278,783

Fire Prevention and Control

Gasoline	\$ 832	
Other Charges	2,002	
Total Fire Prevention and Control		2,834

Public Health and Welfare

Rabies and Animal Control

Other Salaries and Wages	\$ 4,732	
Social Security	293	

(Continued)

Exhibit K-7

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

Urban Services Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

State Retirement	\$	381	
Medical Insurance		691	
Employer Medicare		69	
Maintenance and Repair Services - Buildings		152	
Animal Food and Supplies		42	
Custodial Supplies		48	
Electricity		795	
Gasoline		684	
Water and Sewer		351	
Other Supplies and Materials		10	
Total Rabies and Animal Control			\$ 8,248

Waste Pickup

Supervisor/Director	\$	17,983	
Truck Drivers		23,395	
Laborers		47,011	
Overtime Pay		96	
Social Security		5,264	
State Retirement		8,229	
Medical Insurance		14,784	
Employer Medicare		1,231	
Maintenance and Repair Services - Equipment		47	
Maintenance and Repair Services - Vehicles		9,235	
Disposal Fees		23,975	
Gasoline		11,750	
Other Supplies and Materials		928	
Refunds		186	
Other Charges		201	
Total Waste Pickup			164,315

Social, Cultural, and Recreational Services

Parks and Fair Boards

Site Development	\$	5,820	
Total Parks and Fair Boards			5,820

Other Social, Cultural, and Recreational

Other Charges	\$	5,250	
Total Other Social, Cultural, and Recreational			5,250

(Continued)

Exhibit K-7

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

Urban Services Fund (Cont.)

Other Operations

Other Charges

Maintenance and Repair Services - Equipment	\$	3,640	
Electricity		67,554	
Liability Insurance		10,183	
Trustee's Commission		11,364	
Workers' Compensation Insurance		12,394	
Other Charges		<u>15</u>	
Total Other Charges			\$ 105,150

Employee Benefits

State Retirement	\$	1,238	
On-Behalf Payments to OPEB		<u>1,403</u>	
Total Employee Benefits			2,641

Highways

Highway and Bridge Maintenance

Asphalt - Hot Mix	\$	<u>74,325</u>	
Total Highway and Bridge Maintenance			74,325

Principal on Debt

General Government

Principal on Capital Leases	\$	<u>7,381</u>	
Total General Government			7,381

Interest on Debt

General Government

Interest on Capital Leases	\$	<u>473</u>	
Total General Government			<u>473</u>

Total Urban Services Fund \$ 655,220

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	18,359	
Truck Drivers		54,606	
Attendants		46,270	
Overtime Pay		3,877	
Social Security		7,557	
State Retirement		18,161	
Medical Insurance		10,344	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Employer Medicare	\$	1,767	
Maintenance and Repair Services - Buildings		226	
Maintenance and Repair Services - Equipment		3,313	
Maintenance and Repair Services - Vehicles		12,820	
Postal Charges		294	
Travel		20	
Electricity		2,611	
Gasoline		35,542	
Water and Sewer		409	
Other Supplies and Materials		532	
Solid Waste Equipment		11,081	
Other Capital Outlay		24,797	
Total Convenience Centers			\$ 252,586

Other Waste Disposal

Disposal Fees	\$	131,141	
Trustee's Commission		6,803	
Total Other Waste Disposal			137,944

Postclosure Care Costs

Engineering Services	\$	3,000	
Landfill Closure/Postclosure Care Costs		1,944	
Total Postclosure Care Costs			4,944

Other Operations

Other Charges

Workers' Compensation Insurance	\$	8,722	
Total Other Charges			8,722

Total Solid Waste/Sanitation Fund \$ 404,196

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	500	
Instructional Supplies and Materials		1,136	
Other Supplies and Materials		1,335	
Trustee's Commission		82	
Total Drug Enforcement			\$ 3,053

Total Drug Control Fund 3,053

(Continued)

Exhibit K-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Salary Supplements	\$	2,641	
Part-time Personnel		7,317	
Jury and Witness Expense		2,805	
Travel		4,022	
Library Books/Media		1,961	
Office Supplies		8,000	
Other Supplies and Materials		402	
Trustee's Commission		314	
In Service/Staff Development		8,679	
Other Charges		1,552	
Other Equipment		2,408	
Total District Attorney General			\$ 40,101

Total District Attorney General Fund \$ 40,101

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,477	
Accountants/Bookkeepers		29,533	
Other Salaries and Wages		2,113	
Board and Committee Members Fees		1,200	
Social Security		5,200	
State Retirement		7,085	
Employer Medicare		1,216	
Communication		4,279	
Data Processing Services		5,196	
Dues and Memberships		1,801	
Legal Notices, Recording, and Court Costs		250	
Maintenance and Repair Services - Buildings		516	
Pest Control		335	
Postal Charges		647	
Printing, Stationery, and Forms		312	
Travel		410	
Custodial Supplies		161	
Data Processing Supplies		806	
Drugs and Medical Supplies		671	
Electricity		3,383	
Natural Gas		1,644	
Office Supplies		566	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Propane Gas	\$	500	
Water and Sewer		897	
Premiums on Corporate Surety Bonds		350	
Other Charges		100	
Furniture and Fixtures		2,600	
Total Administration			\$ 129,248

Highway and Bridge Maintenance

Foremen	\$	152,678	
Equipment Operators		72,690	
Truck Drivers		137,289	
Laborers		27,224	
Social Security		24,654	
State Retirement		31,009	
Employer Medicare		5,766	
Rentals		5,238	
Asphalt - Cold Mix		1,331	
Asphalt - Hot Mix		610,035	
Crushed Stone		61,109	
Electricity		399	
General Construction Materials		1,495	
Pipe		3,480	
Propane Gas		641	
Road Signs		5,699	
Salt		3,650	
Small Tools		497	
Chemicals		995	
Other Supplies and Materials		393	
Other Charges		250	
Total Highway and Bridge Maintenance			1,146,522

Operation and Maintenance of Equipment

Mechanic(s)	\$	28,573	
Social Security		1,811	
State Retirement		2,387	
Employer Medicare		423	
Maintenance and Repair Services - Equipment		5,020	
Maintenance and Repair Services - Vehicles		2,727	
Diesel Fuel		45,265	
Equipment and Machinery Parts		44,781	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Garage Supplies	\$	3,158	
Gasoline		57,651	
Lubricants		5,380	
Small Tools		90	
Tires and Tubes		12,126	
Other Supplies and Materials		696	
Other Charges		100	
Total Operation and Maintenance of Equipment			\$ 210,188

Other Charges

Evaluation and Testing	\$	329	
Other Contracted Services		657	
Trustee's Commission		12,437	
Vehicle and Equipment Insurance		19,135	
Workers' Compensation Insurance		28,489	
Liability Claims		425	
Other Charges		111	
Total Other Charges			61,583

Employee Benefits

Medical Insurance	\$	46,880	
Unemployment Compensation		6,084	
Total Employee Benefits			52,964

Capital Outlay

Engineering Services	\$	83,279	
Building Improvements		100	
Data Processing Equipment		1,920	
State Aid Projects		10,942	
Other Construction		10,229	
Other Capital Outlay		7,070	
Total Capital Outlay			113,540

Principal on Debt

Highways and Streets

Principal on Notes	\$	57,727	
Total Highways and Streets			57,727

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Notes

\$ 2,273

Total Highways and Streets

\$ 2,273

Total Highway/Public Works Fund

\$ 1,774,045

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes

\$ 118,000

Total General Government

\$ 118,000

Education

Principal on Other Loans

\$ 330,512

Total Education

330,512

Interest on Debt

General Government

Interest on Notes

\$ 24,783

Total General Government

24,783

Education

Interest on Other Loans

\$ 123,090

Total Education

123,090

Other Debt Service

General Government

Trustee's Commission

\$ 2,469

Other Debt Issuance Charges

5,400

Total General Government

7,869

Education

Other Debt Service

\$ 7,355

Total Education

7,355

Total General Debt Service Fund

611,609

Education Debt Service Fund

Principal on Debt

Education

Principal on Other Loans

\$ 422,000

Total Education

\$ 422,000

(Continued)

Exhibit K-7

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

Education Debt Service Fund (Cont.)

Interest on Debt

Education

Interest on Other Loans	\$ 19,440	
Total Education		\$ 19,440

Other Debt Service

Education

Trustee's Commission	\$ 4,006	
Other Debt Service	32,994	
Total Education		37,000

Total Education Debt Service Fund		\$ 478,440
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General Capital Projects Fund

Capital Projects

Other General Government Projects

Site Development	\$ 9,521	
Total Other General Government Projects		\$ 9,521

Education Capital Projects

Contributions	\$ 1,824,729	
Total Education Capital Projects		1,824,729

Total General Capital Projects Fund		1,834,250
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Total Governmental Funds - Primary Government		<u>\$ 10,299,064</u>
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Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,297,620	
Career Ladder Program		20,000	
Career Ladder Extended Contracts		10,000	
Homebound Teachers		1,746	
Educational Assistants		12,020	
Other Salaries and Wages		1,250	
Certified Substitute Teachers		35,482	
Non-certified Substitute Teachers		21,360	
Social Security		137,548	
State Retirement		211,520	
Medical Insurance		286,480	
Unemployment Compensation		12,740	
Employer Medicare		36,947	
Travel		1,496	
Tuition		1,920	
Other Contracted Services		3,132	
Instructional Supplies and Materials		139,181	
Textbooks		114,228	
Regular Instruction Equipment		496,147	
Total Regular Instruction Program			\$ 3,840,817

Alternative Instruction Program

Teachers	\$	49,569	
Educational Assistants		17,714	
Social Security		3,767	
State Retirement		5,912	
Medical Insurance		8,323	
Unemployment Compensation		139	
Employer Medicare		881	
Total Alternative Instruction Program			86,305

Special Education Program

Teachers	\$	423,893	
Career Ladder Program		8,000	
Homebound Teachers		423	
Educational Assistants		69,031	
Speech Pathologist		44,180	
Certified Substitute Teachers		70	
Non-certified Substitute Teachers		120	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	31,684	
State Retirement		48,679	
Medical Insurance		46,604	
Unemployment Compensation		1,178	
Employer Medicare		7,410	
Contracts with Private Agencies		57,011	
Total Special Education Program			\$ 738,283

Vocational Education Program

Teachers	\$	127,421	
Career Ladder Program		1,000	
Social Security		7,638	
State Retirement		11,622	
Medical Insurance		9,386	
Unemployment Compensation		208	
Employer Medicare		1,786	
Other Contracted Services		18,000	
Instructional Supplies and Materials		9,325	
Total Vocational Education Program			186,386

Adult Education Program

Teachers	\$	14,952	
Social Security		927	
Employer Medicare		217	
Instructional Supplies and Materials		7,452	
Other Charges		3,199	
Other Equipment		1,040	
Total Adult Education Program			27,787

Support Services

Attendance

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

Health Services

Supervisor/Director	\$	45,909	
Medical Personnel		49,171	
Clerical Personnel		14,481	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Non-certified Substitute Teachers	\$	1,150	
Social Security		6,762	
State Retirement		9,275	
Medical Insurance		4,901	
Unemployment Compensation		277	
Employer Medicare		1,581	
Travel		1,121	
Other Contracted Services		4,250	
Instructional Supplies and Materials		8,996	
Other Supplies and Materials		5,909	
In Service/Staff Development		3,010	
Other Charges		3,134	
Health Equipment		297	
Total Health Services			\$ 160,224

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		96,676	
Career Ladder Extended Contracts		4,000	
Other Salaries and Wages		5,626	
Social Security		6,487	
State Retirement		9,836	
Medical Insurance		5,828	
Unemployment Compensation		139	
Employer Medicare		1,517	
Contracts with Government Agencies		45,410	
Other Contracted Services		1,800	
Other Charges		1,295	
Total Other Student Support			181,614

Regular Instruction Program

Supervisor/Director	\$	93,783	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		8,000	
Librarians		146,592	
Instructional Computer Personnel		78,210	
Social Security		18,926	
State Retirement		27,571	
Medical Insurance		24,085	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	554	
Employer Medicare		4,426	
Travel		297	
Library Books/Media		20,839	
In Service/Staff Development		6,760	
Total Regular Instruction Program			\$ 439,043

Special Education Program

Supervisor/Director	\$	32,307	
Career Ladder Program		1,000	
Psychological Personnel		32,307	
Social Security		4,339	
State Retirement		6,382	
Medical Insurance		5,828	
Unemployment Compensation		69	
Employer Medicare		1,015	
Travel		198	
Other Supplies and Materials		219	
In Service/Staff Development		1,320	
Total Special Education Program			84,984

Vocational Education Program

Supervisor/Director	\$	26,237	
Employer Medicare		380	
Total Vocational Education Program			26,617

Adult Programs

Supervisor/Director	\$	24,000	
Clerical Personnel		2,569	
Social Security		1,542	
State Retirement		2,172	
Employer Medicare		361	
Communication		883	
Travel		106	
Total Adult Programs			31,633

Other Programs

On-Behalf Payments to OPEB	\$	44,512	
Total Other Programs			44,512

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	1,740	
Board and Committee Members Fees		5,650	
Social Security		449	
State Retirement		157	
Disability Insurance		324	
Unemployment Compensation		37	
Employer Medicare		105	
Advertising		2,656	
Dues and Memberships		5,821	
Legal Services		2,742	
Travel		109	
Other Contracted Services		4,525	
Trustee's Commission		41,131	
Workers' Compensation Insurance		32,799	
Refund to Applicant for Criminal Investigation		570	
Other Charges		5,820	
Total Board of Education			\$ 104,635

Director of Schools

County Official/Administrative Officer	\$	81,289	
Career Ladder Program		1,000	
Salary Supplements		5,400	
Secretary(ies)		22,000	
Social Security		6,185	
State Retirement		9,399	
Medical Insurance		8,233	
Unemployment Compensation		139	
Employer Medicare		1,446	
Communication		21,212	
Travel		597	
Other Contracted Services		5,939	
Office Supplies		82	
Other Charges		2,654	
Furniture and Fixtures		1,684	
Total Director of Schools			167,259

Office of the Principal

Principals	\$	196,001	
Career Ladder Program		4,000	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)
Support Services (Cont.)

Office of the Principal (Cont.)

Accountants/Bookkeepers	\$	91,393	
Assistant Principals		137,509	
Secretary(ies)		18,544	
Social Security		26,614	
State Retirement		38,911	
Medical Insurance		20,757	
Unemployment Compensation		901	
Employer Medicare		6,224	
Other Supplies and Materials		3,638	
Administration Equipment		2,195	
Total Office of the Principal			\$ 546,687

Fiscal Services

Accountants/Bookkeepers	\$	71,305	
Social Security		4,394	
State Retirement		5,740	
Unemployment Compensation		139	
Employer Medicare		1,028	
Postal Charges		1,269	
Other Contracted Services		8,540	
Office Supplies		2,116	
Other Charges		150	
Total Fiscal Services			94,681

Operation of Plant

Custodial Personnel	\$	132,109	
Social Security		8,166	
State Retirement		5,894	
Unemployment Compensation		693	
Employer Medicare		1,910	
Other Contracted Services		2,990	
Custodial Supplies		27,136	
Electricity		278,278	
Natural Gas		43,163	
Water and Sewer		31,628	
Other Supplies and Materials		34	
Building and Contents Insurance		65,327	
Other Charges		78	
Total Operation of Plant			597,406

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	40,201	
Social Security		2,492	
State Retirement		3,236	
Unemployment Compensation		139	
Employer Medicare		583	
Maintenance and Repair Services - Buildings		74,359	
Other Contracted Services		35,877	
Other Supplies and Materials		987	
Other Charges		18	
Maintenance Equipment		1,500	
Total Maintenance of Plant			\$ 159,392

Transportation

Supervisor/Director	\$	3,098	
Mechanic(s)		30,127	
Bus Drivers		162,114	
Other Salaries and Wages		12,438	
Social Security		12,713	
State Retirement		14,024	
Unemployment Compensation		554	
Employer Medicare		2,973	
Contracts with Parents		4,185	
Maintenance and Repair Services - Vehicles		6,109	
Other Contracted Services		2,310	
Diesel Fuel		67,785	
Gasoline		18,954	
Lubricants		1,520	
Tires and Tubes		13,780	
Vehicle Parts		4,352	
In Service/Staff Development		1,400	
Other Charges		2,704	
Transportation Equipment		76,139	
Total Transportation			437,279

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	30,250	
Social Security		1,860	
State Retirement		2,415	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	69	
Employer Medicare		435	
Payments to Schools - Lunch		426,402	
Travel		67	
Other Contracted Services		5,800	
USDA - Commodities		33,695	
Other Supplies and Materials		1,697	
Other Charges		385	
Food Service Equipment		2,852	
Total Food Service			\$ 505,927

Community Services

Assistant(s)	\$	4,700	
Supervisor/Director		19,800	
Teachers		15,450	
Pupil Personnel		6,984	
Education Media Personnel		6,000	
Bus Drivers		3,685	
Educational Assistants		24,156	
Social Security		4,967	
State Retirement		6,042	
Unemployment Compensation		59	
Employer Medicare		1,162	
Instructional Supplies and Materials		2,936	
Other Supplies and Materials		1,254	
In Service/Staff Development		3,860	
Total Community Services			101,055

Early Childhood Education

Supervisor/Director	\$	8,000	
Teachers		67,486	
Educational Assistants		22,866	
Non-certified Substitute Teachers		1,340	
Social Security		5,681	
State Retirement		8,274	
Unemployment Compensation		277	
Employer Medicare		1,329	
Travel		926	
Instructional Supplies and Materials		12,014	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

In Service/Staff Development	\$ 283	
Total Early Childhood Education		\$ 128,476

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$ 1,594,751	
Other Charges	105	
Building Improvements	71,300	
Furniture and Fixtures	98,926	
Maintenance Equipment	14,400	
Site Development	26,184	
Other Capital Outlay	30,811	
Total Regular Capital Outlay		1,836,477

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 391,330	
Total Education		391,330

Total General Purpose School Fund \$ 10,939,099

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 504,782	
Educational Assistants	40,058	
Other Salaries and Wages	5,312	
Social Security	33,388	
State Retirement	49,374	
Medical Insurance	22,551	
Employer Medicare	3,060	
Operating Lease Payments	2,618	
Tuition	4,687	
Instructional Supplies and Materials	24,902	
Regular Instruction Equipment	1,362	
Total Regular Instruction Program		\$ 692,094

Special Education Program

Teachers	\$ 71,101	
----------	-----------	--

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Homebound Teachers	\$	3,492	
Educational Assistants		126,918	
Other Salaries and Wages		1,120	
Social Security		11,988	
State Retirement		16,675	
Medical Insurance		4,357	
Employer Medicare		2,810	
Contracts with Private Agencies		7,812	
Instructional Supplies and Materials		479	
Other Supplies and Materials		1,373	
Total Special Education Program			\$ 248,125

Vocational Education Program

Instructional Supplies and Materials	\$	6,899	
Vocational Instruction Equipment		8,158	
Total Vocational Education Program			15,057

Support Services

Other Student Support

Other Salaries and Wages	\$	580	
Social Security		36	
State Retirement		52	
Employer Medicare		8	
Travel		1,720	
Other Contracted Services		65	
In Service/Staff Development		165	
Other Charges		750	
Total Other Student Support			3,376

Regular Instruction Program

Supervisor/Director	\$	46,281	
Social Security		3,157	
State Retirement		4,177	
Employer Medicare		723	
Operating Lease Payments		8,772	
Travel		29	
Library Books/Media		398	
In Service/Staff Development		49,420	
Other Charges		10,363	
Total Regular Instruction Program			123,320

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Assessment Personnel	\$	41,008	
Social Security		2,429	
State Retirement		3,711	
Medical Insurance		4,317	
Employer Medicare		568	
Other Contracted Services		78	
In Service/Staff Development		125	
Total Special Education Program			\$ 52,236

Vocational Education Program

Travel	\$	961	
Total Vocational Education Program			961

Office of the Principal

Assistant Principals	\$	6,000	
Social Security		372	
State Retirement		543	
Employer Medicare		87	
Total Office of the Principal			7,002

Transportation

Bus Drivers	\$	2,640	
Social Security		164	
State Retirement		230	
Employer Medicare		38	
Contracts with Parents		503	
Lubricants		82	
Tires and Tubes		216	
Vehicle Parts		235	
Total Transportation			4,108

Total School Federal Projects Fund \$ 1,146,279

Total Governmental Funds - Hartsville/ Trousdale County School Department \$ 12,085,378

Exhibit K-9

Hartsville/Trousdale County Government, Tennessee
Schedule of Utility Rates
June 30, 2012

Utility Rates in Effect

Water Inside Town:			
First 2,000 gallons	\$	12.60	per month
All over 2,000 gallons		4.11	per 1,000 gallons
Water Outside Town-Rural:			
First 2,000 gallons		21.16	per month
All over 2,000 gallons		7.22	per 1,000 gallons
Number of Customers		2,807	

Exhibit K-10

AWWA WLCC Free Water Audit Software: Reporting Worksheet Back to Instructions					
Copyright © 2010, American Water Works Association. All Rights Reserved. WAS v4.2					
Water Audit Report for: HARTSVILLE-TROUSDALE WATER Reporting Year: 2012 7/2011 - 6/2012					
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of					
All volumes to be entered as: MILLION GALLONS (US) PER YEAR					
<< Enter grading in column 'E'					
WATER SUPPLIED					
Volume from own sources:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="294.397"/>	Million gallons (US)/yr (MG/Yr)	
Master meter error adjustment (enter positive value):	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="0.000"/>	MG/Yr	
Water imported:	<input type="text" value="7"/>	<input type="text" value="n/a"/>	<input type="text" value=""/>	MG/Yr	
Water exported:	<input type="text" value="7"/>	<input type="text" value="8"/>	<input type="text" value="28.530"/>	MG/Yr	
WATER SUPPLIED:			<input type="text" value="265.867"/>	MG/Yr	
AUTHORIZED CONSUMPTION					
Billed metered:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="155.632"/>	MG/Yr	
Billed unmetered:	<input type="text" value="7"/>	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr	
Unbilled metered:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="4.310"/>	MG/Yr	
Unbilled unmetered:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="3.323"/>	MG/Yr	
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed					
AUTHORIZED CONSUMPTION:	<input type="text" value="7"/>		<input type="text" value="163.265"/>	MG/Yr	
Click here: <input type="text" value="7"/> for help using option buttons below					
				Pcnt:	Value:
				<input type="text" value="1.25%"/>	<input type="text" value=""/>
Use buttons to select percentage of water supplied OR value					
WATER LOSSES (Water Supplied - Authorized Consumption)			<input type="text" value="102.602"/>	MG/Yr	
Apparent Losses					
Unauthorized consumption:	<input type="text" value="7"/>		<input type="text" value="0.665"/>	MG/Yr	
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="1.616"/>	MG/Yr	
Systematic data handling errors:	<input type="text" value="7"/>	<input type="text" value="5"/>	<input type="text" value="2.800"/>	MG/Yr	
Apparent Losses:	<input type="text" value="7"/>		<input type="text" value="5.080"/>	MG/Yr	
Choose this option to enter a percentage of billed metered consumption. This is NOT a default value					
Real Losses (Current Annual Real Losses or CARL)					
Real Losses = Water Losses - Apparent Losses:	<input type="text" value="7"/>		<input type="text" value="97.521"/>	MG/Yr	
WATER LOSSES:			<input type="text" value="102.602"/>	MG/Yr	
NON-REVENUE WATER					
NON-REVENUE WATER:	<input type="text" value="7"/>		<input type="text" value="110.235"/>	MG/Yr	
= Total Water Loss + Unbilled Metered + Unbilled Unmetered					
SYSTEM DATA					
Length of mains:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="200.0"/>	miles	
Number of active AND inactive service connections:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="3,300"/>		
Connection density:			<input type="text" value="17"/>	conn./mile main	
Average length of customer service line:	<input type="text" value="7"/>	<input type="text" value="10"/>	<input type="text" value="0.0"/>	ft (pipe length between curbstop and customer meter or property boundary)	
Average operating pressure:	<input type="text" value="7"/>	<input type="text" value="5"/>	<input type="text" value="100.0"/>	psi	
COST DATA					
Total annual cost of operating water system:	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="\$988,694"/>	\$/Year	
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="\$5.90"/>	\$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	<input type="text" value="7"/>	<input type="text" value="7"/>	<input type="text" value="\$1,500.00"/>	\$/Million gallons	
PERFORMANCE INDICATORS					
Financial Indicators					
Non-revenue water as percent by volume of Water Supplied:				<input type="text" value="41.5%"/>	
Non-revenue water as percent by cost of operating system:				<input type="text" value="19.0%"/>	
Annual cost of Apparent Losses:				<input type="text" value="\$29,973"/>	
Annual cost of Real Losses:				<input type="text" value="\$146,282"/>	
Operational Efficiency Indicators					
Apparent Losses per service connection per day:				<input type="text" value="4.22"/> gallons/connection/day	
Real Losses per service connection per day*:				<input type="text" value="N/A"/> gallons/connection/day	
Real Losses per length of main per day*:				<input type="text" value="1,335.91"/> gallons/mile/day	
Real Losses per service connection per day per psi pressure:				<input type="text" value=""/>	
Unavoidable Annual Real Losses (UARL):				<input type="text" value="57.56"/> million gallons/year	
From Above, Real Losses = Current Annual Real Losses (CARL):				<input type="text" value="97.52"/> million gallons/year	
Infrastructure Leakage Index (ILI) [CARL/UARL]:				<input type="text" value="1.69"/>	
* only the most applicable of these two indicators will be calculated					
WATER AUDIT DATA VALIDITY SCORE: *** YOUR SCORE IS: 69 out of 100 ***					
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score					
PRIORITY AREAS FOR ATTENTION:					
Based on the information provided, audit accuracy can be improved by addressing the following components:					
<input type="text" value="1: Volume from own sources"/>					
<input type="text" value="2: Billed metered"/>					
<input type="text" value="3: Unauthorized consumption"/>					
For more information, click here to see the Grading Matrix worksheet					

Hartsville/Trousdale County Government, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2012

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Other General Service Charges	\$ 27,055
Water Sales	1,217,804
Forfeited Discounts	21,205
Water Tap Sales	19,970
Service Charges	325,424
Total Charges for Current Services	<u>\$ 1,611,458</u>
<u>Other Local Revenues</u>	
Miscellaneous Refunds	\$ 18,259
Other Local Revenues	6,244
Total Other Local Revenues	<u>\$ 24,503</u>
Total Operating Revenues	<u>\$ 1,635,961</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 11,419
Grant Income	33,340
Total Nonoperating Revenues	<u>\$ 44,759</u>
Total Revenues	<u>\$ 1,680,720</u>
<u>Operating Expenses</u>	
<u>Other Public Health and Welfare</u>	
Supervisor/Director	\$ 56,368
Accountants/Bookkeepers	50,389
Clerical Personnel	79,470
Overtime Pay	40,848
Other Salaries and Wages	358,481
In-Service Training	1,575
Social Security	42,241
State Retirement	116,395
Medical Insurance	61,567
Communication	30,109
Data Processing Services	20,538
Dues and Memberships	7,015
Engineering Services	12,940
Legal Notices, Recording, and Court Costs	848

(Continued)

Exhibit K-11

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

	Major Fund
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
<u>Operating Expenses (Cont.)</u>	
<u>Other Public Health and Welfare</u>	
Maintenance and Repair Services - Buildings	\$ 3,167
Maintenance and Repair Services - Equipment	58,573
Maintenance and Repair Services - Office Equipment	150
Maintenance and Repair Services - Vehicles	7,612
Postal Charges	14,140
Rentals	2,904
Travel	1,320
Other Contracted Services	39,976
Electricity	189,699
Gasoline	28,505
Natural Gas	5,959
Office Supplies	4,798
Tires and Tubes	1,384
Vehicle Parts	1,655
Testing	16,284
Chemicals	68,359
Other Supplies and Materials	31,047
Liability Insurance	68,289
Depreciation	344,045
Loss on Disposal of Property	36,663
Other Charges	47,518
Office Equipment	4,494
Other Equipment	8,238
Other Construction	18,892
Total Operating Expenses	<u>\$ 1,882,455</u>
<u>Nonoperating Expenses</u>	
Interest on Bonds	\$ 13,681
Total Nonoperating Expenses	<u>\$ 13,681</u>
Total Expenses	<u>\$ 1,896,136</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

January 24, 2013

Hartsville/Trousdale County Government Mayor and
Board of County Commissioners
Hartsville/Trousdale County Government, 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 Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hartsville/Trousdale County Government's basic financial statements and have issued our report thereon dated January 24, 2013. 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 Trousdale County Emergency Communications District as described in our report on Hartsville/Trousdale County Government's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Hartsville/Trousdale County Government is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hartsville/Trousdale County Government's internal control over financial reporting as a basis for designing our auditing procedures for the

purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hartsville/Trousdale County Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hartsville/Trousdale County Government's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 12.01, 12.02, 12.03, 12.06, and 12.07. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hartsville/Trousdale County Government's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.04 and 12.05.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

January 24, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

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

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

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

In our opinion, Hartsville/Trousdale County Government complied, in all material respects, with the requirements referred to above that 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 Hartsville/Trousdale County Government 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 Hartsville/Trousdale County Government'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 Hartsville/Trousdale County Government's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hartsville/Trousdale County Government, Tennessee, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 24, 2013. 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, superintendent of roads, director of schools, County Commission, Board of Education, Highway Commission, Water and Sewerage Board, others within Hartsville/Trousdale County Government, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long, vertical tail on the letter "l".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Hartsville/Trousdale County Government, 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	(2)	\$ 33,695 (3)
Cooperative Forestry Assistance	10.664	(2)	3,000
Community Facilities Loans and Grants	10.766	(2)	2,042
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	90,134
National School Lunch Program	10.555	(2)	321,095 (3)
After-school Snack	10.555	(2)	8,225 (3)
Total U.S. Department of Agriculture			<u>\$ 458,191</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	GG-11-35094-00	\$ 33,340
Total U.S. Department of Housing and Urban Development			<u>\$ 33,340</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	\$ 12,417
Total U.S. Department of the Interior			<u>\$ 12,417</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	\$ 29,906
Total U.S. Department of Justice			<u>\$ 29,906</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-12-GHS337-00	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00812	\$ 1,600
Total Institute of Museum and Library Services			<u>\$ 1,600</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	Z-10-218553-00	\$ 41,212
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	252,901
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	308,820
Special Education - Preschool Grants	84.173	N/A	7,860

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education: (Cont.)			
Passed-through State Department of Education: (Cont.)			
Career and Technical Education - Basic Grants to States	84.048	(2)	\$ 19,230
Safe and Drug-free Schools and Communities State Grants	84.186	(2)	165
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	194
Education Technology State Grants, Recovery Act	84.386	(2)	1,635
Rural Education	84.358	(2)	27,019
Improving Teacher Quality State Grants	84.367	N/A	51,505
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	(2)	35,541
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	106,910
Education Jobs	84.410	(2)	382,254
Total U.S. Department of Education			\$ 1,235,246
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help American Vote Act Requirements Payments	90.401	(2)	\$ 1,938
Total U.S. Election Assistance Commission			\$ 1,938
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 111,452
Total U.S. Department of Homeland Security			\$ 111,452
Total Expenditures of Federal Awards			\$ 1,889,090

<u>State Grants</u>		Contract Number	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Aging Programs - State Commission on Aging	N/A	(2)	27,200
Lottery for Education: Afterschool Programs - State Department of Education	N/A	119-11-01-143	90,597
Early Childhood Education - State Department of Education	N/A	(2)	99,158
Energy Efficient School Initiative Grant - State Department of Education	N/A	(2)	4,875
Coordinated School Health - State Department of Education	N/A	(2)	69,789
Law Enforcement Training - State Department of Safety	N/A	(2)	9,000
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-10-218553-00	13,371
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212943-02	6,100
Statewide Student Management System - State Department of Education	N/A	(2)	3,132
Litter Program - State Department of Transportation	N/A	(2)	39,045
Total State Grants			\$ 371,267

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$363,015.

Hartsville/Trousdale County Government, 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 of Hartsville/Trousdale County Government, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF SUPERINTENDENT OF ROADS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.03`	166	A formal purchase order system had not been established

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.04	167	Multiple employees operated from the same cash drawer

OFFICES OF SUPERINTENDENT OF ROADS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS 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

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, 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 financial statements of Hartsville/Trousdale County Government is unqualified.
2. The audit of the financial statements of Hartsville/Trousdale County Government disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Hartsville/Trousdale County Government.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395), and Education Jobs (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hartsville/Trousdale County Government did qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 12.01 **DEFICIENCIES WERE NOTED IN THE PURCHASE ORDER SYSTEM**

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

Although the county's purchasing policies require purchase orders for most purchases, our examination disclosed instances where the County Mayor's Office processed payments for purchases when the required purchase orders had not been issued. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This deficiency could result in unapproved purchases, purchases made without adequate appropriations, or undocumented purchasing commitments.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should ensure that purchase orders are issued for all applicable purchases.

HARTSVILLE/TROUSDALE COUNTY WATER DEPARTMENT

FINDING 12.02 **EMPLOYEES SHARED A USERNAME AND PASSWORD**

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

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees also used a shared username and password. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The shared username and password should be removed from the application. Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

OFFICE OF SUPERINTENDENT OF ROADS

FINDING 12.03 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

RECOMMENDATION

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

OFFICE OF TRUSTEE

FINDING 12.04 THE TRUSTEE DID NOT SOLICIT COMPETITIVE BIDS FOR ITS OPERATING BANK ACCOUNTS
(Noncompliance Under *Government Auditing Standards*)

The office has not solicited competitive bids for its operating bank accounts. Section 5-8-201, *Tennessee Code Annotated*, provides that the trustee shall solicit competitive bids from banks for potential interest earnings on its operating accounts, and that at least once every four years and not less than once every term of office, the county trustee shall evaluate whether the contract entered into should be rebid. The failure to solicit competitive bids for its operating accounts could result in a loss of revenue for the county.

RECOMMENDATION

The office should solicit competitive bids for its operating bank accounts in accordance with state statute.

OFFICE OF CLERK AND MASTER

FINDING 12.05 A CASH SHORTAGE OF \$300 EXISTED AT JUNE 30, 2012
(Noncompliance Under *Government Auditing Standards*)

The Clerk and Master's Office had a cash shortage of \$300 on June 30, 2012. This cash shortage occurred because the clerk and master issued a receipt to a taxpayer for the amount of delinquent taxes due but failed to collect the amount of taxes due by \$300. The

clerk and master liquidated the cash shortage on December 28, 2012, by depositing personal funds to the office bank account. This shortage was the result of a lack of management oversight over risks related to safeguarding assets. This finding has been discussed with the district attorney general.

RECOMMENDATION

Officials should strengthen internal control by reconciling daily receipts with collections.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER

FINDING 12.06 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, and Clerk and Master. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets.

RECOMMENDATION

County officials should assign each employee their own cash drawer.

OFFICES OF SUPERINTENDENT OF ROADS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 12.07 **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 Superintendent of Roads, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the

reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

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 Hartsville/Trousdale County Government.

ITEM 1. **HARTSVILLE/TROUSDALE COUNTY GOVERNMENT SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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

ITEM 2. **HARTSVILLE/TROUSDALE COUNTY GOVERNMENT SHOULD ESTABLISH AN AUDIT COMMITTEE**

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

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

There were no findings and questioned costs for federal awards.

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

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