

**ANNUAL FINANCIAL REPORT**  
**HARTSVILLE/TROUSDALE**  
**COUNTY GOVERNMENT, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2013**



**ANNUAL FINANCIAL REPORT**  
**HARTSVILLE/TROUSDALE**  
**COUNTY GOVERNMENT, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
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*State Auditors*

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

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**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, 2013

## ***Scope***

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2013.

## ***Results***

Our report on Hartsville/Trousdale County Government is unmodified.

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

## ***Findings and Best Practice***

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

### **OFFICE OF COUNTY MAYOR**

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Deficiencies were noted in the purchase order system.

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### **HARTSVILLE/TROUSDALE COUNTY WATER DEPARTMENT**

- ◆ The department had questionable travel expenses.
- ◆ The department did not file a Report on Debt Obligation with the state Comptroller's Office.

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### **OFFICE OF TRUSTEE**

- ◆ The trustee did not solicit competitive bids for the office's operating bank accounts.
-

**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 OF DEEDS, AND SHERIFF**

- ◆ Duties were not segregated adequately.
- 

**BEST PRACTICE**

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

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# INTRODUCTORY SECTION

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# Hartsville/Trousdale County Officials

## June 30, 2013

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### **Officials**

Jakie West, County Mayor  
Billy Scruggs, 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 of Deeds  
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	Johnny Kerr
William Fergusson	Carol Pruitt
Terry Gregory	Phillip Taylor
Tammy Jackson	Robert Thurman
Richard Johnson	Marshall White, Jr.

### **Highway Commission**

Jakie West, County Mayor, Chairman  
Billy Scruggs, Superintendent of Roads  
Bobby Joe Lewis

### **Board of Education**

Regina Waller, Chairman  
Anthony Crook  
Denice Jackson  
Randy Linville  
Mary Helen McGowan

### **Audit Committee**

Mark Beeler, Chairman	James McDonald
Steve Burrow	John Oliver
Bill Fergusson	Carol Pruitt
Clyde Mansfield	

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## FINANCIAL SECTION

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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

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Trousdale County Government Emergency Communications District, which represent 5.72 percent, 6.11 percent, and 3.03 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Trousdale County Government Emergency Communications District, is based solely on the report of the other

auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Urban Services, Ambulance, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note V.B., Hartsville/Trousdale County Government has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Hartsville/Trousdale County Government early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

## ***Other Matters***

### *Required Supplementary Information*

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 76-78 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hartsville/Trousdale County Government's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County Government School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County Government School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

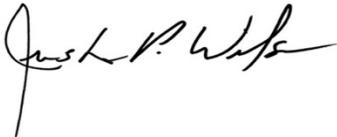
statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Hartsville/Trousdale County Government School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, on our consideration of Hartsville/Trousdale County Government's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hartsville/Trousdale County Government's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 27, 2013

JPW/yu

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Hartsville/Trousdale County Government, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Government	Component Units	
		Hartsville/ Trousdale County School Department	Trousdale County Emergency Communications District
<b><u>ASSETS</u></b>			
Cash	\$ 92,254	\$ 0	\$ 1,004,863
Equity in Pooled Cash and Investments	5,321,618	3,224,471	0
Accounts Receivable	335,263	5,299	2,009
Allowance for Uncollectibles	(33,431)	0	0
Due from Other Governments	446,149	202,602	0
Due from Other Funds	9,016	0	0
Due from Primary Government	0	20,201	0
Due from Component Units	1,514	0	0
Property Taxes Receivable	3,960,419	1,279,471	0
Allowance for Uncollectible Property Taxes	(181,104)	(60,843)	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,033,159	629,383	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	1,257,159	14,235,601	0
Infrastructure	4,213,752	0	0
Other Capital Assets	1,132,209	492,381	213,927
Intangibles	0	97,242	0
Total Assets	<u>\$ 17,587,977</u>	<u>\$ 20,125,808</u>	<u>\$ 1,220,799</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 200,201	\$ 77,712	\$ 2,897
Accrued Payroll	32,566	5,282	0
Payroll Deductions Payable	556	0	0
Accrued Interest Payable	5,393	0	0
Due to Primary Government	0	1,514	0
Due to Component Units	20,201	0	0
Due to State of Tennessee	2,276	0	0
Noncurrent Liabilities:			
Due Within One Year	1,022,241	0	0
Due in More Than One Year	8,125,973	183,351	0
Total Liabilities	<u>\$ 9,409,407</u>	<u>\$ 267,859</u>	<u>\$ 2,897</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Hartsville/ Trousdale County School Department	Trousdale County Emergency Communications District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,510,385	\$ 1,129,423	\$ 0
Total Deferred Inflows of Resources	<u>\$ 3,510,385</u>	<u>\$ 1,129,423</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 6,803,734	\$ 15,454,607	\$ 213,927
Restricted for:			
General Government	751,459	0	0
Administration of Justice	123,407	0	0
Public Safety	103,166	0	0
Public Health and Welfare	777,942	0	0
Highway/Public Works	498,175	0	0
Debt Service	1,589,569	0	0
Education Capital Projects	187,562	0	0
Other Purposes	94,795	0	0
Education	0	118,173	0
Unrestricted	<u>(6,261,624)</u>	<u>3,155,746</u>	<u>1,003,975</u>
Total Net Position	<u>\$ 4,668,185</u>	<u>\$ 18,728,526</u>	<u>\$ 1,217,902</u>

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, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	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	
<b>Primary Government:</b>										
<b>Governmental Activities:</b>										
General Government	\$ 795,670	\$ 133,339	\$ 15,164	\$ 0	\$ (647,167)	\$ 0	\$ (647,167)	\$ 0	\$ 0	0
Finance	306,916	150,203	0	0	(156,713)	0	(156,713)	0	0	0
Administration of Justice	343,462	334,367	9,000	0	(95)	0	(95)	0	0	0
Public Safety	2,142,761	340,725	18,516	5,609	(1,777,911)	0	(1,777,911)	0	0	0
Public Health and Welfare	1,619,330	769,362	185,719	0	(664,249)	0	(664,249)	0	0	0
Social, Cultural, and Recreational Services	217,512	19,807	31,190	0	(166,515)	0	(166,515)	0	0	0
Agriculture and Natural Resources	51,412	0	0	0	(51,412)	0	(51,412)	0	0	0
Other Operations	172,492	0	0	0	(172,492)	0	(172,492)	0	0	0
Highways/Public Works	1,708,023	0	1,227,200	311,467	(169,356)	0	(169,356)	0	0	0
Education	525,008	0	0	526,765	1,757	0	1,757	0	0	0
Interest on Long-term Debt	166,031	0	0	0	(166,031)	0	(166,031)	0	0	0
Other Debt Service	40,960	0	0	0	(40,960)	0	(40,960)	0	0	0
Total Governmental Activities	\$ 8,089,577	\$ 1,747,803	\$ 1,486,789	\$ 843,841	\$ (4,011,144)	\$ 0	\$ (4,011,144)	\$ 0	\$ 0	0
<b>Business-type Activities:</b>										
Public Utility - Water and Sewer	\$ 1,014,121	\$ 881,613	\$ 0	\$ 378,319	\$ 0	\$ 245,811	\$ 245,811	\$ 0	\$ 0	0
Total Business-type Activities	\$ 1,014,121	\$ 881,613	\$ 0	\$ 378,319	\$ 0	\$ 245,811	\$ 245,811	\$ 0	\$ 0	0
<b>Total Primary Government</b>	\$ 9,103,698	\$ 2,629,416	\$ 1,486,789	\$ 1,222,160	\$ (4,011,144)	\$ 245,811	\$ (3,765,333)	\$ 0	\$ 0	0
<b>Component Units:</b>										
School Department	\$ 10,886,103	\$ 60,696	\$ 1,697,849	\$ 525,008	\$ 0	\$ 0	\$ 0	\$ (8,602,550)	\$ 0	0
Emergency Communications District	100,532	163,734	74,143	105,207	0	0	0	0	0	242,552
<b>Total Component Units</b>	\$ 10,986,635	\$ 224,430	\$ 1,771,992	\$ 630,215	\$ 0	\$ 0	\$ 0	\$ (8,602,550)	\$ 0	242,552

(Continued)



Exhibit C-1

Hartsville/Trousdale County Government, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2013

	Major Funds					Education Debt Service	Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Ambulance Service	Highway / Public Works	Other Governmental		Funds	Funds	
\$ 100 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	92,154 \$	0 \$	92,254
1,793,899	827,929	308,233	336,075	1,311,927	1,311,927	0	743,555	0	5,321,618
44,095	14,998	217,147	35,252	0	0	0	23,771	0	335,263
0	0	(33,431)	0	0	0	0	0	0	(33,431)
175,368	0	0	220,026	0	0	0	50,755	0	446,149
15,921	75	0	0	0	0	0	165	0	16,161
1,514	0	0	0	0	0	0	0	0	1,514
2,070,155	754,555	618,171	0	0	0	0	517,538	0	3,960,419
(98,442)	(28,655)	(29,396)	0	0	0	0	(24,611)	0	(181,104)
\$ 4,002,610 \$	1,568,902 \$	1,080,724 \$	591,353 \$	1,311,927 \$	1,311,927 \$	0 \$	1,403,327 \$	0 \$	9,958,843

ASSETS

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

Total Assets

LIABILITIES

Accounts Payable  
 Accrued Payroll  
 Payroll Deductions Payable  
 Due to Other Funds  
 Due to Component Units  
 Due to State of Tennessee  
 Total Liabilities

\$ 53,427 \$	7,285 \$	5,636 \$	511 \$	0 \$	0 \$	0 \$	133,342 \$	0 \$	200,201
0	0	0	32,566	0	0	0	0	0	32,566
556	0	0	0	0	0	0	0	0	556
165	1,872	805	0	0	0	0	4,303	0	7,145
0	0	0	0	0	0	0	20,201	0	20,201
0	0	0	2,276	0	0	0	0	0	2,276
\$ 54,148 \$	9,157 \$	6,441 \$	35,353 \$	0 \$	0 \$	0 \$	157,846 \$	0 \$	262,945

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
 Deferred Delinquent Property Taxes  
 Other Deferred/Unavailable Revenue  
 Total Deferred Inflows of Resources

\$ 1,827,382 \$	680,482 \$	545,676 \$	0 \$	0 \$	0 \$	0 \$	456,845 \$	0 \$	3,510,385
136,092	42,620	40,639	0	0	0	0	34,022	0	253,373
50,536	0	120,130	112,246	0	0	0	0	0	282,912
\$ 2,014,010 \$	723,102 \$	706,445 \$	112,246 \$	0 \$	0 \$	0 \$	490,867 \$	0 \$	4,046,670

FUND BALANCES

Restricted:  
 Restricted for General Government  
 Restricted for Administration of Justice  
 Restricted for Public Safety  
 Restricted for Public Health and Welfare

\$ 17,217 \$	570,364 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	587,581
123,407	0	0	0	0	0	0	0	0	123,407
68,078	0	0	0	0	0	0	33,072	0	101,150
0	24,650	0	0	0	0	0	0	0	24,650

(Continued)

Exhibit C-1

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	Other	Governmental Funds	
\$	52,414	0	0	0	0	0	0	52,414
Restricted for Social, Cultural, and Recreational Services	0	0	0	396,825	0	0	0	396,825
Restricted for Highways/Public Works	0	0	0	46,929	0	0	0	46,929
Restricted for Capital Outlay	10,515	0	0	0	1,120,236	165,681	0	1,296,432
Restricted for Debt Service	0	0	0	0	0	140,633	0	140,633
Restricted for Capital Projects	0	0	0	0	0	0	0	0
Committed:								
Committed for General Government	0	240,579	0	0	0	0	0	240,579
Committed for Public Safety	2,016	0	0	0	0	0	0	2,016
Committed for Public Health and Welfare	0	1,050	367,838	0	0	323,919	0	692,807
Committed for Social, Cultural, and Recreational Services	42,381	0	0	0	0	0	0	42,381
Committed for Debt Service	0	0	0	0	191,691	91,309	0	283,000
Unassigned	1,618,424	0	0	0	0	0	0	1,618,424
Total Fund Balances	\$ 1,934,452	\$ 836,643	\$ 367,838	\$ 443,754	\$ 1,311,927	\$ 754,614	\$ 0	\$ 5,649,228
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,002,610	\$ 1,568,902	\$ 1,080,724	\$ 591,353	\$ 1,311,927	\$ 1,403,327	\$ 0	\$ 9,958,843

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 Position  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 5,649,228
(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	1,257,159	
Add: infrastructure net of accumulated depreciation	4,213,752	
Add: other capital assets net of accumulated depreciation	<u>1,132,209</u>	7,636,279
(2) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (180,000)	
Less: notes payable	(652,545)	
Less: other loans payable	(7,584,430)	
Less: landfill postclosure care costs	(389,939)	
Less: other postemployment benefits liability	(256,310)	
Less: compensated absences payable	(84,990)	
Less: accrued interest on bonds	(1,201)	
Less: accrued interest on notes	<u>(4,192)</u>	(9,153,607)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>536,285</u>
Net position of governmental activities (Exhibit A)		<u>\$ 4,668,185</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, 2013

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Urban Services	Ambulance Service	Highway / Public Works	Education Debt Service	Other Governmental Funds	Nonmajor Funds		
<b>Revenues</b>									
Local Taxes	\$ 2,836,125	\$ 525,309	\$ 512,516	\$ 0	\$ 330,376	\$ 490,729	\$ 4,695,055		
Licenses and Permits	59,228	15,609	0	0	0	0	74,837		
Fines, Forfeitures, and Penalties	95,799	0	0	0	0	5,692	101,491		
Charges for Current Services	38,657	173,917	404,903	0	0	143,323	760,800		
Other Local Revenues	95,767	4,589	0	34,071	10,387	33,874	178,688		
Fees Received from County Officials	408,693	0	0	0	0	0	408,693		
State of Tennessee	453,792	2,400	0	1,532,775	0	5,787	1,994,754		
Federal Government	162,901	0	0	0	0	123,617	286,518		
Other Governments and Citizens Groups	31,026	0	0	0	75,000	329,450	435,476		
<b>Total Revenues</b>	<b>\$ 4,181,988</b>	<b>\$ 721,824</b>	<b>\$ 917,419</b>	<b>\$ 1,566,846</b>	<b>\$ 415,763</b>	<b>\$ 1,132,472</b>	<b>\$ 8,936,312</b>		
<b>Expenditures</b>									
Current:									
General Government	\$ 552,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 174	\$ 553,063		
Finance	308,863	0	0	0	0	0	308,863		
Administration of Justice	343,703	0	0	0	0	0	343,703		
Public Safety	1,999,307	257,302	0	0	0	10,873	2,267,482		
Public Health and Welfare	78,205	448,797	851,564	0	0	509,341	1,887,907		
Social, Cultural, and Recreational Services	193,760	12,761	0	0	0	0	206,521		
Agriculture and Natural Resources	51,412	0	0	0	0	0	51,412		
Other Operations	246,853	111,424	0	0	0	15,357	373,634		
Highways	0	72,951	0	1,582,985	0	0	1,655,936		

(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	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>								
Debt Service:								
Principal on Debt	\$ 0	\$ 0	\$ 0	\$ 25,124	\$ 438,000	\$ 653,331	\$ 1,116,455	
Interest on Debt	0	0	0	62	18,251	151,710	170,023	
Other Debt Service	0	0	0	0	28,804	12,156	40,960	
Capital Projects	0	0	0	0	0	648,625	648,625	
Total Expenditures	\$ 3,774,992	\$ 903,235	\$ 851,564	\$ 1,608,171	\$ 485,055	\$ 2,001,567	\$ 9,624,584	
Excess (Deficiency) of Revenues Over Expenditures	\$ 406,996	\$ (181,411)	\$ 65,855	\$ (41,325)	\$ (69,292)	\$ (869,095)	\$ (688,272)	
<u>Other Financing Sources (Uses)</u>								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,000	\$ 180,000	
Notes Issued	71,807	290,545	0	0	0	140,193	502,545	
Insurance Recovery	12,784	75	1,983	8,862	0	0	23,704	
Transfers In	9,853	0	0	0	0	122,315	132,168	
Transfers Out	(122,315)	(9,853)	0	0	0	0	(132,168)	
Total Other Financing Sources (Uses)	\$ (27,871)	\$ 280,767	\$ 1,983	\$ 8,862	\$ 0	\$ 442,508	\$ 706,249	
Net Change in Fund Balances	\$ 379,125	\$ 99,356	\$ 67,838	\$ (32,463)	\$ (69,292)	\$ (426,587)	\$ 17,977	
Reclassification	0	0	0	0	0	(22,862)	(22,862)	
Fund Balance, July 1, 2012	1,555,327	737,287	300,000	476,217	1,381,219	1,204,063	5,654,113	
Fund Balance, June 30, 2013	\$ 1,934,452	\$ 836,643	\$ 367,838	\$ 443,754	\$ 1,311,927	\$ 754,614	\$ 5,649,228	

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, 2013

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)		\$	17,977
(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	\$	911,833	
Less: current-year depreciation expense		<u>(460,127)</u>	451,706
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			(30,638)
Less: capital asset disposals			
(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, 2012	\$	(339,983)	
Add: deferred delinquent property taxes and other deferred June 30, 2013		<u>536,285</u>	196,302
(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 position.			
Less: note proceeds	\$	(502,545)	
Less: bond proceeds		(180,000)	
Add: principal payments on notes		326,124	
Add: principal payments on other loans		<u>790,331</u>	433,910
(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	\$	3,992	
Change in landfill closure/postclosure care costs		(2,265)	
Change in other postemployment benefits liability		(45,741)	
Change in compensated absences payable		<u>(1,223)</u>	<u>(45,237)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,024,020</u>

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

Exhibit C-5

Hartsville/Trousdale County Government, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,836,125	\$ 2,740,052	\$ 2,772,628	\$ 63,497
Licenses and Permits	59,228	17,700	22,700	36,528
Fines, Forfeitures, and Penalties	95,799	80,300	80,300	15,499
Charges for Current Services	38,657	22,150	24,150	14,507
Other Local Revenues	95,767	173,350	131,350	(35,583)
Fees Received from County Officials	408,693	380,500	380,500	28,193
State of Tennessee	453,792	316,437	321,466	132,326
Federal Government	162,901	135,388	157,598	5,303
Other Governments and Citizens Groups	31,026	14,500	14,500	16,526
<b>Total Revenues</b>	<b>\$ 4,181,988</b>	<b>\$ 3,880,377</b>	<b>\$ 3,905,192</b>	<b>\$ 276,796</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 13,772	\$ 20,335	\$ 20,335	\$ 6,563
Beer Board	106	250	250	144
County Mayor/Executive	179,130	184,190	187,230	8,100
County Attorney	9,878	17,400	17,400	7,522
Election Commission	99,223	99,946	99,946	723
Register of Deeds	78,882	81,009	81,009	2,127
Planning	60,410	64,658	64,658	4,248
Codes Compliance	182	0	5,000	4,818
County Buildings	111,083	140,828	153,058	41,975
Preservation of Records	223	500	500	277
<u>Finance</u>				
Property Assessor's Office	102,920	111,083	111,083	8,163
County Trustee's Office	105,203	108,236	108,236	3,033
County Clerk's Office	100,740	103,939	105,374	4,634
<u>Administration of Justice</u>				
Circuit Court	151,349	154,839	154,839	3,490
General Sessions Court	87,024	85,381	88,481	1,457
Chancery Court	72,669	75,854	75,854	3,185
Judicial Commissioners	18,792	21,999	21,999	3,207
Courtroom Security	13,869	25,475	25,475	11,606
<u>Public Safety</u>				
Sheriff's Department	1,026,056	1,010,699	1,072,653	46,597
Drug Enforcement	49,080	49,463	49,463	383
Administration of the Sexual Offender Registry	0	3,200	3,200	3,200
Jail	733,723	760,024	773,653	39,930
Workhouse	68,897	63,105	74,105	5,208
Juvenile Services	20,533	25,704	25,704	5,171
Fire Prevention and Control	56,046	72,050	72,050	16,004
Civil Defense	25,941	26,550	28,601	2,660
Other Emergency Management	5,608	4,072	9,682	4,074
Inspection and Regulation	5,083	5,670	5,670	587
County Coroner/Medical Examiner	8,340	15,000	15,000	6,660
<u>Public Health and Welfare</u>				
Local Health Center	23,925	32,549	32,549	8,624

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Alcohol and Drug Programs	\$ 3,921	\$ 6,628	\$ 6,628	\$ 2,707
Other Local Health Services	511	8,600	8,600	8,089
Sanitation Education/Information	39,183	39,237	39,237	54
Other Public Health and Welfare	10,665	10,665	10,665	0
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	40,510	38,776	43,776	3,266
Libraries	78,434	80,761	81,898	3,464
Parks and Fair Boards	74,816	88,072	92,976	18,160
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	39,297	42,030	42,030	2,733
Soil Conservation	12,115	12,115	12,115	0
<u>Other Operations</u>				
Other Charges	231,266	317,314	292,314	61,048
Employee Benefits	5,016	15,100	15,100	10,084
Miscellaneous	10,571	10,570	10,571	0
Total Expenditures	\$ 3,774,992	\$ 4,033,876	\$ 4,138,967	\$ 363,975
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 406,996	\$ (153,499)	\$ (233,775)	\$ 640,771
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 71,807	\$ 0	\$ 71,807	\$ 0
Insurance Recovery	12,784	0	12,230	554
Transfers In	9,853	0	9,853	0
Transfers Out	(122,315)	0	(122,316)	1
Total Other Financing Sources	\$ (27,871)	\$ 0	\$ (28,426)	\$ 555
Net Change in Fund Balance	\$ 379,125	\$ (153,499)	\$ (262,201)	\$ 641,326
Fund Balance, July 1, 2012	1,555,327	1,210,674	1,210,674	344,653
Fund Balance, June 30, 2013	\$ 1,934,452	\$ 934,859	\$ 948,473	\$ 985,979

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

Exhibit C-6

Hartsville/Trousdale County Government, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Urban Services Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 525,309	\$ 533,776	\$ 533,776	\$ (8,467)
Licenses and Permits	15,609	14,000	14,000	1,609
Charges for Current Services	173,917	153,100	153,100	20,817
Other Local Revenues	4,589	0	0	4,589
State of Tennessee	2,400	2,400	2,400	0
Total Revenues	<u>\$ 721,824</u>	<u>\$ 703,276</u>	<u>\$ 703,276</u>	<u>\$ 18,548</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 254,701	\$ 338,853	\$ 329,000	\$ 74,299
Fire Prevention and Control	2,601	3,500	3,500	899
<u>Public Health and Welfare</u>				
Rabies and Animal Control	8,985	16,461	16,461	7,476
Waste Pickup	439,812	498,919	498,919	59,107
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	9,511	10,000	10,000	489
Other Social, Cultural, and Recreational	3,250	3,250	3,250	0
<u>Other Operations</u>				
Other Charges	110,224	132,100	132,100	21,876
Employee Benefits	1,200	1,650	1,650	450
<u>Highways</u>				
Highway and Bridge Maintenance	72,951	100,000	100,000	27,049
Total Expenditures	<u>\$ 903,235</u>	<u>\$ 1,104,733</u>	<u>\$ 1,094,880</u>	<u>\$ 191,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (181,411)</u>	<u>\$ (401,457)</u>	<u>\$ (391,604)</u>	<u>\$ 210,193</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 290,545	\$ 318,000	\$ 318,000	\$ (27,455)
Insurance Recovery	75	0	0	75
Transfers Out	(9,853)	0	(9,853)	0
Total Other Financing Sources	<u>\$ 280,767</u>	<u>\$ 318,000</u>	<u>\$ 308,147</u>	<u>\$ (27,380)</u>
Net Change in Fund Balance	\$ 99,356	\$ (83,457)	\$ (83,457)	\$ 182,813
Fund Balance, July 1, 2012	737,287	733,842	733,842	3,445
Fund Balance, June 30, 2013	<u>\$ 836,643</u>	<u>\$ 650,385</u>	<u>\$ 650,385</u>	<u>\$ 186,258</u>

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

Exhibit C-7

Hartsville/Trousdale County Government, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 512,516	\$ 506,669	\$ 506,669	\$ 5,847
Charges for Current Services	404,903	400,000	400,000	4,903
Total Revenues	<u>\$ 917,419</u>	<u>\$ 906,669</u>	<u>\$ 906,669</u>	<u>\$ 10,750</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 851,564	\$ 900,956	\$ 915,656	\$ 64,092
Total Expenditures	<u>\$ 851,564</u>	<u>\$ 900,956</u>	<u>\$ 915,656</u>	<u>\$ 64,092</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 65,855</u>	<u>\$ 5,713</u>	<u>\$ (8,987)</u>	<u>\$ 74,842</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,983	\$ 0	\$ 0	\$ 1,983
Total Other Financing Sources	<u>\$ 1,983</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,983</u>
Net Change in Fund Balance	\$ 67,838	\$ 5,713	\$ (8,987)	\$ 76,825
Fund Balance, July 1, 2012	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 367,838</u>	<u>\$ 305,713</u>	<u>\$ 291,013</u>	<u>\$ 76,825</u>

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

## Exhibit C-8

Hartsville/Trousdale County Government, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 34,071	\$ 3,200	\$ 36,403	\$ (2,332)
State of Tennessee	1,532,775	1,692,000	1,692,000	(159,225)
Total Revenues	<u>\$ 1,566,846</u>	<u>\$ 1,695,200</u>	<u>\$ 1,728,403</u>	<u>\$ (161,557)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 137,099	\$ 138,281	\$ 142,930	\$ 5,831
Highway and Bridge Maintenance	699,479	837,760	793,764	94,285
Operation and Maintenance of Equipment	194,141	211,835	212,709	18,568
Other Charges	72,533	77,525	73,602	1,069
Employee Benefits	51,140	52,600	51,550	410
Capital Outlay	428,593	490,928	555,295	126,702
<u>Principal on Debt</u>				
Highways and Streets	25,124	25,125	25,125	1
<u>Interest on Debt</u>				
Highways and Streets	62	260	66	4
Total Expenditures	<u>\$ 1,608,171</u>	<u>\$ 1,834,314</u>	<u>\$ 1,855,041</u>	<u>\$ 246,870</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (41,325)</u>	<u>\$ (139,114)</u>	<u>\$ (126,638)</u>	<u>\$ 85,313</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 8,862	\$ 0	\$ 8,862	\$ 0
Total Other Financing Sources	<u>\$ 8,862</u>	<u>\$ 0</u>	<u>\$ 8,862</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (32,463)	\$ (139,114)	\$ (117,776)	\$ 85,313
Fund Balance, July 1, 2012	476,217	204,735	204,735	271,482
Fund Balance, June 30, 2013	<u>\$ 443,754</u>	<u>\$ 65,621</u>	<u>\$ 86,959</u>	<u>\$ 356,795</u>

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

Exhibit D-1

Hartsville/Trousdale County Government, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2013

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<hr/>	
<u>Operating Revenues</u>	
Charges for Current Services	\$ 866,563
Other Local Revenues	7,259
Total Operating Revenues	<u>\$ 873,822</u>
<u>Operating Expenses</u>	
Other Public Health and Welfare	\$ 832,812
Depreciation	174,529
Total Operating Expenses	<u>\$ 1,007,341</u>
Operating Income (Loss)	<u>\$ (133,519)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 6,098
Grant Income	378,319
Interest Expense	(6,780)
Total Nonoperating Revenues (Expenses)	<u>\$ 377,637</u>
Income Before Contributions	\$ 244,118
Capital Contributions In	15,050
Contributions to Hartsville/Trousdale Water/Sewer Utility District	(9,192,735)
Change in Net Position	<u>\$ (8,933,567)</u>
Net Position, July 1, 2012	<u>8,933,567</u>
Net Position, June 30, 2013	<u><u>\$ 0</u></u>

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

Exhibit D-2

Hartsville/Trousdale County Government, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2013

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 699,532
Payments to Employees	(402,215)
Payments to Suppliers	(266,184)
Other Receipts (Payments)	7,259
Net Cash Provided By (Used In) Operating Activities	<u>\$ 38,392</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 378,319
Contributions to Hartsville/Trousdale Water/Sewer Utility District	(1,672,294)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (1,293,975)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Contributions	\$ 15,050
Acquisition of Capital Assets	(468,053)
Principal Paid on Capital Debt	(18,343)
Interest Paid on Capital Debt	(6,780)
Capital Lease Issued	44,615
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ (433,511)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	\$ 6,098
Net Cash Provided By (Used In) Investing Activities	<u>\$ 6,098</u>
Net Increase (Decrease) in Cash	\$ (1,682,996)
Cash, July 1, 2012	<u>1,682,996</u>
Cash, June 30, 2013	<u><u>\$ 0</u></u>

(Continued)

Exhibit D-2

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)	\$ (133,519)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	174,529
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(13,295)
(Increase) Decrease in Due from Other Governments	(153,736)
Increase (Decrease) in Accounts Payable	168,394
Increase (Decrease) in Payroll Deductions Payable	9,799
Increase (Decrease) in Due to Other Funds	(12,169)
Increase (Decrease) in Due to State of Tennessee	(258)
Increase (Decrease) in Compensated Absences Payable	<u>(1,353)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 38,392</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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 473,219
Equity in Pooled Cash and Investments	712,597
Accounts Receivable	2,354
Due from Other Governments	<u>13,000</u>
Total Assets	<u>\$ 1,201,170</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 27,466
Due to Other Funds	9,016
Due to Litigants, Heirs, and Others	481,877
Due to Joint Venture	<u>682,811</u>
Total Liabilities	<u>\$ 1,201,170</u>

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

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**HARTSVILLE/TROUSDALE COUNTY  
GOVERNMENT, TENNESSEE**

**Index of Notes to the Financial Statements**

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**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hartsville/Trousdale County Government's (the 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, 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 Trousdale County 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 Position 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 Hartsville/Trousdale County School Department. Net debt issues totaling \$525,008 were contributed by the metropolitan government to the School Department during the year ended June 30, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 only reports 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 is used to account for transactions of the ambulance service. Property taxes and patient charges are the foundational revenues of this 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.

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. This fund was closed as of December 31, 2012. The metropolitan government

relinquished the fund's assets and liabilities to the Hartsville-Trousdale County Water/Sewer Utility District effective January 1, 2013.

Additionally, the metropolitan government reports the following fund types:

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, state grants and other restricted revenues held for the benefit of the Fifteenth Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. 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 or committed to expenditure for specific federal education programs.

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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

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

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 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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 2.5 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, and similar items), and intangibles (e.g., computer software and similar items) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (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
Intangibles	12

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The metropolitan government had no items that qualified for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a

liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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 Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, the metropolitan government had \$7,584,430 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 position 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, and shall remain binding unless removed in the same manner.

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 Metropolitan Commission has authorized by resolution the metropolitan government’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.

**8. Reclassification**

In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

## 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 Position**

#### 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 Position.

#### 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 Position.

### 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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. **Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except 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. Schedule of Unaccounted for Water**

The Schedule of Unaccounted for Water was not prepared as required by Section 68-221-1010(d)(1), *Tennessee Code Annotated*, because the American Water Works Association's water audit method is based on a 12-month cycle. The Water and Sewer Fund (enterprise fund) closed December 31, 2013. The metropolitan government relinquished the fund's assets and liabilities to the Hartsville-Trousdale County Water/Sewer Utility District on January 1, 2013. This schedule for the period July 1, 2012, through June 30, 2013, will be separately submitted to the Comptroller's Office based on the information before and after the reorganization.

**C. Cash Shortage – Prior Year**

In the prior year, the Office of Clerk and Master reported a cash shortage of \$300 from uncollected receipts. On December 28, 2012, the official deposited \$300 from personal funds, which liquidated the cash shortage.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

The metropolitan government and the discretely presented Hartsville/Trousdale County School Department participate in an internal cash and investment pool through the Office of Trustee. The metropolitan 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2013, the metropolitan government had the following investments carried at fair value. 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)	Maturities	Fair Value
State Treasurer's Investment Pool	11 to 138	N/A	\$ 278,999

**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, 2013, the metropolitan government’s investment in the State Treasurer’s Investment Pool was unrated.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2013, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,033,159	\$ 0	\$ 0	\$ 1,033,159
Total Capital Assets Not Depreciated	\$ 1,033,159	\$ 0	\$ 0	\$ 1,033,159
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,986,945	\$ 0	\$ 0	\$ 1,986,945
Roads and Bridges	13,811,223	247,226	0	14,058,449
Other Capital Assets	3,185,338	664,607	(415,110)	3,434,835
Total Capital Assets Depreciated	\$ 18,983,506	\$ 911,833	\$ (415,110)	\$ 19,480,229
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 693,247	\$ 36,539	\$ 0	\$ 729,786
Roads and Bridges	9,590,074	254,623	0	9,844,697
Other Capital Assets	2,518,133	168,965	(384,472)	2,302,626
Total Accumulated Depreciation	\$ 12,801,454	\$ 460,127	\$ (384,472)	\$ 12,877,109
Total Capital Assets Depreciated, Net	\$ 6,182,052	\$ 451,706	\$ (30,638)	\$ 6,603,120

**Business-type Activities:**

	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 322,043	\$ 0	\$ (322,043)	\$ 0
Construction in Progress	657,870	413,737	(1,071,607)	0
Total Capital Assets Not Depreciated	\$ 979,913	\$ 413,737	\$ (1,393,650)	\$ 0

**Business-type Activities (Cont.):**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,000	\$ 0	\$ (9,000)	\$ 0
Waterlines	14,052,599	9,701	(14,062,300)	0
Other Capital Assets	517,505	44,615	(562,120)	0
<b>Total Capital Assets Depreciated</b>	<b>\$ 14,579,104</b>	<b>\$ 54,316</b>	<b>\$ (14,633,420)</b>	<b>\$ 0</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,500	\$ 112	\$ (1,612)	\$ 0
Waterlines	7,600,768	168,968	(7,769,736)	0
Other Capital Assets	475,824	5,449	(481,273)	0
<b>Total Accumulated Depreciation</b>	<b>\$ 8,078,092</b>	<b>\$ 174,529</b>	<b>\$ (8,252,621)</b>	<b>\$ 0</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 6,501,012</b>	<b>\$ (120,213)</b>	<b>\$ (6,380,799)</b>	<b>\$ 0</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 7,480,925</b>	<b>\$ 293,524</b>	<b>\$ (7,774,449)</b>	<b>\$ 0</b>

The Water and Sewer Fund (enterprise fund) closed as of December 31, 2012, and transferred its capital assets to the Hartsville-Trousdale County Water/Sewer Utility District.

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

**Governmental Activities:**

General Government	\$ 9,917
Public Safety	68,396
Public Health and Welfare	58,639
Social, Cultural, and Recreational Services	11,394
Highways/Public Works	311,781
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 460,127</b>

**Business-type Activities:**

Water and Sewer	\$ 174,529
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**Discretely Presented School Department**

**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 629,383	\$ 0	\$ 0	\$ 629,383
Construction in Progress	1,930,019	0	(1,930,019)	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,559,402</b>	<b>\$ 0</b>	<b>\$ (1,930,019)</b>	<b>\$ 629,383</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,508,693	\$ 3,535,798	\$ (153,672)	\$ 21,890,819
Other Capital Assets	1,176,567	82,989	(50,493)	1,209,063
Intangibles	49,770	68,986	0	118,756
<b>Total Capital Assets Depreciated</b>	<b>\$ 19,735,030</b>	<b>\$ 3,687,773</b>	<b>\$ (204,165)</b>	<b>\$ 23,218,638</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 7,259,790	\$ 395,428	\$ 0	\$ 7,655,218
Other Capital Assets	698,075	66,575	(47,968)	716,682
Intangibles	12,097	9,417	0	21,514
<b>Total Accumulated Depreciation</b>	<b>\$ 7,969,962</b>	<b>\$ 471,420</b>	<b>\$ (47,968)</b>	<b>\$ 8,393,414</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 11,765,068</b>	<b>\$ 3,216,353</b>	<b>\$ (156,197)</b>	<b>\$ 14,825,224</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 14,324,470</b>	<b>\$ 3,216,353</b>	<b>\$ (2,086,216)</b>	<b>\$ 15,454,607</b>

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

**Governmental Activities:**

Instruction	\$ 404,846
Support Services	<u>66,574</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 471,420</u></b>

**C. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2013, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Urban Services	\$ 1,872
General	Ambulance Service	805
General	Solid Waste/Sanitation	3,550
General	General Capital Projects	678
General	Judical District Drug (agency fund)	9,016
Urban Services	Solid Waste/Sanitation	75
Solid Waste/Sanitation	General	165

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:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
Discretely Presented School		
Department:	Primary Government:	
General Purpose School	General Capital Projects	\$ 20,201
	Component Unit:	
	Discretely Presented School	
Primary government:	Department:	
General	General Purpose School	1,514

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 122,315
Urban Services Fund	9,853	0
Total	<u>\$ 9,853</u>	<u>\$ 122,315</u>

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

**Business-type Activities**

On December 21, 2012, the metropolitan government entered into a two-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$44,615 plus interest of 6.5 percent. Title to the vehicles transfer to the metropolitan government at the end of the lease period. The Water and Sewer Fund was closed as of December 31, 2012. The Hartsville-Trousdale County Water/Sewer Utility District accepted responsibility for capital lease payments and the capital assets as of January 1, 2013.

**E. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes and Other Loans**

The metropolitan government issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general capital outlay notes. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to seven years for bonds, 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, 2013, all bonds outstanding will be retired from the General Debt Service Fund, all capital outlay notes outstanding will be retired from the Urban Services and General Debt Service funds, and other loans outstanding will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds - Refunding	2.85	% 10-1-19	\$ 180,000	\$ 180,000
Capital Outlay Notes	2.59 to 4.68	5-1-23	1,217,545	652,545
Other Loans	Variable	6-30-27	13,978,359	7,584,430

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, 2013, the variable interest rate was .41 percent, and other fees totaled approximately .57 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, 2013, the variable interest rate was .33 percent, and other fees totaled approximately .57 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 general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 23,000	\$ 4,802	\$ 27,802
2015	24,000	4,133	28,133
2016	25,000	3,434	28,434
2017	26,000	2,708	28,708
2018	27,000	1,952	28,952
2019-2020	55,000	1,582	56,582
Total	\$ 180,000	\$ 18,611	\$ 198,611

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 163,545	\$ 20,064	\$ 183,609
2015	145,000	14,691	159,691
2016	47,000	9,900	56,900
2017	48,000	8,525	56,525
2018	50,000	7,106	57,106
2019-2023	199,000	15,675	214,675
Total	\$ 652,545	\$ 75,961	\$ 728,506

Year Ending June 30	Other Loans			
	Principal	Interest	(1) Other Fees	Total
2014	\$ 816,403	\$ 140,332	\$ 38,540	\$ 995,275
2015	842,908	137,985	34,244	1,015,137
2016	870,796	135,544	29,775	1,036,115
2017	665,431	133,083	24,231	822,745
2018	684,431	131,401	20,922	836,754
2019-2023	3,057,514	629,812	50,064	3,737,390
2024-2027	646,947	490,188	8,414	1,145,549
Total	\$ 7,584,430	\$ 1,798,345	\$ 206,190	\$ 9,588,965

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

There is \$256,990 available in the General Debt Service Fund and \$1,311,927 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,070, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2012	\$ 0	\$ 476,124	\$ 8,374,761
Additions	180,000	502,545	0
Reductions	0	(326,124)	(790,331)
Balance, June 30, 2013	<u>\$ 180,000</u>	<u>\$ 652,545</u>	<u>\$ 7,584,430</u>
Balance Due Within One Year	<u>\$ 23,000</u>	<u>\$ 163,545</u>	<u>\$ 816,403</u>

	Compensated Absences	Landfill Postclosure Care Cost	Other Postemployment Benefits
Balance, July 1, 2012	\$ 83,767	\$ 387,674	\$ 210,569
Additions	103,761	7,271	50,482
Reductions	(102,538)	(5,006)	(4,741)
Balance, June 30, 2013	<u>\$ 84,990</u>	<u>\$ 389,939</u>	<u>\$ 256,310</u>
Balance Due Within One Year	<u>\$ 13,293</u>	<u>\$ 6,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 9,148,214
Less: Balance Due Within One Year	<u>(1,022,241)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,125,973</u>

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

Current Refunding

On October 12, 2012, the metropolitan government currently refunded a capital outlay note with a separate general obligation bond issue. The metropolitan government issued \$180,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded note is considered defeased, and the liability has been removed from the county's long-term debt.

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

At June 30, 2012, the Water and Sewer Fund reflected liabilities for revenue bonds (\$319,181) and compensated absences (\$51,466). During the 2012-2013 fiscal year, the metropolitan government closed the Water and Sewer Fund (enterprise fund) and relinquished the liabilities to the Hartsville-Trousdale County Water/Sewer Utility District.

**Discretely Presented School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hartsville/Trousdale County School Department for the year ended June 30, 2013, was as follows:

**Governmental Activities:**

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 137,300
Additions	112,662
Reductions	<u>(66,611)</u>
Balance, June 30, 2013	<u>\$ 183,351</u>
Balance Due Within One Year	<u>\$ 0</u>
Analysis of Noncurrent Liabilities Presented on Exhibit A:	
Total Noncurrent Liabilities, June 30, 2013	<u>\$ 183,351</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 183,351</u>

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

**F. On-Behalf Payments – Discretely Presented School Department**

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, 2013, were \$41,322 and \$3,688, 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. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Hartsville/Trousdale County Government early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.

Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Contingent Liabilities**

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

**D. Change in Administration**

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

**E. 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 \$389,939 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. 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, 2013.

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

## **G. 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, 2013, was 8.07 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 has adopted a noncontributory retirement plan for its employees by assuming employees contributions up to five percent of annual covered payroll. The metropolitan government is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 20.12 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, 2013, the metropolitan government's annual pension cost of \$321,465 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was four years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

#### **Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$321,465	100%	\$0
6-30-12	319,389	100	0
6-30-11	312,695	100	0

### Former City of Hartsville Employees

For the year ended June 30, 2013, the metropolitan government's annual pension cost of \$163,874 to TCRS was equal to the metropolitan government's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

#### **Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$163,874	100%	\$0
6-30-12	164,579	100	0
6-30-11	181,842	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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

## **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 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, 2013, 2012, and 2011, were \$433,712, \$429,524, and \$435,065, respectively, equal to the required contributions for each year.

## **2. Deferred Compensation**

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

## **H. 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://tennessee.gov/finance/act/cafr.shtml>.

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 their own 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. During the year ended June 30, 2013, the metropolitan government and discretely presented school department made contributions totaling \$4,741 and \$66,611, respectively, for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan	Medicare Supplement Plan
ARC	\$ 113,000	\$ 36,000	\$ 15,000
Interest on the NOPEBO	5,492	4,888	3,535
Adjustment to the ARC	(5,830)	(5,188)	(3,753)
Annual OPEB cost	\$ 112,662	\$ 35,700	\$ 14,782
Amount of contribution	(66,611)	(3,541)	(1,200)
Increase/decrease in NOPEBO	\$ 46,051	\$ 32,159	\$ 13,582
Net OPEB obligation, 7-1-12	137,300	122,188	88,381
Net OPEB obligation, 6-30-13	\$ 183,351	\$ 154,347	\$ 101,963

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 89,167	81.67	% \$ 86,563
6-30-12	"	111,788	54.61	137,300
6-30-13	"	112,662	59.12	183,351
6-30-11	Local Government Group	54,106	15.33	90,535
6-30-12	"	35,777	11.53	122,188
6-30-13	"	35,700	9.92	154,347
6-30-11	Medicare Supplement	16,143	8.36	74,803
6-30-12	"	14,816	8.35	88,381
6-30-13	"	14,782	8.12	101,963

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)	\$ 5,834,034	\$ 2,528,673	\$ N/A
UAAL as a % of covered payroll	17%	11%	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 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare premium cost trend rate for the Medicare Supplement Plan was 6.25 percent for fiscal year 2013. The trend will decrease to six percent in fiscal year 2014 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 July 1, 2007.

**I. Termination Benefits**

In August 2005, the Board of Education initiated a voluntary retirement incentive program for certified employees who retire from the system with at least 15 years of service with the School Department. This incentive consists of a cash payment of \$10 per day for each sick and professional day held by the employee at their retirement date. During the year, two employees retired who were eligible for the program and received payments totaling \$4,500. The director of schools stated that this program is intended to be an on-going incentive, and there is no limit to the number of accumulated days that employees can be paid under the program. The employees are entitled to this benefit when they formally notify the School Department of their retirement date.

**J. 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 uses the economic resources measurement focus.

**3. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**4. Cash and Cash Equivalents**

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

**5. 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).

**6. 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 capital assets in service is from five to ten years. The district capitalizes interest incurred on construction projects.

7. **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.

8. **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.

9. **Operating Revenues and Operating Expenses**

The district recognizes operating revenues and operating expenses resulting from providing services and producing goods to its customers. All other revenues and services are deemed nonoperating.

**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 7-1-12	Additions	Disposals	Balance 6-30-13
Equipment	\$ 312,047	\$ 98,597	\$ 0	\$ 410,644
	\$ 312,047	\$ 98,597	\$ 0	\$ 410,644
Less Accumulated Depreciation	<u>(162,626)</u>			<u>(196,717)</u>
Utility Plant - Net	<u>\$ 149,421</u>			<u>\$ 213,927</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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Hartsville/Trousdale County Government, Tennessee  
Schedule of Funding Progress – Pension Plans  
Primary Government and Discretely Presented Hartsville/Trousdale  
County School Department  
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (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-2

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, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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	2,529	11
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	5,834	17

**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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 – In prior years, the District Attorney General Fund was classified as a special revenue fund; however, effective July 1, 2012, this fund has been reclassified as an agency fund to better reflect the control of these funds by the district attorney general.

## Debt Service Fund

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

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

# Capital Projects Fund

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Hartsville/Trousdale County Government, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Total	General Debt Service	Capital Projects	Total		
						General	Capital Projects	
\$	0	0	0	0	0	92,154	\$	92,154
	322,483	33,072	355,555	245,012	142,988			743,555
	12,651	0	12,651	11,120	0			23,771
	768	0	768	0	49,987			50,755
	165	0	165	0	0			165
	301,897	0	301,897	215,641	0			517,538
	(14,356)	0	(14,356)	(10,255)	0			(24,611)
\$	623,608	33,072	656,680	461,518	285,129	\$		1,403,327
\$	9,725	0	9,725	0	123,617	\$		133,342
	3,625	0	3,625	0	678			4,303
	0	0	0	0	20,201			20,201
\$	13,350	0	13,350	0	144,496	\$		157,846
\$	266,493	0	266,493	190,352	0	\$		456,845
	19,846	0	19,846	14,176	0			34,022
\$	286,339	0	286,339	204,528	0	\$		490,867
\$	0	33,072	33,072	0	0	\$		33,072
	0	0	0	165,681	0			165,681
	0	0	0	0	140,633			140,633
	323,919	0	323,919	0	0			323,919
	0	0	0	91,309	0			91,309
\$	323,919	33,072	356,991	256,950	140,633	\$		754,614
\$	623,608	33,072	656,680	461,518	285,129	\$		1,403,327

ASSETS

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

LIABILITIES

Accounts Payable  
 Due to Other Funds  
 Due to Component Units  
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
 Deferred Delinquent Property Taxes  
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:  
 Restricted for Public Safety  
 Restricted for Debt Service  
 Restricted for Capital Projects  
 Committed:  
 Committed for Public Health and Welfare  
 Committed for Debt Service  
 Total Fund Balances  
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit G-2

Hartsville/Trousdale County Government, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation		District Attorney		General Debt Service		General Capital Projects		
	Waste / Sanitation	Drug Control	District Attorney	Total	General Debt Service	Capital Projects	General Capital Projects		
<b>Revenues</b>									
Local Taxes	\$ 276,237	\$ 0	\$ 0	\$ 276,237	\$ 214,492	\$ 0	\$ 0	\$ 490,729	
Fines, Forfeitures, and Penalties	0	5,627	0	5,627	65	0	0	5,692	
Charges for Current Services	143,323	0	0	143,323	0	0	0	143,323	
Other Local Revenues	25,710	0	0	25,710	7,870	294	0	33,874	
State of Tennessee	5,787	0	0	5,787	0	0	0	5,787	
Federal Government	0	0	0	0	0	123,617	0	123,617	
Other Governments and Citizens Groups	0	0	0	0	329,450	0	0	329,450	
<b>Total Revenues</b>	\$ 451,057	\$ 5,627	\$ 0	\$ 456,684	\$ 551,877	\$ 123,911	\$ 0	\$ 1,132,472	
<b>Expenditures</b>									
Current:									
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 174	\$ 0	\$ 174	
Public Safety	0	10,873	0	10,873	0	0	0	10,873	
Public Health and Welfare	509,341	0	0	509,341	0	0	0	509,341	
Other Operations	14,853	0	0	14,853	0	504	0	15,357	
Debt Service:									
Principal on Debt	0	0	0	0	653,331	0	0	653,331	
Interest on Debt	0	0	0	0	151,710	0	0	151,710	
Other Debt Service	0	0	0	0	12,156	0	0	12,156	
Capital Projects	0	0	0	0	0	648,625	0	648,625	
<b>Total Expenditures</b>	\$ 524,194	\$ 10,873	\$ 0	\$ 535,067	\$ 817,197	\$ 649,303	\$ 0	\$ 2,001,567	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (73,137)	\$ (5,246)	\$ 0	\$ (78,383)	\$ (265,320)	\$ (525,392)	\$ 0	\$ (869,095)	
<b>Other Financing Sources (Uses)</b>									
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,000	\$ 0	\$ 0	\$ 180,000	
Notes Issued	140,193	0	0	140,193	0	0	0	140,193	
Transfers In	0	0	0	0	122,315	0	0	122,315	
<b>Total Other Financing Sources (Uses)</b>	\$ 140,193	\$ 0	\$ 0	\$ 140,193	\$ 302,315	\$ 0	\$ 0	\$ 442,508	
<b>Net Change in Fund Balances</b>	\$ 67,056	\$ (5,246)	\$ 0	\$ 61,810	\$ 36,995	\$ (525,392)	\$ 0	\$ (426,587)	
Reclassification	0	0	(22,862)	(22,862)	0	0	0	(22,862)	
<b>Fund Balance, July 1, 2012</b>	256,863	38,318	22,862	318,043	219,995	666,025	0	1,204,063	
<b>Fund Balance, June 30, 2013</b>	\$ 323,919	\$ 33,072	\$ 0	\$ 356,991	\$ 256,990	\$ 140,633	\$ 0	\$ 754,614	

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 276,237	\$ 271,943	\$ 271,943	\$ 4,294
Charges for Current Services	143,323	139,000	139,000	4,323
Other Local Revenues	25,710	12,000	12,000	13,710
State of Tennessee	5,787	4,000	4,000	1,787
Total Revenues	<u>\$ 451,057</u>	<u>\$ 426,943</u>	<u>\$ 426,943</u>	<u>\$ 24,114</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 371,111	\$ 398,831	\$ 398,831	\$ 27,720
Other Waste Disposal	133,224	149,200	149,200	15,976
Postclosure Care Costs	5,006	6,000	6,000	994
<u>Other Operations</u>				
Other Charges	14,853	15,058	15,058	205
Total Expenditures	<u>\$ 524,194</u>	<u>\$ 569,089</u>	<u>\$ 569,089</u>	<u>\$ 44,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,137)</u>	<u>\$ (142,146)</u>	<u>\$ (142,146)</u>	<u>\$ 69,009</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 140,193	\$ 150,000	\$ 150,000	\$ (9,807)
Total Other Financing Sources	<u>\$ 140,193</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ (9,807)</u>
Net Change in Fund Balance	\$ 67,056	\$ 7,854	\$ 7,854	\$ 59,202
Fund Balance, July 1, 2012	<u>256,863</u>	<u>259,514</u>	<u>259,514</u>	<u>(2,651)</u>
Fund Balance, June 30, 2013	<u><u>\$ 323,919</u></u>	<u><u>\$ 267,368</u></u>	<u><u>\$ 267,368</u></u>	<u><u>\$ 56,551</u></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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,627	\$ 4,700	\$ 4,700	\$ 927
Total Revenues	\$ 5,627	\$ 4,700	\$ 4,700	\$ 927
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,873	\$ 29,425	\$ 29,425	\$ 18,552
Total Expenditures	\$ 10,873	\$ 29,425	\$ 29,425	\$ 18,552
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,246)	\$ (24,725)	\$ (24,725)	\$ 19,479
Net Change in Fund Balance	\$ (5,246)	\$ (24,725)	\$ (24,725)	\$ 19,479
Fund Balance, July 1, 2012	38,318	35,841	35,841	2,477
Fund Balance, June 30, 2013	\$ 33,072	\$ 11,116	\$ 11,116	\$ 21,956

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 214,492	\$ 210,445	\$ 210,445	\$ 4,047
Fines, Forfeitures, and Penalties	65	100	100	(35)
Other Local Revenues	7,870	0	0	7,870
Federal Government	0	122,316	0	0
Other Governments and Citizens Groups	329,450	327,432	327,432	2,018
Total Revenues	<u>\$ 551,877</u>	<u>\$ 660,293</u>	<u>\$ 537,977</u>	<u>\$ 13,900</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 301,000	\$ 121,000	\$ 301,000	0
Education	352,331	476,657	381,991	29,660
<u>Interest on Debt</u>				
General Government	24,672	19,587	24,780	108
Education	127,038	38,947	127,038	0
<u>Other Debt Service</u>				
General Government	5,581	4,000	6,000	419
Education	6,575	0	6,575	0
Total Expenditures	<u>\$ 817,197</u>	<u>\$ 660,191</u>	<u>\$ 847,384</u>	<u>\$ 30,187</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (265,320)</u>	<u>\$ 102</u>	<u>\$ (309,407)</u>	<u>\$ 44,087</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 180,000	\$ 0	\$ 180,000	0
Transfers In	122,315	0	122,316	(1)
Total Other Financing Sources	<u>\$ 302,315</u>	<u>\$ 0</u>	<u>\$ 302,316</u>	<u>\$ (1)</u>
Net Change in Fund Balance	\$ 36,995	\$ 102	\$ (7,091)	44,086
Fund Balance, July 1, 2012	<u>219,995</u>	<u>201,176</u>	<u>201,176</u>	<u>18,819</u>
Fund Balance, June 30, 2013	<u>\$ 256,990</u>	<u>\$ 201,278</u>	<u>\$ 194,085</u>	<u>\$ 62,905</u>

# **Major Governmental Fund**

## **Education Debt Service Fund**

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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.

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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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 330,376	\$ 315,000	\$ 315,000	\$ 15,376
Other Local Revenues	10,387	14,000	14,000	(3,613)
Other Governments and Citizens Groups	75,000	75,000	75,000	0
Total Revenues	<u>\$ 415,763</u>	<u>\$ 404,000</u>	<u>\$ 404,000</u>	<u>\$ 11,763</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 438,000	\$ 438,000	\$ 438,000	\$ 0
<u>Interest on Debt</u>				
Education	18,251	260,250	234,899	216,648
<u>Other Debt Service</u>				
Education	28,804	7,000	32,351	3,547
Total Expenditures	<u>\$ 485,055</u>	<u>\$ 705,250</u>	<u>\$ 705,250</u>	<u>\$ 220,195</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (69,292)</u>	<u>\$ (301,250)</u>	<u>\$ (301,250)</u>	<u>\$ 231,958</u>
Net Change in Fund Balance	\$ (69,292)	\$ (301,250)	\$ (301,250)	\$ 231,958
Fund Balance, July 1, 2012	1,381,219	1,358,871	1,358,871	22,348
Fund Balance, June 30, 2013	<u>\$ 1,311,927</u>	<u>\$ 1,057,621</u>	<u>\$ 1,057,621</u>	<u>\$ 254,306</u>

# Fiduciary Funds

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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.

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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 grants and other restricted revenues for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

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

Exhibit I-1

Hartsville/Trousdale County Government, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	Agency Funds			
	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General	Total
<u>ASSETS</u>				
Cash	\$ 473,219	\$ 0	\$ 0	\$ 473,219
Equity in Pooled Cash and Investments	0	706,293	6,304	712,597
Accounts Receivable	2,354	0	0	2,354
Due from Other Governments	0	13,000	0	13,000
Total Assets	<u>\$ 475,573</u>	<u>\$ 719,293</u>	<u>\$ 6,304</u>	<u>\$ 1,201,170</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 27,466	\$ 0	\$ 27,466
Due to Other Funds	0	9,016	0	9,016
Due to Litigants, Heirs, and Others	475,573	0	6,304	481,877
Due to Joint Ventures	0	682,811	0	682,811
Total Liabilities	<u>\$ 475,573</u>	<u>\$ 719,293</u>	<u>\$ 6,304</u>	<u>\$ 1,201,170</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, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 468,285	\$ 2,133,344	\$ 2,128,410	\$ 473,219
Accounts Receivable	894	2,354	894	2,354
Cash Shortage	300	0	300	0
Total Assets	<u>\$ 469,479</u>	<u>\$ 2,135,698</u>	<u>\$ 2,129,604</u>	<u>\$ 475,573</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 469,479</u>	<u>\$ 2,135,698</u>	<u>\$ 2,129,604</u>	<u>\$ 475,573</u>
Total Liabilities	<u>\$ 469,479</u>	<u>\$ 2,135,698</u>	<u>\$ 2,129,604</u>	<u>\$ 475,573</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 681,314	\$ 265,295	\$ 240,316	\$ 706,293
Due from Other Governments	13,000	0	0	13,000
Total Assets	<u>\$ 694,314</u>	<u>\$ 265,295</u>	<u>\$ 240,316</u>	<u>\$ 719,293</u>
<u>Liabilities</u>				
Accounts Payable	\$ 24,315	\$ 27,466	\$ 24,315	\$ 27,466
Due to Other Funds	4,881	9,016	4,881	9,016
Due to Joint Venture	665,118	228,813	211,120	682,811
Total Liabilities	<u>\$ 694,314</u>	<u>\$ 265,295</u>	<u>\$ 240,316</u>	<u>\$ 719,293</u>
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 56,631	\$ 50,327	\$ 6,304
Total Assets	<u>\$ 0</u>	<u>\$ 56,631</u>	<u>\$ 50,327</u>	<u>\$ 6,304</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 0</u>	<u>\$ 56,631</u>	<u>\$ 50,327</u>	<u>\$ 6,304</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 56,631</u>	<u>\$ 50,327</u>	<u>\$ 6,304</u>

(Continued)

Exhibit I-2

Hartsville/Trousdale County Government, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 468,285	\$ 2,133,344	\$ 2,128,410	\$ 473,219
Equity in Pooled Cash and Investments	681,314	321,926	290,643	712,597
Accounts Receivable	894	2,354	894	2,354
Due from Other Governments	13,000	0	0	13,000
Cash Shortage	300	0	300	0
Total Assets	<u>\$ 1,163,793</u>	<u>\$ 2,457,624</u>	<u>\$ 2,420,247</u>	<u>\$ 1,201,170</u>
<u>Liabilities</u>				
Accounts Payable	\$ 24,315	\$ 27,466	\$ 24,315	\$ 27,466
Due to Other Funds	4,881	9,016	4,881	9,016
Due to Litigants, Heirs, and Others	469,479	2,192,329	2,179,931	481,877
Due to Joint Venture	665,118	228,813	211,120	682,811
Total Liabilities	<u>\$ 1,163,793</u>	<u>\$ 2,457,624</u>	<u>\$ 2,420,247</u>	<u>\$ 1,201,170</u>

# Hartsville/Trousdale County School Department

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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.

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

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

Exhibit J-1

Hartsville/Trousdale County Government, Tennessee  
Statement of Activities  
Discretely Presented Hartsville/Trousdale County School Department  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,241,733	\$ 48,914	\$ 1,054,362	\$ 525,008	\$ (4,613,449)
Support Services	3,509,874	11,782	193,751	0	(3,304,341)
Operation of Non-Instructional Services	730,046	0	449,736	0	(280,310)
Other Debt Service	404,450	0	0	0	(404,450)
<b>Total Governmental Activities</b>	<b>\$ 10,886,103</b>	<b>\$ 60,696</b>	<b>\$ 1,697,849</b>	<b>\$ 525,008</b>	<b>\$ (8,602,550)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,201,313
Local Option Sales Tax					437,029
Business Tax					10,160
Interstate Telecommunications Tax					577
Grants and Contributions Not Restricted to Specific Programs					7,199,896
Miscellaneous					22,186
<b>Total General Revenues</b>					<b>\$ 8,871,161</b>
Change in Net Position					\$ 268,611
Net Position, July 1, 2012					18,459,915
Net Position, June 30, 2013					<b>\$ 18,728,526</b>

Exhibit J-2

Hartsville/Trousdale County Government, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hartsville/Trousdale County School Department  
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 3,200,117	\$ 24,354	\$ 3,224,471
Accounts Receivable	5,299	0	5,299
Due from Other Governments	169,601	33,001	202,602
Due from Primary Government	20,201	0	20,201
Property Taxes Receivable	1,279,471	0	1,279,471
Allowance for Uncollectible Property Taxes	(60,843)	0	(60,843)
Total Assets	<u>\$ 4,613,846</u>	<u>\$ 57,355</u>	<u>\$ 4,671,201</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 77,712	\$ 0	\$ 77,712
Accrued Payroll	5,282	0	5,282
Due to Primary Government	1,514	0	1,514
Total Liabilities	<u>\$ 84,508</u>	<u>\$ 0</u>	<u>\$ 84,508</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Current Property Taxes	\$ 1,129,423	\$ 0	\$ 1,129,423
Deferred Delinquent Property Taxes	84,113	0	84,113
Other Deferred/Unavailable Revenue	35,000	0	35,000
Total Deferred Inflows of Resources	<u>\$ 1,248,536</u>	<u>\$ 0</u>	<u>\$ 1,248,536</u>
<b><u>FUND BALANCES</u></b>			
Restricted:			
Restricted for Education	\$ 110,818	\$ 7,355	\$ 118,173
Committed:			
Committed for Education	1,973,128	50,000	2,023,128
Unassigned	1,196,856	0	1,196,856
Total Fund Balances	<u>\$ 3,280,802</u>	<u>\$ 57,355</u>	<u>\$ 3,338,157</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,613,846</u>	<u>\$ 57,355</u>	<u>\$ 4,671,201</u>

Exhibit J-3

Hartsville/Trousdale County Government, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Hartsville/Trousdale County School Department  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 3,338,157
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 629,383	
Add: buildings and improvements net of accumulated depreciation	14,235,601	
Add: other capital assets net of accumulated depreciation	492,381	
Add: intangibles net of accumulated depreciation	<u>97,242</u>	15,454,607
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		119,113
(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>(183,351)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 18,728,526</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, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 1,806,416	\$ 0	\$ 1,806,416
Licenses and Permits	598	0	598
Charges for Current Services	58,387	0	58,387
Other Local Revenues	44,356	0	44,356
State of Tennessee	7,183,794	0	7,183,794
Federal Government	547,566	936,120	1,483,686
Other Governments and Citizens Groups	525,008	0	525,008
Total Revenues	<u>\$ 10,166,125</u>	<u>\$ 936,120</u>	<u>\$ 11,102,245</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 4,781,539	\$ 696,897	\$ 5,478,436
Support Services	3,278,718	245,046	3,523,764
Operation of Non-Instructional Services	730,046	0	730,046
Capital Outlay	1,833,493	0	1,833,493
Debt Service:			
Other Debt Service	404,450	0	404,450
Total Expenditures	<u>\$ 11,028,246</u>	<u>\$ 941,943</u>	<u>\$ 11,970,189</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (862,121)</u>	<u>\$ (5,823)</u>	<u>\$ (867,944)</u>
Net Change in Fund Balances	\$ (862,121)	\$ (5,823)	\$ (867,944)
Fund Balance, July 1, 2012	4,142,923	63,178	4,206,101
Fund Balance, June 30, 2013	<u>\$ 3,280,802</u>	<u>\$ 57,355</u>	<u>\$ 3,338,157</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, 2013

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)		\$ (867,944)
(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	\$ 1,757,754	
Less: current-year depreciation expense	<u>(471,420)</u>	1,286,334
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: capital asset disposals		(156,197)
(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, 2012	\$ (66,644)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>119,113</u>	52,469
(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>(46,051)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 268,611</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,806,416	\$ 1,759,687	\$ 1,759,687	\$ 46,729
Licenses and Permits	598	600	600	(2)
Charges for Current Services	58,387	48,500	48,500	9,887
Other Local Revenues	44,356	10,000	13,500	30,856
State of Tennessee	7,183,794	7,108,780	7,146,387	37,407
Federal Government	547,566	436,500	476,326	71,240
Other Governments and Citizens Groups	525,008	0	732,840	(207,832)
<b>Total Revenues</b>	<b>\$ 10,166,125</b>	<b>\$ 9,364,067</b>	<b>\$ 10,177,840</b>	<b>\$ (11,715)</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,757,353	\$ 3,949,347	\$ 4,009,397	\$ 252,044
Alternative Instruction Program	87,464	89,997	89,997	2,533
Special Education Program	749,035	796,159	796,159	47,124
Vocational Education Program	185,730	199,050	199,050	13,320
Adult Education Program	1,957	3,230	2,052	95
<u>Support Services</u>				
Attendance	23,269	23,510	23,510	241
Health Services	168,714	168,969	175,269	6,555
Other Student Support	197,886	181,775	207,925	10,039
Regular Instruction Program	426,756	451,072	451,072	24,316
Special Education Program	95,831	98,610	98,610	2,779
Vocational Education Program	30,567	31,500	31,500	933
Adult Programs	28,979	26,770	29,518	539
Other Programs	45,010	0	45,010	0
Board of Education	130,684	127,640	141,090	10,406
Director of Schools	169,119	196,120	182,670	13,551
Office of the Principal	593,317	620,126	620,126	26,809
Fiscal Services	100,168	103,586	103,586	3,418
Operation of Plant	685,547	737,980	737,980	52,433
Maintenance of Plant	143,382	154,950	154,950	11,568
Transportation	439,489	527,275	527,275	87,786
<u>Operation of Non-Instructional Services</u>				
Food Service	498,756	473,805	513,631	14,875
Community Services	103,776	102,367	105,579	1,803
Early Childhood Education	127,514	137,996	137,996	10,482
<u>Capital Outlay</u>				
Regular Capital Outlay	1,833,493	715,840	2,070,640	237,147
<u>Principal on Debt</u>				
Education	0	404,500	0	0
<u>Other Debt Service</u>				
Education	404,450	0	404,500	50
<b>Total Expenditures</b>	<b>\$ 11,028,246</b>	<b>\$ 10,322,174</b>	<b>\$ 11,859,092</b>	<b>\$ 830,846</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (862,121)	\$ (958,107)	\$ (1,681,252)	\$ 819,131
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 732,840	\$ 0	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ 732,840</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (862,121)	\$ (225,267)	\$ (1,681,252)	\$ 819,131
Fund Balance, July 1, 2012	4,142,923	1,439,800	2,777,600	1,365,323
<b>Fund Balance, June 30, 2013</b>	<b>\$ 3,280,802</b>	<b>\$ 1,214,533</b>	<b>\$ 1,096,348</b>	<b>\$ 2,184,454</b>

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 936,120	\$ 1,179,562	\$ 1,687,141	\$ (751,021)
Total Revenues	\$ 936,120	\$ 1,179,562	\$ 1,687,141	\$ (751,021)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 445,841	\$ 563,948	\$ 935,657	\$ 489,816
Special Education Program	235,147	379,587	374,587	139,440
Vocational Education Program	15,909	15,846	15,968	59
<u>Support Services</u>				
Other Student Support	3,842	3,283	3,842	0
Regular Instruction Program	156,729	105,088	212,649	55,920
Special Education Program	55,972	70,330	75,330	19,358
Vocational Education Program	320	1,000	320	0
Office of the Principal	24,516	34,340	68,680	44,164
Transportation	3,667	6,143	6,143	2,476
Total Expenditures	\$ 941,943	\$ 1,179,565	\$ 1,693,176	\$ 751,233
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,823)	\$ (3)	\$ (6,035)	\$ 212
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 51,369	\$ 0	\$ 0
Transfers Out	0	(51,369)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (5,823)	\$ (3)	\$ (6,035)	\$ 212
Fund Balance, July 1, 2012	63,178	63,178	63,178	0
Fund Balance, June 30, 2013	\$ 57,355	\$ 63,175	\$ 57,143	\$ 212

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds  
 For the Year Ended June 30, 2013

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Matured During Period	Debt Transferred To Utility Dist.	Outstanding 6-30-13
<b>GOVERNMENTAL ACTIVITIES</b>									
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Leachate Collection Trench	\$ 72,000	4.65 %	4-1-04	3-1-13	\$ 9,000	\$ 0	9,000	\$ 0	\$ 0
Highway Equipment/Solid Waste Truck	525,000	4.68	3-1-05	3-1-15	183,000	0	58,000	0	125,000
Fire Truck	190,000	4.21	3-7-05	3-1-14	49,000	0	24,000	0	25,000
Ambulance Vehicles	300,000	4	Various	10-15-12	210,000	0	210,000	0	0
Sheriff Department Vehicles	71,807	2.59	11-14-12	11-1-14	0	71,807	0	0	71,807
Solid Waste Garbage Truck	140,193	2.77	12-3-13	12-1-19	0	140,193	0	0	140,193
Total Payable through General Debt Service Fund					\$ 451,000	\$ 212,000	\$ 301,000	\$ 0	\$ 362,000
<u>Payable through Urban Services Fund</u>									
Sheriff's Department Police Cruisers	290,545	3.04	5-30-13	5-1-23	\$ 0	\$ 290,545	\$ 0	\$ 0	\$ 290,545
Total Payable through Urban Services Fund					\$ 0	\$ 290,545	\$ 0	\$ 0	\$ 290,545
<u>Payable through Highway/Public Works Fund</u>									
Highway Equipment	300,000	3.95	4-9-07	12-9-12	\$ 25,124	\$ 0	25,124	\$ 0	\$ 0
Total Payable through Highway/Public Works Fund					\$ 25,124	\$ 0	25,124	\$ 0	\$ 0
Total Notes Payable					\$ 476,124	\$ 502,545	\$ 326,124	\$ 0	\$ 652,545
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
School Construction	3,000,000	Variable	10-11-95	5-25-16	\$ 885,714	\$ 0	194,900	\$ 0	\$ 640,814
Qualified School Construction Bonds, Series 2010	2,523,000	(1)	10-1-10	6-30-27	2,378,688	0	157,431	0	2,221,257
Total Payable through General Debt Service Fund					\$ 3,214,402	\$ 0	352,331	\$ 0	\$ 2,862,071
<u>Payable through Education Debt Service Fund</u>									
School Construction	8,455,359	Variable	8-30-02	5-25-22	\$ 5,160,359	\$ 0	438,000	\$ 0	\$ 4,722,359
Total Payable through Education Debt Service Fund					\$ 5,160,359	\$ 0	438,000	\$ 0	\$ 4,722,359
Total Other Loans Payable					\$ 8,374,761	\$ 0	790,331	\$ 0	\$ 7,584,430

(Continued)

Exhibit K-1

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

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Matured During Period	Debt Transferred To Utility Dist.	Outstanding 6-30-13
<b>BONDS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding Bonds, Series 2012	\$ 180,000	2.85 %	10-12-12	10-1-19	0 \$	180,000 \$	0 \$	0 \$	180,000
Total Payable through General Debt Service Fund					0 \$	180,000 \$	0 \$	0 \$	180,000
Total Bonds Payable					0 \$	180,000 \$	0 \$	0 \$	180,000
<b>BUSINESS-TYPE ACTIVITIES</b>									
<b>CAPITAL LEASES PAYABLE</b>									
<u>Payable through Water and Sewer Fund</u>									
Water Department Vehicles	44,615	6.5	12-21-12	12-21-14	0 \$	44,615 \$	15,817 \$	28,798 \$	0
Total Capital Leases Payable					0 \$	44,615 \$	15,817 \$	28,798 \$	0
<b>BONDS PAYABLE</b>									
<u>Payable through Water and Sewer Fund</u>									
Water and Sewer Revenue Bond Series 2004	350,000	4.25	5-24-05	4-24-43	319,181 \$	0 \$	2,526 \$	316,655 \$	0
Total Bonds Payable					319,181 \$	0 \$	2,526 \$	316,655 \$	0

(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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 163,545	\$ 20,064	\$ 183,609
2015	145,000	14,691	159,691
2016	47,000	9,900	56,900
2017	48,000	8,525	56,525
2018	50,000	7,106	57,106
2019	51,000	5,643	56,643
2020	52,000	4,135	56,135
2021	31,000	2,918	33,918
2022	32,000	1,976	33,976
2023	33,000	1,003	34,003
Total	\$ 652,545	\$ 75,961	\$ 728,506

Year Ending June 30	Other Loans			
	Principal	Interest	(1) Other Fees	Total
2014	\$ 816,403	\$ 140,332	\$ 38,540	\$ 995,275
2015	842,908	137,985	34,244	1,015,137
2016	870,796	135,544	29,775	1,036,115
2017	665,431	133,083	24,231	822,745
2018	684,431	131,401	20,922	836,754
2019	704,431	129,657	17,488	851,576
2020	725,431	127,846	13,924	867,201
2021	746,431	125,966	10,223	882,620
2022	723,790	124,028	6,410	854,228
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	\$ 7,584,430	\$ 1,798,345	\$ 206,190	\$ 9,588,965

(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.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 23,000	\$ 4,802	\$ 27,802
2015	24,000	4,133	28,133
2016	25,000	3,434	28,434
2017	26,000	2,708	28,708
2018	27,000	1,952	28,952
2019	27,000	1,183	28,183
2020	28,000	399	28,399
Total	\$ 180,000	\$ 18,611	\$ 198,611

Exhibit K-3

Hartsville/Trousdale County Government, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
General Urban Services	General Debt Service General	QSCB subsidy payment Contribution for vehicles	\$ 122,315 9,853
Total Transfers			<u>\$ 132,168</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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 62,091 (1)	\$ 25,000	State Automobile Mutual Insurance Company
Superintendent of Roads:				
Charles Beasley (7-1-12 through 8-31-12)	Section 8-24-102, TCA	9,760	100,000	"
Billy Scruggs (9-1-12 through 6-30-13)	Section 8-24-102, TCA	48,863	100,000	"
Director of Schools	State Board of Education and Hartsville/Trousdale County Government			
Trustee	Board of Education	91,252 (2)	(4)	"
Assessor of Property	Section 8-24-102, TCA	53,239	497,000	"
County Clerk	Section 8-24-102, TCA	53,239	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	53,239	35,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	53,239	35,000	"
Register of Deeds	Section 8-24-102, TCA	53,239	25,000	"
Sheriff	Section 8-24-102, TCA	59,163 (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 \$5,200 for a performance bonus.
- (3) Includes a law enforcement training supplement of \$600.
- (4) The director of schools is covered under the blanket bond.

Exhibit K-5

Hartsville/Trousdale County Government, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

	Special Revenue Funds						Highway / Public Works
	General	Urban Services	Solid Waste/ Sanitation	Ambulance Service	Drug Control		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 1,694,512	\$ 391,968	\$ 247,032	\$ 505,826	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	167,748	40,421	18,151	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	47,266	15,616	5,154	298	0	0	0
Interest and Penalty	28,368	6,438	3,156	675	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	27,016	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	7,333	5,192	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	371,486	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	26,940	0	0	0	0	0	0
Litigation Tax - Special Purpose	68,798	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0
Business Tax	18,818	0	2,744	5,717	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0	0
Other County Local Option Taxes	0	27,112	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	56,318	0	0	0	0	0	0
Wholesale Beer Tax	144,712	0	0	0	0	0	0
Interstate Telecommunications Tax	756	0	0	0	0	0	0
Other Statutory Local Taxes	0	38,562	0	0	0	0	0
<u>City Local Option Taxes</u>							
Local Option Sales Tax	176,054	0	0	0	0	0	0
Total Local Taxes	\$ 2,836,125	\$ 525,309	\$ 276,237	\$ 512,516	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	0	15,609	0	0	0	0	0
Permits							
Building Permits	57,883	0	0	0	0	0	0
Other Permits	1,345	0	0	0	0	0	0
Total Licenses and Permits	\$ 59,228	\$ 15,609	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 929	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	2,298	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Highway / Public Works
	General	Urban Services	Solid Waste/ Sanitation	Ambulance Service	Drug Control		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,547	\$ 0	0
DUI Treatment Fines	48	0	0	0	0	0	0
Data Entry Fee - Circuit Court	411	0	0	0	0	0	0
<u>Criminal Court</u>							
Data Entry Fee - Criminal Court	20	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	12,804	0	0	0	0	0	0
Fines for Littering	19	0	0	0	0	0	0
Officers Costs	26,708	0	0	0	0	0	0
Game and Fish Fines	312	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	3,080	0	0
Jail Fees	4,629	0	0	0	0	0	0
DUI Treatment Fines	3,092	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,560	0	0	0	0	0	0
Courtroom Security Fee	26,016	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	570	0	0	0	0	0	0
Officers Costs	1,952	0	0	0	0	0	0
DUI Treatment Fines	6,622	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	165	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	747	0	0	0	0	0	0
Data Entry Fee - Chancery Court	564	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Other Fines, Forfeitures, and Penalties	2,333	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 95,799	\$ 0	\$ 0	\$ 0	\$ 5,627	\$ 0	0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 143,323	\$ 0	\$ 0	\$ 0	0
Residential Waste Collection Charge	0	173,917	0	0	0	0	0
Patient Charges	0	0	0	404,903	0	0	0
Zoning Studies	500	0	0	0	0	0	0
Other General Service Charges	18,066	0	0	0	0	0	0
<u>Fees</u>							
Copy Fees	5,821	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Urban Services	Solid Waste/ Sanitation	Ambulance Service	Drug Control	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	9,037 \$	0 \$	0 \$	0 \$	0 \$	0
Data Processing Fee - Register	2,850	0	0	0	0	0
Data Processing Fee - Sheriff	85	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,650	0	0	0	0	0
Data Processing Fee - County Clerk	648	0	0	0	0	0
Total Charges for Current Services	38,657 \$	173,917 \$	143,323 \$	404,903 \$	0 \$	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	54,746 \$	0 \$	0 \$	0 \$	0 \$	868
Lease/Rentals	22,764	0	0	0	0	0
Sale of Materials and Supplies	0	975	0	0	0	0
Commissary Sales	5,145	0	0	0	0	0
Sale of Recycled Materials	1,675	0	15,552	0	0	0
Miscellaneous Refunds	126	0	0	0	0	1,865
<u>Nonrecurring Items</u>						
Sale of Equipment	4,250	3,614	10,158	0	0	31,338
Sale of Property	100	0	0	0	0	0
Damages Recovered from Individuals	220	0	0	0	0	0
Contributions and Gifts	5,000	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	1,741	0	0	0	0	0
Total Other Local Revenues	95,767 \$	4,589 \$	25,710 \$	0 \$	0 \$	34,071
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	83,100 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	32,174	0	0	0	0	0
General Sessions Court Clerk	86,215	0	0	0	0	0
Clerk and Master	25,699	0	0	0	0	0
Register	27,912	0	0	0	0	0
Sheriff	4,038	0	0	0	0	0
Trustee	149,555	0	0	0	0	0
Total Fees Received from County Officials	408,693 \$	0 \$	0 \$	0 \$	0 \$	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Highway / Public Works
	General	Urban Services	Solid Waste/ Sanitation	Ambulance Service	Drug Control		
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	9,000 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Aging Programs	10,600	0	0	0	0	0	0
Solid Waste Grants	0	0	5,787	0	0	0	0
Public Safety Grants							
Law Enforcement Training Programs	8,400	2,400	0	0	0	0	0
Health and Welfare Grants							
Health Department Programs	515	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	95,563
State Aid Program	0	0	0	0	0	0	215,904
Litter Program	39,200	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	17,837	0	0	0	0	0	0
Beer Tax	19,757	0	0	0	0	0	0
Alcoholic Beverage Tax	14,177	0	0	0	0	0	0
Emergency Hospital - Prisoners	13,629	0	0	0	0	0	0
Contracted Prisoner Boarding	290,387	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,210,775
Petroleum Special Tax	0	0	0	0	0	0	10,533
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
State Shared Sales Tax - Cities	15,126	0	0	0	0	0	0
Total State of Tennessee	453,792 \$	2,400 \$	5,787 \$	0 \$	0 \$	0 \$	1,532,775
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	5,609	0	0	0	0	0	0
Law Enforcement Grants	5,000	0	0	0	0	0	0
Other Federal through State	18,600	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Police Service (Lake Area)	11,377	0	0	0	0	0	0
Tax Credit Bond Rebate	122,315	0	0	0	0	0	0
Total Federal Government	162,901 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Urban Services	Solid Waste/ Sanitation	Ambulance Service	Drug Control	Highway / Public Works
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 8,565	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	9,720	0	0	0	0	0
Citizens Groups						
Donations	12,025	0	0	0	0	0
Other	716	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 31,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 4,181,988	\$ 721,824	\$ 451,057	\$ 917,419	\$ 5,627	\$ 1,566,846

(Continued)

Exhibit K-5

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		General Capital	Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 176,450	\$ 0	\$ 0	\$ 0	\$ 0	3,015,788
Trustee's Collections - Prior Year	6,903	0	0	0	0	233,223
Circuit/Clerk & Master Collections - Prior Years	2,012	0	0	0	0	70,346
Interest and Penalty	1,312	0	0	0	0	39,949
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	27,016
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	12,525
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	371,486
Wheel Tax	0	309,376	0	0	0	309,376
Litigation Tax - General	0	0	0	0	0	26,940
Litigation Tax - Special Purpose	0	0	0	0	0	68,798
Litigation Tax - Jail, Workhouse, or Courthouse	25,855	0	0	0	0	25,855
Business Tax	1,960	0	0	0	0	29,239
Adequate Facilities/Development Tax	0	21,000	0	0	0	21,000
Other County Local Option Taxes	0	0	0	0	0	27,112
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	56,318
Wholesale Beer Tax	0	0	0	0	0	144,712
Interstate Telecommunications Tax	0	0	0	0	0	756
Other Statutory Local Taxes	0	0	0	0	0	38,562
<u>City Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	176,054
Total Local Taxes	\$ 214,492	\$ 330,376	\$ 0	\$ 0	\$ 0	4,695,055
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	15,609
<u>Permits</u>						
Building Permits	0	0	0	0	0	57,883
Other Permits	0	0	0	0	0	1,345
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	74,837
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	929
Officers Costs	0	0	0	0	0	2,298

(Continued)

Exhibit K-5

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		General Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,547
DUI Treatment Fines	0	0	0	0	0	48
Data Entry Fee - Circuit Court	0	0	0	0	0	411
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	0	20
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	12,804
Fines for Littering	0	0	0	0	0	19
Officers Costs	0	0	0	0	0	26,708
Game and Fish Fines	0	0	0	0	0	312
Drug Control Fines	0	0	0	0	0	3,080
Jail Fees	65	0	0	0	0	4,694
DUI Treatment Fines	0	0	0	0	0	3,092
Data Entry Fee - General Sessions Court	0	0	0	0	0	5,560
Courtroom Security Fee	0	0	0	0	0	26,016
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	570
Officers Costs	0	0	0	0	0	1,952
DUI Treatment Fines	0	0	0	0	0	6,622
Data Entry Fee - Juvenile Court	0	0	0	0	0	165
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	747
Data Entry Fee - Chancery Court	0	0	0	0	0	564
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	2,333
Total Fines, Forfeitures, and Penalties	\$ 65	\$ 0	\$ 0	\$ 0	\$ 0	101,491
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	0	0	0	0	0	143,323
Residential Waste Collection Charge	0	0	0	0	0	173,917
Patient Charges	0	0	0	0	0	404,903
Zoning Studies	0	0	0	0	0	500
Other General Service Charges	0	0	0	0	0	18,066
<u>Fees</u>						
Copy Fees	0	0	0	0	0	5,821

(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	General Capital Projects	Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Telephone Commissions	0 \$	0 \$	0 \$	0 \$	9,037
Data Processing Fee - Register	0	0	0	0	2,850
Data Processing Fee - Sheriff	0	0	0	0	85
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,650
Data Processing Fee - County Clerk	0	0	0	0	648
Total Charges for Current Services	0 \$	0 \$	0 \$	0 \$	760,800
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	7,870 \$	10,387 \$	294 \$	0	74,165
Lease/Rentals	0	0	0	0	22,764
Sale of Materials and Supplies	0	0	0	0	975
Commissary Sales	0	0	0	0	5,145
Sale of Recycled Materials	0	0	0	0	17,227
Miscellaneous Refunds	0	0	0	0	1,991
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	49,360
Sale of Property	0	0	0	0	100
Damages Recovered from Individuals	0	0	0	0	220
Contributions and Gifts	0	0	0	0	5,000
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	1,741
Total Other Local Revenues	7,870 \$	10,387 \$	294 \$	0	178,688
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of-Salary</u>					
County Clerk	0 \$	0 \$	0 \$	0 \$	83,100
Circuit Court Clerk	0	0	0	0	32,174
General Sessions Court Clerk	0	0	0	0	86,215
Clerk and Master	0	0	0	0	25,699
Register	0	0	0	0	27,912
Sheriff	0	0	0	0	4,038
Trustee	0	0	0	0	149,555
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	408,693

(Continued)

Exhibit K-5

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	General Capital Projects	Capital Projects	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	0	0	0	0	10,600
Solid Waste Grants	0	0	0	0	5,787
Public Safety Grants					
Law Enforcement Training Programs	0	0	0	0	10,800
Health and Welfare Grants					
Health Department Programs	0	0	0	0	515
Public Works Grants					
Bridge Program	0	0	0	0	95,563
State Aid Program	0	0	0	0	215,904
Litter Program	0	0	0	0	39,200
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	17,837
Beer Tax	0	0	0	0	19,757
Alcoholic Beverage Tax	0	0	0	0	14,177
Emergency Hospital - Prisoners	0	0	0	0	13,629
Contracted Prisoner Boarding	0	0	0	0	290,387
Gasoline and Motor Fuel Tax	0	0	0	0	1,210,775
Petroleum Special Tax	0	0	0	0	10,533
Registrar's Salary Supplement	0	0	0	0	15,164
State Shared Sales Tax - Cities	0	0	0	0	15,126
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,994,754
<u>Federal Government</u>					
<u>Federal Through State</u>					
Disaster Relief	\$ 0	\$ 0	\$ 123,617	\$ 0	123,617
Homeland Security Grants	0	0	0	0	5,609
Law Enforcement Grants	0	0	0	0	5,000
Other Federal through State	0	0	0	0	18,600
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	0	0	0	0	11,377
Tax Credit Bond Rebate	0	0	0	0	122,315
Total Federal Government	\$ 0	\$ 0	\$ 123,617	\$ 0	\$ 286,518

(Continued)

Exhibit K-5

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	General Capital Projects	Capital Projects	
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 329,450	\$ 75,000	\$ 0	\$ 0	\$ 413,015
Contracted Services	0	0	0	0	9,720
<u>Citizens Groups</u>					
Donations	0	0	0	0	12,025
<u>Other</u>	0	0	0	0	716
Total Other Governments and Citizens Groups	\$ 329,450	\$ 75,000	\$ 0	\$ 0	\$ 435,476
Total	\$ 551,877	\$ 415,763	\$ 123,911	\$ 8,936,312	

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, 2013

	General Purpose School	Special Revenue Fund School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 1,042,376	\$ 0	\$ 1,042,376
Trustee's Collections - Prior Year	71,117	0	71,117
Circuit/Clerk & Master Collections - Prior Years	18,364	0	18,364
Interest and Penalty	11,760	0	11,760
Payments in-Lieu-of Taxes - T.V.A.	209,806	0	209,806
<u>County Local Option Taxes</u>			
Local Option Sales Tax	442,256	0	442,256
Business Tax	10,160	0	10,160
<u>Statutory Local Taxes</u>			
Interstate Telecommunications Tax	577	0	577
<b>Total Local Taxes</b>	<b>\$ 1,806,416</b>	<b>\$ 0</b>	<b>\$ 1,806,416</b>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 598	\$ 0	\$ 598
<b>Total Licenses and Permits</b>	<b>\$ 598</b>	<b>\$ 0</b>	<b>\$ 598</b>
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Other	\$ 9,914	\$ 0	\$ 9,914
Transportation from Individuals	124	0	124
Receipts from Individual Schools	9,349	0	9,349
<u>Other Charges for Services</u>			
Other Charges for Services	39,000	0	39,000
<b>Total Charges for Current Services</b>	<b>\$ 58,387</b>	<b>\$ 0</b>	<b>\$ 58,387</b>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Lease/Rentals	\$ 1,875	\$ 0	\$ 1,875
Sale of Recycled Materials	434	0	434
Refund of Telecommunication & Internet Fees (E-Rate)	18,861	0	18,861
Miscellaneous Refunds	22,011	0	22,011
<u>Nonrecurring Items</u>			
Sale of Equipment	90	0	90
Damages Recovered from Individuals	85	0	85
Contributions and Gifts	1,000	0	1,000
<b>Total Other Local Revenues</b>	<b>\$ 44,356</b>	<b>\$ 0</b>	<b>\$ 44,356</b>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 45,010	\$ 0	\$ 45,010
<u>State Education Funds</u>			
Basic Education Program	6,758,714	0	6,758,714
Early Childhood Education	92,666	0	92,666
School Food Service	7,558	0	7,558
Energy Efficient School Initiative	13,000	0	13,000
Other State Education Funds	191,626	0	191,626
Career Ladder Program	48,945	0	48,945
Career Ladder - Extended Contract	18,900	0	18,900
<u>Other State Revenues</u>			
Other State Grants	7,375	0	7,375
<b>Total State of Tennessee</b>	<b>\$ 7,183,794</b>	<b>\$ 0</b>	<b>\$ 7,183,794</b>

(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	Special Revenue Fund School Federal Projects	Total
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 309,582	\$ 0	\$ 309,582
USDA - Commodities	39,826	0	39,826
Breakfast	85,048	0	85,048
USDA - Other	7,722	0	7,722
Adult Education State Grant Program	22,126	0	22,126
Vocational Education - Basic Grants to States	0	20,070	20,070
Title I Grants to Local Education Agencies	0	229,778	229,778
Special Education - Grants to States	83,262	285,256	368,518
Rural Education	0	24,370	24,370
Eisenhower Professional Development State Grants	0	48,354	48,354
Race-to-the-Top - ARRA	0	325,792	325,792
Other Federal through State	0	2,500	2,500
Total Federal Government	\$ 547,566	\$ 936,120	\$ 1,483,686
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 525,008	\$ 0	\$ 525,008
Total Other Governments and Citizens Groups	\$ 525,008	\$ 0	\$ 525,008
Total	\$ 10,166,125	\$ 936,120	\$ 11,102,245

Exhibit K-7

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	4,610	
Other Per Diem and Fees		1,900	
Social Security		373	
Employer Medicare		87	
Audit Services		2,361	
Dues and Memberships		1,000	
Legal Notices, Recording, and Court Costs		1,498	
Postal Charges		45	
Printing, Stationery, and Forms		525	
Travel		67	
Other Contracted Services		1,306	
Total County Commission			\$ 13,772

Beer Board

Board and Committee Members Fees	\$	100	
Legal Notices, Recording, and Court Costs		6	
Total Beer Board			106

County Mayor/Executive

County Official/Administrative Officer	\$	61,491	
Assistant(s)		31,885	
Clerical Personnel		26,367	
Part-time Personnel		8,846	
Bonus Payments		1,193	
Other Salaries and Wages		6,949	
Social Security		8,073	
State Retirement		9,608	
Medical Insurance		7,220	
Employer Medicare		1,888	
Data Processing Services		8,948	
Legal Notices, Recording, and Court Costs		33	
Maintenance and Repair Services - Office Equipment		618	
Printing, Stationery, and Forms		1,531	
Travel		134	
Office Supplies		1,776	
In Service/Staff Development		390	
Other Charges		417	
Furniture and Fixtures		75	
Office Equipment		1,688	
Total County Mayor/Executive			179,130

County Attorney

County Official/Administrative Officer	\$	9,878	
Total County Attorney			9,878

Election Commission

County Official/Administrative Officer	\$	45,253	
Deputy(ies)		3,874	
Election Commission		3,420	
Election Workers		8,925	

(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.)

In-Service Training	\$	15	
Social Security		3,313	
State Retirement		3,692	
Employer Medicare		775	
Data Processing Services		3,120	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		3,479	
Maintenance and Repair Services - Equipment		16,605	
Postal Charges		901	
Printing, Stationery, and Forms		1,103	
Travel		2,075	
Office Supplies		547	
In Service/Staff Development		1,320	
Other Charges		631	
Total Election Commission			\$ 99,223

Register of Deeds

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		7,587	
Social Security		3,599	
State Retirement		4,296	
Medical Insurance		4,560	
Employer Medicare		842	
Data Processing Services		2,526	
Dues and Memberships		15	
Printing, Stationery, and Forms		540	
Office Supplies		975	
Premiums on Corporate Surety Bonds		100	
Office Equipment		603	
Total Register of Deeds			78,882

Planning

County Official/Administrative Officer	\$	40,984	
Bonus Payments		1,087	
In-Service Training		555	
Social Security		2,451	
State Retirement		3,057	
Medical Insurance		3,800	
Employer Medicare		573	
Dues and Memberships		2,515	
Legal Notices, Recording, and Court Costs		348	
Printing, Stationery, and Forms		53	
Travel		2,843	
Office Supplies		413	
Periodicals		69	
In Service/Staff Development		1,022	
Other Charges		640	
Total Planning			60,410

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

Other Contracted Services	\$ 182	
Total Codes Compliance		\$ 182

County Buildings

Attendants	\$ 10,961	
Bonus Payments	300	
Social Security	663	
State Retirement	946	
Medical Insurance	4,560	
Employer Medicare	155	
Advertising	93	
Communication	3,971	
Legal Notices, Recording, and Court Costs	361	
Maintenance and Repair Services - Buildings	31,195	
Maintenance and Repair Services - Equipment	17	
Pest Control	840	
Custodial Supplies	6,340	
Electricity	33,919	
Natural Gas	12,356	
Water and Sewer	2,224	
Other Supplies and Materials	18	
Other Charges	2,164	
Total County Buildings		111,083

Preservation of Records

Other Charges	\$ 223	
Total Preservation of Records		223

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 53,239	
Deputy(ies)	21,214	
Bonus Payments	287	
Board and Committee Members Fees	800	
Social Security	4,356	
State Retirement	5,999	
Medical Insurance	6,840	
Employer Medicare	1,019	
Dues and Memberships	1,000	
Legal Notices, Recording, and Court Costs	119	
Maintenance and Repair Services - Vehicles	1,217	
Printing, Stationery, and Forms	2,649	
Other Contracted Services	2,400	
Gasoline	930	
Office Supplies	219	
Premiums on Corporate Surety Bonds	355	
Other Charges	62	
Office Equipment	215	
Total Property Assessor's Office		102,920

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		22,942	
Bonus Payments		574	
Social Security		4,064	
State Retirement		6,194	
Medical Insurance		8,968	
Employer Medicare		950	
Data Processing Services		4,170	
Dues and Memberships		437	
Legal Notices, Recording, and Court Costs		28	
Maintenance and Repair Services - Office Equipment		75	
Printing, Stationery, and Forms		1,319	
Office Supplies		418	
Premiums on Corporate Surety Bonds		1,394	
Other Charges		62	
Office Equipment		369	
Total County Trustee's Office			\$ 105,203

County Clerk's Office

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		22,942	
Bonus Payments		574	
Social Security		4,556	
State Retirement		6,194	
Medical Insurance		8,968	
Employer Medicare		1,065	
Data Processing Services		1,570	
Dues and Memberships		437	
Legal Notices, Recording, and Court Costs		6	
Printing, Stationery, and Forms		417	
Office Supplies		653	
Premiums on Corporate Surety Bonds		100	
Office Equipment		19	
Total County Clerk's Office			100,740

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		52,936	
Bonus Payments		1,323	
Jury and Witness Expense		8,662	
Social Security		6,374	
State Retirement		8,675	
Medical Insurance		13,377	
Employer Medicare		1,491	
Data Processing Services		2,804	
Dues and Memberships		60	
Legal Notices, Recording, and Court Costs		103	
Printing, Stationery, and Forms		1,416	
Office Supplies		578	

(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.)

Periodicals	\$	186	
Premiums on Corporate Surety Bonds		125	
Total Circuit Court			\$ 151,349

General Sessions Court

Judge(s)	\$	65,278	
Social Security		3,362	
State Retirement		5,268	
Medical Insurance		4,560	
Employer Medicare		786	
Legal Services		7,590	
Other Contracted Services		180	
Total General Sessions Court			87,024

Chancery Court

County Official/Administrative Officer	\$	53,239	
Deputy(ies)		4,362	
Social Security		3,408	
State Retirement		4,296	
Medical Insurance		4,560	
Employer Medicare		797	
Data Processing Services		1,024	
Dues and Memberships		60	
Printing, Stationery, and Forms		92	
Office Supplies		288	
Periodicals		343	
Premiums on Corporate Surety Bonds		200	
Total Chancery Court			72,669

Judicial Commissioners

Social Security	\$	893	
Employer Medicare		209	
Travel		3,140	
Other Contracted Services		14,400	
In Service/Staff Development		150	
Total Judicial Commissioners			18,792

Courtroom Security

Deputy(ies)	\$	8,975	
Social Security		556	
Employer Medicare		130	
Uniforms		4,189	
Law Enforcement Equipment		19	
Total Courtroom Security			13,869

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	58,563	
Deputy(ies)		390,431	
Salary Supplements		8,400	

(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.)

Dispatchers/Radio Operators	\$	101,071	
Overtime Pay		34,995	
Bonus Payments		11,654	
In-Service Training		5,225	
Social Security		35,301	
State Retirement		50,189	
Medical Insurance		71,129	
Employer Medicare		8,259	
Communication		120	
Data Processing Services		527	
Dues and Memberships		1,850	
Evaluation and Testing		1,826	
Licenses		70	
Maintenance and Repair Services - Buildings		305	
Maintenance and Repair Services - Equipment		13,379	
Maintenance and Repair Services - Office Equipment		452	
Maintenance and Repair Services - Vehicles		20,258	
Medical and Dental Services		660	
Printing, Stationery, and Forms		407	
Rentals		5,942	
Towing Services		670	
Travel		5,490	
Electricity		2,139	
Gasoline		41,513	
Law Enforcement Supplies		15,744	
Office Supplies		2,767	
Uniforms		4,855	
Other Supplies and Materials		7	
Premiums on Corporate Surety Bonds		125	
In Service/Staff Development		50	
Other Charges		1,458	
Law Enforcement Equipment		17,063	
Motor Vehicles		107,235	
Office Equipment		927	
Other Equipment		5,000	
Total Sheriff's Department			\$ 1,026,056

Drug Enforcement

Deputy(ies)	\$	34,902	
Bonus Payments		873	
Social Security		2,292	
State Retirement		2,984	
Medical Insurance		4,408	
Employer Medicare		536	
Gasoline		3,085	
Total Drug Enforcement			49,080

Jail

Guards	\$	406,280	
Cafeteria Personnel		21,171	

(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.)

Overtime Pay	\$	404	
Bonus Payments		9,821	
In-Service Training		760	
Social Security		26,416	
State Retirement		33,270	
Medical Insurance		57,907	
Employer Medicare		6,178	
Communication		857	
Data Processing Services		3,390	
Legal Notices, Recording, and Court Costs		89	
Maintenance and Repair Services - Buildings		1,364	
Maintenance and Repair Services - Equipment		1,005	
Medical and Dental Services		90,916	
Pest Control		240	
Printing, Stationery, and Forms		698	
Custodial Supplies		8,180	
Electricity		12,526	
Food Supplies		32,791	
Natural Gas		3,262	
Office Supplies		1,545	
Prisoners Clothing		1,422	
Water and Sewer		6,818	
Other Supplies and Materials		887	
Other Charges		294	
Office Equipment		676	
Site Development		1,696	
Other Equipment		2,860	
Total Jail			\$ 733,723

Workhouse

Guards	\$	37,482	
Bonus Payments		1,198	
Social Security		2,099	
State Retirement		3,129	
Medical Insurance		8,130	
Employer Medicare		491	
Maintenance and Repair Services - Equipment		1,955	
Maintenance and Repair Services - Vehicles		2,368	
Gasoline		4,335	
Other Supplies and Materials		201	
Motor Vehicles		5,500	
Other Equipment		2,009	
Total Workhouse			68,897

Juvenile Services

Other Salaries and Wages	\$	16,555	
Social Security		1,026	
Employer Medicare		240	
Other Supplies and Materials		262	
Other Charges		2,450	
Total Juvenile Services			20,533

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

In-Service Training	\$	2,820	
Contributions		18,650	
Dues and Memberships		150	
Evaluation and Testing		768	
Legal Notices, Recording, and Court Costs		235	
Maintenance and Repair Services - Buildings		221	
Maintenance and Repair Services - Equipment		1,950	
Maintenance and Repair Services - Vehicles		301	
Medical and Dental Services		241	
Gasoline		480	
Uniforms		6,814	
Other Supplies and Materials		65	
Communication Equipment		17,140	
Other Equipment		6,211	
Total Fire Prevention and Control			\$ 56,046

Civil Defense

Advertising	\$	36	
Communication		1,066	
Contributions		127	
Evaluation and Testing		46	
Maintenance and Repair Services - Buildings		2,334	
Maintenance and Repair Services - Equipment		1,424	
Maintenance and Repair Services - Vehicles		2,013	
Towing Services		500	
Custodial Supplies		29	
Electricity		1,857	
Equipment and Machinery Parts		1,000	
Gasoline		1,804	
Natural Gas		1,907	
Uniforms		580	
Water and Sewer		305	
Other Supplies and Materials		1,000	
In Service/Staff Development		300	
Communication Equipment		638	
Other Equipment		8,975	
Total Civil Defense			25,941

Other Emergency Management

Communication Equipment	\$	5,608	
Total Other Emergency Management			5,608

Inspection and Regulation

Supervisor/Director	\$	4,205	
Bonus Payments		54	
Social Security		249	
State Retirement		339	
Employer Medicare		58	
Drugs and Medical Supplies		32	
Other Supplies and Materials		126	
Other Charges		20	
Total Inspection and Regulation			5,083

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Contracted Services	\$ 8,340	
Total County Coroner/Medical Examiner		\$ 8,340

Public Health and Welfare

Local Health Center

Communication	\$ 1,314	
Contributions	6,750	
Dues and Memberships	200	
Maintenance and Repair Services - Buildings	7,230	
Maintenance and Repair Services - Equipment	1,378	
Pest Control	180	
Postal Charges	180	
Custodial Supplies	67	
Electricity	4,055	
Natural Gas	1,890	
Office Supplies	26	
Periodicals	64	
Water and Sewer	333	
Other Charges	258	
Total Local Health Center		23,925

Alcohol and Drug Programs

Social Security	\$ 164	
State Retirement	218	
Employer Medicare	38	
Other Contracted Services	2,700	
Instructional Supplies and Materials	772	
Other Supplies and Materials	29	
Total Alcohol and Drug Programs		3,921

Other Local Health Services

Social Security	\$ 24	
Employer Medicare	6	
Advertising	42	
Travel	3	
Other Contracted Services	390	
Other Charges	46	
Total Other Local Health Services		511

Sanitation Education/Information

Education Media Personnel	\$ 8,414	
Guards	11,017	
Clerical Personnel	2,270	
Social Security	1,333	
State Retirement	1,072	
Employer Medicare	312	
Advertising	368	
Maintenance and Repair Services - Vehicles	709	
Postal Charges	45	
Custodial Supplies	1,157	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Gasoline	\$	1,459	
Instructional Supplies and Materials		9,044	
Road Signs		570	
Other Supplies and Materials		1,413	
Total Sanitation Education/Information			\$ 39,183

Other Public Health and Welfare

Contributions	\$	10,665	
Total Other Public Health and Welfare			10,665

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	17,035	
Part-time Personnel		9,191	
Bonus Payments		429	
Social Security		1,532	
State Retirement		1,375	
Employer Medicare		358	
Communication		1,422	
Dues and Memberships		15	
Maintenance and Repair Services - Vehicles		95	
Postal Charges		46	
Travel		279	
Custodial Supplies		298	
Food Supplies		618	
Gasoline		723	
Office Supplies		885	
Other Supplies and Materials		1,697	
Other Charges		89	
Furniture and Fixtures		4,423	
Total Senior Citizens Assistance			40,510

Libraries

Assistant(s)	\$	17,382	
Librarians		23,691	
Bonus Payments		800	
Social Security		2,516	
State Retirement		3,263	
Medical Insurance		1,900	
Employer Medicare		588	
Communication		2,919	
Licenses		295	
Maintenance and Repair Services - Buildings		9	
Pest Control		120	
Postal Charges		270	
Printing, Stationery, and Forms		279	
Travel		411	
Other Contracted Services		3,053	
Custodial Supplies		235	
Electricity		6,123	

(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.)

Library Books/Media	\$	8,420	
Natural Gas		2,346	
Office Supplies		1,176	
Water and Sewer		333	
Other Supplies and Materials		2,305	
Total Libraries			\$ 78,434

Parks and Fair Boards

Supervisor/Director	\$	7,833	
Laborers		4,936	
Temporary Personnel		19,618	
Overtime Pay		40	
Bonus Payments		204	
Social Security		2,004	
State Retirement		1,675	
Medical Insurance		912	
Employer Medicare		469	
Advertising		98	
Dues and Memberships		105	
Evaluation and Testing		390	
Legal Notices, Recording, and Court Costs		91	
Maintenance and Repair Services - Buildings		2,652	
Maintenance and Repair Services - Equipment		629	
Maintenance and Repair Services - Vehicles		205	
Custodial Supplies		388	
Electricity		8,899	
Fertilizer, Lime, and Seed		364	
Food Supplies		2,574	
Gasoline		2,268	
Water and Sewer		1,811	
Chemicals		2,855	
Other Supplies and Materials		1,893	
In Service/Staff Development		550	
Other Charges		150	
Motor Vehicles		5,694	
Site Development		5,296	
Other Equipment		213	
Total Parks and Fair Boards			74,816

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	15,188	
Secretary(ies)		8,086	
Social Security		1,780	
State Retirement		3,438	
Communication		2,816	
Contributions		3,875	
Dues and Memberships		350	
Travel		331	
Office Supplies		2,312	
Office Equipment		1,121	
Total Agriculture Extension Service			39,297

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Contributions	\$ 12,115	
Total Soil Conservation		\$ 12,115

Other Operations

Other Charges

Mechanic(s)	\$ 24,520	
Bonus Payments	614	
Social Security	1,559	
State Retirement	2,030	
Employer Medicare	365	
Communication	23,720	
Evaluation and Testing	1,447	
Postal Charges	9,501	
Printing, Stationery, and Forms	363	
Rentals	15,116	
Fuel Oil	4,097	
Liability Insurance	68,131	
Trustee's Commission	50,975	
Workers' Compensation Insurance	28,109	
Other Charges	719	
Total Other Charges		231,266

Employee Benefits

Handling Charges and Administrative Costs	\$ 600	
Unemployment Compensation	4,416	
Total Employee Benefits		5,016

Miscellaneous

Contributions	\$ 7,000	
Dues and Memberships	3,571	
Total Miscellaneous		10,571

Total General Fund \$ 3,774,992

Urban Services Fund

Public Safety

Sheriff's Department

Deputy(ies)	\$ 139,640	
Salary Supplements	2,400	
Dispatchers/Radio Operators	32,007	
Overtime Pay	8,112	
Bonus Payments	4,710	
Social Security	11,561	
State Retirement	23,386	
Medical Insurance	14,743	
Employer Medicare	2,701	
Maintenance and Repair Services - Vehicles	2,735	
Gasoline	12,706	
Total Sheriff's Department		\$ 254,701

(Continued)

Exhibit K-7

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

Urban Services Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Gasoline	\$	555	
Other Charges		2,046	
Total Fire Prevention and Control			\$ 2,601

Public Health and Welfare

Rabies and Animal Control

Bonus Payments	\$	115	
Other Salaries and Wages		4,590	
Social Security		285	
State Retirement		370	
Medical Insurance		838	
Employer Medicare		67	
Dues and Memberships		40	
Maintenance and Repair Services - Buildings		173	
Veterinary Services		300	
Animal Food and Supplies		139	
Electricity		685	
Gasoline		897	
Water and Sewer		389	
Other Supplies and Materials		97	
Total Rabies and Animal Control			8,985

Waste Pickup

Supervisor/Director	\$	16,118	
Truck Drivers		23,370	
Laborers		40,193	
Overtime Pay		83	
Bonus Payments		960	
Social Security		4,798	
State Retirement		7,497	
Medical Insurance		12,068	
Employer Medicare		1,122	
Evaluation and Testing		512	
Legal Notices, Recording, and Court Costs		22	
Maintenance and Repair Services - Equipment		56	
Maintenance and Repair Services - Vehicles		4,151	
Postal Charges		450	
Printing, Stationery, and Forms		104	
Travel		15	
Disposal Fees		22,797	
Custodial Supplies		286	
Gasoline		8,395	
Office Supplies		102	
Other Supplies and Materials		456	
Motor Vehicles		5,694	
Other Capital Outlay		290,563	
Total Waste Pickup			439,812

(Continued)

Exhibit K-7

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

Urban Services Fund (Cont.)

Social, Cultural, and Recreational Services

Parks and Fair Boards

Site Development	\$ 9,511	
Total Parks and Fair Boards		\$ 9,511

Other Social, Cultural, and Recreational

Other Charges	\$ 3,250	
Total Other Social, Cultural, and Recreational		3,250

Other Operations

Other Charges

Maintenance and Repair Services - Equipment	\$ 553	
Maintenance and Repair Services - Vehicles	477	
Electricity	67,085	
Liability Insurance	9,977	
Trustee's Commission	11,453	
Workers' Compensation Insurance	12,297	
Other Charges	213	
Motor Vehicles	5,012	
Traffic Control Equipment	3,157	
Total Other Charges		110,224

Employee Benefits

State Retirement	\$ 1,200	
Total Employee Benefits		1,200

Highways

Highway and Bridge Maintenance

Asphalt - Hot Mix	\$ 72,951	
Total Highway and Bridge Maintenance		72,951

Total Urban Services Fund \$ 903,235

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 16,570
Truck Drivers	53,715
Attendants	41,709
Overtime Pay	4,043
Bonus Payments	2,650
Social Security	7,261
State Retirement	17,695
Medical Insurance	10,749
Employer Medicare	1,698
Evaluation and Testing	302
Legal Notices, Recording, and Court Costs	50
Maintenance and Repair Services - Buildings	19
Maintenance and Repair Services - Equipment	3,033
Maintenance and Repair Services - Vehicles	19,046
Postal Charges	300
Electricity	2,925

(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.)

Gasoline	\$	35,319	
Water and Sewer		450	
Other Supplies and Materials		792	
Other Charges		18	
Motor Vehicles		5,694	
Site Development		950	
Solid Waste Equipment		5,930	
Other Capital Outlay		140,193	
Total Convenience Centers			\$ 371,111

Other Waste Disposal

Disposal Fees	\$	126,192	
Trustee's Commission		7,032	
Total Other Waste Disposal			133,224

Postclosure Care Costs

Engineering Services	\$	3,000	
Landfill Closure/Postclosure Care Costs		2,006	
Total Postclosure Care Costs			5,006

Other Operations

Other Charges

Liability Insurance	\$	5,937	
Workers' Compensation Insurance		8,916	
Total Other Charges			14,853

Total Solid Waste/Sanitation Fund \$ 524,194

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	48,000	
Medical Personnel		355,262	
Clerical Personnel		24,960	
Overtime Pay		147,920	
Bonus Payments		6,701	
In-Service Training		100	
Social Security		35,676	
State Retirement		40,244	
Medical Insurance		44,713	
Employer Medicare		8,343	
Bank Charges		513	
Communication		8,429	
Contracts with Private Agencies		3,150	
Data Processing Services		250	
Debt Collection Services		76	
Evaluation and Testing		1,101	
Laundry Service		326	
Legal Notices, Recording, and Court Costs		11	
Licenses		2,805	

(Continued)

Exhibit K-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Maintenance and Repair Services - Buildings	\$	719	
Maintenance and Repair Services - Equipment		2,457	
Maintenance and Repair Services - Office Equipment		285	
Maintenance and Repair Services - Vehicles		8,515	
Pest Control		480	
Postal Charges		953	
Printing, Stationery, and Forms		588	
Rentals		2,916	
Towing Services		80	
Custodial Supplies		1,507	
Drugs and Medical Supplies		16,905	
Electricity		4,441	
Gasoline		14,789	
Natural Gas		3,122	
Office Supplies		1,201	
Uniforms		3,488	
Water and Sewer		872	
Other Supplies and Materials		192	
Liability Insurance		2,006	
Trustee's Commission		13,575	
Workers' Compensation Insurance		43,387	
Other Charges		461	
Furniture and Fixtures		45	
Total Ambulance/Emergency Medical Services			<u>\$ 851,564</u>

Total Ambulance Service Fund \$ 851,564

Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$	814	
Trustee's Commission		60	
Law Enforcement Equipment		9,999	
Total Drug Enforcement			<u>\$ 10,873</u>

Total Drug Control Fund 10,873

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	58,563	
Accountants/Bookkeepers		33,208	
Bonus Payments		850	
Other Salaries and Wages		2,113	
Board and Committee Members Fees		1,200	
Social Security		5,340	
State Retirement		7,461	
Employer Medicare		1,249	
Communication		4,353	
Data Processing Services		6,032	

(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.)

Dues and Memberships	\$	1,951	
Legal Notices, Recording, and Court Costs		161	
Maintenance and Repair Services - Buildings		107	
Maintenance and Repair Services - Office Equipment		408	
Pest Control		85	
Postal Charges		452	
Printing, Stationery, and Forms		679	
Travel		1,211	
Custodial Supplies		339	
Data Processing Supplies		563	
Drugs and Medical Supplies		402	
Electricity		3,472	
Natural Gas		1,988	
Office Supplies		642	
Propane Gas		951	
Water and Sewer		1,154	
Premiums on Corporate Surety Bonds		1,242	
Other Charges		793	
Office Equipment		130	
Total Administration			\$ 137,099

Highway and Bridge Maintenance

Foremen	\$	151,871	
Equipment Operators		76,965	
Truck Drivers		154,891	
Laborers		31,917	
Bonus Payments		5,440	
Social Security		25,852	
State Retirement		32,050	
Employer Medicare		6,046	
Asphalt - Cold Mix		1,427	
Asphalt - Hot Mix		149,888	
Crushed Stone		39,281	
Electricity		424	
General Construction Materials		2,837	
Other Road Supplies		1,000	
Pipe		8,742	
Road Signs		3,977	
Salt		3,560	
Small Tools		305	
Wood Products		709	
Chemicals		1,143	
Other Supplies and Materials		806	
Other Charges		348	
Total Highway and Bridge Maintenance			699,479

Operation and Maintenance of Equipment

Mechanic(s)	\$	29,349	
Bonus Payments		707	
Social Security		1,835	

(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.)

State Retirement	\$	2,428	
Employer Medicare		429	
Maintenance and Repair Services - Equipment		3,359	
Maintenance and Repair Services - Vehicles		936	
Diesel Fuel		39,969	
Equipment and Machinery Parts		44,878	
Garage Supplies		1,542	
Gasoline		53,566	
Lubricants		6,787	
Small Tools		485	
Tires and Tubes		6,947	
Other Supplies and Materials		864	
Other Charges		60	
Total Operation and Maintenance of Equipment			\$ 194,141

Other Charges

Evaluation and Testing	\$	934	
Other Contracted Services		806	
Trustee's Commission		12,207	
Vehicle and Equipment Insurance		19,280	
Workers' Compensation Insurance		38,022	
Liability Claims		1,284	
Total Other Charges			72,533

Employee Benefits

Medical Insurance	\$	44,438	
Unemployment Compensation		6,702	
Total Employee Benefits			51,140

Capital Outlay

Engineering Services	\$	62,000	
Bridge Construction		95,564	
Building Improvements		7,823	
Communication Equipment		579	
Motor Vehicles		1,987	
State Aid Projects		244,121	
Other Construction		16,519	
Total Capital Outlay			428,593

Principal on Debt

Highways and Streets

Principal on Notes	\$	25,124	
Total Highways and Streets			25,124

Interest on Debt

Highways and Streets

Interest on Notes	\$	62	
Total Highways and Streets			62

Total Highway/Public Works Fund \$ 1,608,171

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Notes	\$	301,000	
Total General Government			\$ 301,000
<u>Education</u>			
Principal on Other Loans	\$	352,331	
Total Education			352,331
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	2,408	
Interest on Notes		22,264	
Total General Government			24,672
<u>Education</u>			
Interest on Other Loans	\$	127,038	
Total Education			127,038
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	4,006	
Other Debt Issuance Charges		1,575	
Total General Government			5,581
<u>Education</u>			
Other Debt Service	\$	6,575	
Total Education			6,575
Total General Debt Service Fund			\$ 817,197
<u>Education Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>Education</u>			
Principal on Other Loans	\$	438,000	
Total Education			\$ 438,000
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Other Loans	\$	18,251	
Total Education			18,251
<u>Other Debt Service</u>			
<u>Education</u>			
Trustee's Commission	\$	3,453	
Other Debt Service		25,351	
Total Education			28,804
Total Education Debt Service Fund			485,055

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund</u>		
<u>General Government</u>		
<u>County Commission</u>		
Legal Notices, Recording, and Court Costs	\$ 174	
Total County Commission		\$ 174
<u>Other Operations</u>		
<u>Other Economic and Community Development</u>		
Legal Notices, Recording, and Court Costs	\$ 504	
Total Other Economic and Community Development		504
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Communication Equipment	\$ 49,987	
Solid Waste Equipment	73,630	
Total Public Health and Welfare Projects		123,617
<u>Education Capital Projects</u>		
Building Improvements	\$ 525,008	
Total Education Capital Projects		525,008
Total General Capital Projects Fund		\$ 649,303
Total Governmental Funds - Primary Government		\$ 9,624,584

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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,542,618	
Career Ladder Program		16,000	
Career Ladder Extended Contracts		11,500	
Homebound Teachers		1,215	
Educational Assistants		11,835	
Bonus Payments		1,038	
Other Salaries and Wages		4,210	
Certified Substitute Teachers		22,605	
Non-certified Substitute Teachers		26,880	
Social Security		151,013	
State Retirement		228,575	
Medical Insurance		303,245	
Unemployment Compensation		6,946	
Employer Medicare		35,348	
Travel		1,550	
Tuition		2,465	
Other Contracted Services		3,329	
Instructional Supplies and Materials		147,799	
Textbooks		91,574	
Regular Instruction Equipment		147,608	
Total Regular Instruction Program			\$ 3,757,353

Alternative Instruction Program

Teachers	\$	49,662	
Educational Assistants		17,911	
Bonus Payments		443	
Social Security		3,750	
State Retirement		5,871	
Medical Insurance		8,740	
Unemployment Compensation		210	
Employer Medicare		877	
Total Alternative Instruction Program			87,464

Special Education Program

Teachers	\$	468,673	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		1,000	
Homebound Teachers		1,566	
Educational Assistants		24,133	
Speech Pathologist		42,262	
Bonus Payments		3,115	
Certified Substitute Teachers		315	
Non-certified Substitute Teachers		840	
Social Security		31,937	
State Retirement		48,316	
Medical Insurance		48,517	
Unemployment Compensation		2,412	
Employer Medicare		7,469	
Contracts with Private Agencies		59,343	
Instructional Supplies and Materials		1,137	
Total Special Education Program			749,035

(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.)

Vocational Education Program

Teachers	\$	127,853	
Career Ladder Program		1,000	
Social Security		7,658	
State Retirement		11,430	
Medical Insurance		9,622	
Unemployment Compensation		315	
Employer Medicare		1,791	
Other Contracted Services		18,000	
Instructional Supplies and Materials		8,061	
Total Vocational Education Program			\$ 185,730

Adult Education Program

Instructional Supplies and Materials	\$	1,957	
Total Adult Education Program			1,957

Support Services

Attendance

Supervisor/Director	\$	20,000	
Social Security		1,136	
State Retirement		1,762	
Unemployment Compensation		105	
Employer Medicare		266	
Total Attendance			23,269

Health Services

Supervisor/Director	\$	51,600	
Medical Personnel		49,182	
Clerical Personnel		14,492	
Bonus Payments		2,716	
Non-certified Substitute Teachers		510	
Social Security		7,212	
State Retirement		9,930	
Medical Insurance		5,091	
Unemployment Compensation		419	
Employer Medicare		1,687	
Communication		948	
Travel		1,152	
Other Contracted Services		4,500	
Drugs and Medical Supplies		1,004	
Instructional Supplies and Materials		6,299	
Other Supplies and Materials		6,693	
In Service/Staff Development		2,255	
Other Charges		2,139	
Health Equipment		885	
Total Health Services			168,714

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		101,983	

(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.)

Other Student Support (Cont.)

Career Ladder Extended Contracts	\$	4,000	
Other Salaries and Wages		5,437	
Social Security		6,394	
State Retirement		10,189	
Medical Insurance		14,029	
Unemployment Compensation		210	
Employer Medicare		1,495	
Contracts with Government Agencies		47,103	
Travel		61	
Other Contracted Services		1,485	
Other Charges		1,500	
Total Other Student Support			\$ 197,886

Regular Instruction Program

Supervisor/Director	\$	112,069	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		8,000	
Librarians		148,924	
Instructional Computer Personnel		53,747	
Bonus Payments		1,275	
Social Security		19,827	
State Retirement		23,484	
Medical Insurance		24,702	
Unemployment Compensation		839	
Employer Medicare		4,637	
Travel		76	
Library Books/Media		20,406	
In Service/Staff Development		770	
Total Regular Instruction Program			426,756

Special Education Program

Supervisor/Director	\$	37,703	
Career Ladder Program		1,000	
Psychological Personnel		37,702	
Social Security		4,670	
State Retirement		6,767	
Medical Insurance		4,095	
Unemployment Compensation		105	
Employer Medicare		1,092	
Travel		219	
Other Supplies and Materials		2,379	
In Service/Staff Development		99	
Total Special Education Program			95,831

Vocational Education Program

Supervisor/Director	\$	26,300	
Social Security		1,524	
State Retirement		2,335	
Employer Medicare		356	
Travel		52	
Total Vocational Education Program			30,567

(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.)

Adult Programs

Supervisor/Director	\$	20,000	
Clerical Personnel		4,270	
Social Security		1,432	
State Retirement		1,776	
Employer Medicare		335	
Communication		846	
Travel		320	
Total Adult Programs			\$ 28,979

Other Programs

On-Behalf Payments to OPEB	\$	45,010	
Total Other Programs			45,010

Board of Education

Secretary to Board	\$	1,740	
Board and Committee Members Fees		5,300	
Social Security		427	
State Retirement		155	
Unemployment Compensation		77	
Employer Medicare		100	
Advertising		4,583	
Dues and Memberships		8,378	
Legal Services		10,315	
Travel		120	
Other Contracted Services		5,900	
Office Supplies		461	
Trustee's Commission		44,016	
Workers' Compensation Insurance		41,222	
Refund to Applicant for Criminal Investigation		1,302	
Other Charges		6,588	
Total Board of Education			130,684

Director of Schools

County Official/Administrative Officer	\$	83,312	
Career Ladder Program		1,000	
Salary Supplements		5,200	
Secretary(ies)		21,034	
Bonus Payments		550	
Social Security		6,448	
State Retirement		9,687	
Medical Insurance		8,597	
Unemployment Compensation		210	
Employer Medicare		1,508	
Communication		23,766	
Travel		608	
Other Contracted Services		3,714	
Office Supplies		317	
Other Charges		2,924	
Furniture and Fixtures		244	
Total Director of Schools			169,119

(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

Principals	\$	206,699	
Career Ladder Program		3,000	
Accountants/Bookkeepers		91,399	
Assistant Principals		159,297	
Secretary(ies)		18,586	
Bonus Payments		2,568	
Social Security		27,984	
State Retirement		40,326	
Medical Insurance		32,157	
Unemployment Compensation		1,363	
Employer Medicare		6,545	
Other Supplies and Materials		3,393	
Total Office of the Principal			\$ 593,317

Fiscal Services

Accountants/Bookkeepers	\$	71,408	
Bonus Payments		1,770	
Social Security		4,506	
State Retirement		5,903	
Unemployment Compensation		210	
Employer Medicare		1,054	
Postal Charges		1,751	
Travel		310	
Other Contracted Services		9,126	
Office Supplies		2,357	
Other Charges		479	
Administration Equipment		1,294	
Total Fiscal Services			100,168

Operation of Plant

Custodial Personnel	\$	136,271	
Bonus Payments		2,955	
Social Security		8,533	
State Retirement		7,116	
Unemployment Compensation		1,153	
Employer Medicare		1,996	
Disposal Fees		35,000	
Other Contracted Services		2,990	
Custodial Supplies		30,718	
Electricity		301,555	
Natural Gas		53,389	
Water and Sewer		29,362	
Building and Contents Insurance		74,379	
Other Charges		130	
Total Operation of Plant			685,547

Maintenance of Plant

Supervisor/Director	\$	40,201	
Social Security		2,477	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

State Retirement	\$	3,247	
Unemployment Compensation		210	
Employer Medicare		579	
Maintenance and Repair Services - Buildings		71,932	
Other Contracted Services		23,578	
Other Supplies and Materials		623	
Other Charges		123	
Maintenance Equipment		412	
Total Maintenance of Plant			\$ 143,382

Transportation

Supervisor/Director	\$	3,100	
Mechanic(s)		30,250	
Bus Drivers		155,887	
Bonus Payments		4,035	
Other Salaries and Wages		12,447	
Social Security		12,493	
State Retirement		13,480	
Unemployment Compensation		1,363	
Employer Medicare		2,922	
Contracts with Parents		5,480	
Maintenance and Repair Services - Vehicles		9,031	
Other Contracted Services		100	
Diesel Fuel		67,950	
Gasoline		17,808	
Lubricants		2,918	
Tires and Tubes		6,019	
Vehicle Parts		12,457	
Other Charges		2,010	
Transportation Equipment		79,739	
Total Transportation			439,489

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	32,268	
Bonus Payments		4,898	
Social Security		1,001	
State Retirement		1,249	
Unemployment Compensation		210	
Employer Medicare		508	
Payments to Schools - Lunch		409,909	
Travel		974	
Other Contracted Services		5,800	
USDA - Commodities		39,826	
Other Supplies and Materials		1,461	
Other Charges		32	
Food Service Equipment		620	
Total Food Service			498,756

(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.)

Community Services

Assistant(s)	\$	5,250	
Supervisor/Director		20,650	
Teachers		15,306	
Pupil Personnel		11,662	
Education Media Personnel		6,000	
Bus Drivers		3,600	
Educational Assistants		23,856	
Social Security		5,298	
State Retirement		5,895	
Unemployment Compensation		117	
Employer Medicare		1,239	
Instructional Supplies and Materials		2,674	
Other Supplies and Materials		2,229	
Total Community Services			\$ 103,776

Early Childhood Education

Supervisor/Director	\$	7,707	
Teachers		71,762	
Educational Assistants		23,330	
Bonus Payments		445	
Non-certified Substitute Teachers		435	
Social Security		5,893	
State Retirement		8,319	
Unemployment Compensation		419	
Employer Medicare		1,378	
Travel		46	
Instructional Supplies and Materials		6,502	
In Service/Staff Development		1,278	
Total Early Childhood Education			127,514

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	526,133	
Building Construction		1,157,150	
Building Improvements		63,125	
Furniture and Fixtures		3,761	
Site Development		16,949	
Other Capital Outlay		66,375	
Total Regular Capital Outlay			1,833,493

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	404,450	
Total Education			404,450

Total General Purpose School Fund \$ 11,028,246

(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

Instruction

Regular Instruction Program

Teachers	\$	301,245	
Educational Assistants		41,448	
Other Salaries and Wages		500	
Social Security		20,403	
State Retirement		29,253	
Medical Insurance		17,770	
Employer Medicare		4,771	
Operating Lease Payments		2,618	
Instructional Supplies and Materials		25,333	
In Service/Staff Development		2,500	
Total Regular Instruction Program			\$ 445,841

Special Education Program

Teachers	\$	72,627	
Homebound Teachers		3,554	
Educational Assistants		119,390	
Other Salaries and Wages		1,000	
Social Security		11,180	
State Retirement		16,433	
Medical Insurance		4,858	
Employer Medicare		2,615	
Instructional Supplies and Materials		437	
Textbooks		1,622	
Other Supplies and Materials		1,431	
Total Special Education Program			235,147

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	990	
Instructional Supplies and Materials		6,845	
Vocational Instruction Equipment		8,074	
Total Vocational Education Program			15,909

Support Services

Other Student Support

Other Salaries and Wages	\$	300	
Social Security		19	
State Retirement		27	
Employer Medicare		4	
Travel		2,576	
In Service/Staff Development		416	
Other Charges		500	
Total Other Student Support			3,842

Regular Instruction Program

Supervisor/Director	\$	43,155	
Social Security		2,637	
State Retirement		3,832	
Employer Medicare		617	
Operating Lease Payments		20,047	

(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.)

Regular Instruction Program (Cont.)

Travel	\$	58	
Other Contracted Services		38,781	
Other Supplies and Materials		12	
In Service/Staff Development		45,674	
Other Charges		1,916	
Total Regular Instruction Program			\$ 156,729

Special Education Program

Assessment Personnel	\$	42,294	
Social Security		2,147	
State Retirement		3,726	
Medical Insurance		4,457	
Employer Medicare		579	
Other Supplies and Materials		499	
In Service/Staff Development		2,270	
Total Special Education Program			55,972

Vocational Education Program

Travel	\$	200	
In Service/Staff Development		120	
Total Vocational Education Program			320

Office of the Principal

Principals	\$	9,453	
Assistant Principals		11,586	
Social Security		1,304	
State Retirement		1,868	
Employer Medicare		305	
Total Office of the Principal			24,516

Transportation

Bus Drivers	\$	2,700	
Social Security		167	
State Retirement		240	
Employer Medicare		39	
Lubricants		55	
Tires and Tubes		466	
Total Transportation			3,667

Total School Federal Projects Fund \$ 941,943

Total Governmental Funds - Hartsville/Trousdale County School Department \$ 11,970,189

Exhibit K-9

Hartsville/Trousdale County Government, Tennessee  
Schedule of Utility Rates  
December 31, 2012

Utility Rates in Effect

Water Inside Town:			
First 2,000 gallons	\$	13.86	per month
All over 2,000 gallons		4.52	per 1,000 gallons
Water Outside Town-Rural:			
First 2,000 gallons		23.28	per month
All over 2,000 gallons		7.28	per 1,000 gallons
Number of Customers			2,826

Exhibit K-10

Hartsville/Trousdale County Government, Tennessee  
Schedule of Unaccounted for Water  
December 31, 2012

The Schedule of Unaccounted for Water was not prepared as required by Section 68-221-1010(d)(1), *Tennessee Code Annotated*, because the American Water Works Association's water audit method is based on a 12-month cycle. The Water and Sewer Fund (enterprise fund) closed December 31, 2013. The metropolitan government relinquished the fund's assets and liabilities to the Hartsville-Trousdale County Water/Sewer Utility District on January 1, 2013. This schedule for the period July 1, 2012, through June 30, 2013, will be separately submitted to the Comptroller's Office based on the information before and after the reorganization.

Exhibit K-11

Hartsville/Trousdale County Government, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2013

	Major Fund
	Enterprise Fund
	Water and Sewer Fund
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Other General Service Charges	\$ 14,612
Water Sales	652,226
Forfeited Discounts	13,435
Water Tap Sales	25,250
Service Charges	161,040
Total Charges for Current Services	<u>\$ 866,563</u>
<u>Other Local Revenues</u>	
Miscellaneous Refunds	\$ 4,109
Other Local Revenues	3,150
Total Other Local Revenues	<u>\$ 7,259</u>
Total Operating Revenues	<u>\$ 873,822</u>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 6,098
Grant Income	378,319
Total Nonoperating Revenues	<u>\$ 384,417</u>
Total Revenues	<u><u>\$ 1,258,239</u></u>
<u>Operating Expenses</u>	
<u>Other Public Health and Welfare</u>	
Supervisor/Director	\$ 28,139
Accountants/Bookkeepers	25,691
Clerical Personnel	54,684
Overtime Pay	23,209
Bonus Payments	125
Other Salaries and Wages	163,753
In-Service Training	1,490
Social Security	21,591
State Retirement	59,747
Medical Insurance	32,232
Communication	13,756
Data Processing Services	13,832
Dues and Memberships	3,159

(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>	
Engineering Services	\$ 6,885
Legal Notices, Recording, and Court Costs	1,000
Maintenance and Repair Services - Equipment	33,574
Maintenance and Repair Services - Office Equipment	2,159
Maintenance and Repair Services - Vehicles	4,522
Postal Charges	7,897
Rentals	1,937
Travel	1,756
Other Contracted Services	22,311
Electricity	93,984
Gasoline	14,022
Natural Gas	197
Office Supplies	1,789
Tires and Tubes	2,968
Testing	6,978
Chemicals	37,922
Other Supplies and Materials	21,460
Liability Insurance	69,416
Depreciation	174,529
Other Charges	20,341
Other Equipment	13,263
Other Capital Outlay	27,023
Total Operating Expenses	<u>\$ 1,007,341</u>
<u>Nonoperating Expenses</u>	
Interest on Bonds	<u>\$ 6,780</u>
Total Nonoperating Expenses	<u>\$ 6,780</u>
Total Expenses	<u>\$ 1,014,121</u>

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## **SINGLE AUDIT SECTION**

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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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Hartsville/Trousdale County Government's basic financial statements, and have issued our report thereon dated December 27, 2013. Our report includes a reference to other auditors who audited the financial statements of the Trousdale County Government Emergency Communications District, a discretely presented component unit of Hartsville/Trousdale County Government, as described in our report on Hartsville/Trousdale County Government's financial statements. This report does not include the results or the other auditors testing of internal controls over financial reporting or compliance or other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hartsville/Trousdale County Government's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Hartsville/Trousdale County Government's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2013-001.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-002, 2013-003, 2013-006, and 2013-007.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hartsville/Trousdale County Government's financial statements are free from 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: 2013-004 and 2013-005.

## ***Hartsville/Trousdale County Government's Responses to Findings***

Hartsville/Trousdale County Government's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Hartsville/Trousdale County Government's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the

effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hartsville/Trousdale County Government's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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  
Nashville, Tennessee

December 27, 2013

JPW/yu



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
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**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Hartsville/Trousdale County Government's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hartsville/Trousdale County Government's major federal programs for the year ended June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hartsville/Trousdale County Government's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Hartsville/Trousdale County Government's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Hartsville/Trousdale County Government complied, in all material respects, with the types of compliance 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, 2013.

### **Report on Internal Control Over Compliance**

Management of Hartsville/Trousdale County Government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hartsville/Trousdale County Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

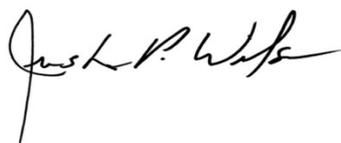
internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2013, and the related notes to the financial statements, which collectively comprise Hartsville/Trousdale County Government's basic financial statements. We issued our report thereon dated December 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 27, 2013

JPW/yu

Hartsville/Trousdale County Government, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

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)	\$ 39,826 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	85,048
National School Lunch Program	10.555	(2)	309,582 (3)
After-school Snack	10.555	(2)	7,722 (3)
Total U.S. Department of Agriculture			<u>\$ 442,178</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	(2)	\$ 501,936 (4)
Total U.S. Department of Housing and Urban Development			<u>\$ 501,936</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-lieu-of Taxes	15.226	N/A	\$ 12,525
Total U.S. Department of the Interior			<u>\$ 12,525</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 20,094
Total U.S. Department of Justice			<u>\$ 20,094</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-13-GHS364-00	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	Z-10-218553-00	\$ 22,125
Title I Grants to Local Educational Agencies	84.010	(2)	229,413
Special Education - Grants to States	84.027	(2)	375,808
Career and Technical Education - Basic Grants to States	84.048	(2)	20,070
Rural Education	84.358	(2)	36,081
Improving Teacher Quality State Grants	84.367	(2)	48,354
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	328,216
Total U.S. Department of Education			<u>\$ 1,060,067</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Greater Nashville Regional Council:			
Special Programs for the Aging Title III, Part D			
Disease Prevention and Health Promotion Services	93.043	(2)	\$ 4,000
Special Programs for the Aging Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	(2)	12,600
Total U.S. Department of Health and Human Services			<u>\$ 16,600</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 5,609
Total U.S. Department of Homeland Security			<u>\$ 5,609</u>
Total Expenditures of Federal Awards			<u>\$ 2,064,009</u>

State Grants		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)	10,600
Health Department Programs - State Department of Health	N/A	(2)	515
Lottery for Education: Afterschool Programs - State Department of Education	N/A	119-11-01-143	90,697
Early Childhood Education - State Department of Education	N/A	(2)	92,666
Energy Efficient School Initiative Grant - State Department of Education	N/A	(2)	13,000
Coordinated School Health - State Department of Education	N/A	(2)	90,000
Law Enforcement Training - State Department of Safety	N/A	(2)	10,800
Adult Basic Education - State Department of Labor and Workforce Development	N/A	Z-10-218553-00	7,375
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-212943-02	5,787
Statewide Student Management System - State Department of Education	N/A	(2)	3,329
Safe Schools - State Department of Education	N/A	(2)	7,600
Litter Program - State Department of Transportation	N/A	(2)	39,200
Total State Grants			<u>\$ 380,569</u>

CFDA = Catalog of Federal Domestic Assistance  
 N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$357,130.
- (4) GG-10-37750-00: \$123,617; GG-11-35094-00: \$343,181; GG-12-38826-00: \$35,138.

Hartsville/Trousdale County Government, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*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, 2012, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	166	Deficiencies were noted in the purchase order system

**OFFICE OF TRUSTEE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.04	167	The trustee did not solicit competitive bids for its operating bank accounts

**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>
12.06	168	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 OF DEEDS, AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	168	Duties were not segregated adequately

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**HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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

1. Our report on the financial statements of Hartsville/Trousdale County Government is unmodified.
2. The audit of the financial statements of Hartsville/Trousdale County Government disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that 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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Community Development Block Grants/State's Program (CFDA No. 14.228) and State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) 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. The county mayor and trustee provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2013-001**

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

At June 30, 2013, certain general ledger account balances in the General, Urban Services, and Ambulance Service funds were not materially correct. Audit adjustments totaling \$204,976 (General Fund), \$265,609 (Urban Services Fund), and \$214,725 (Ambulance Service Fund) were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Hartsville/Trousdale County Government to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### **RECOMMENDATION**

Hartsville/Trousdale County Government should have appropriate processes in place to ensure that its general ledgers are materially correct.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

Property taxes receivable are presented with an estimated allowance for uncollectibles. The net effects of the material adjustments to the fund equity section of the funds involving property taxes receivables totaled \$2,007, so the majority of the material adjustments pertained to the gross receivable amount and the gross estimated allowance for uncollectibles plus deferred inflows. Also, there is no net effect of the material adjustment to the fund equity section related to the patient accounts receivable.

#### **AUDITOR'S COMMENT**

If management had not accepted and posted the recommended audit adjustments, the financial statements would have been materially misstated under generally accepted accounting principles.

FINDING 2013-002

**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 of 25 invoices disclosed that in eight of 17 applicable instances, 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. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

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.

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**HARTSVILLE/TROUSDALE COUNTY WATER DEPARTMENT**

FINDING 2013-003

**THE DEPARTMENT HAD QUESTIONABLE TRAVEL EXPENSES**

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

Three board members of the Water Department attended a training conference in Gatlinburg, Tennessee, during November 2012. The department’s superintendent drove one board member in a department vehicle, and the operations manager drove the other two board members in her personal vehicle. The department paid \$1,030 for five rooms and reimbursed the operations manager \$280 based upon a travel claim; however, the superintendent and operations manager did not register for the conference. The economic benefit of the hotel rooms for the superintendent and operations manager and the travel claim appear questionable since the superintendent and operations manager did not register for the conference.

RECOMMENDATION

All travel expenses should be directly related to operations of the department.

FINDING 2013-004

**THE DEPARTMENT DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE**

(Noncompliance Under *Government Auditing Standards*)

The department did not file a Report on Debt Obligation with the state Comptroller's Office for a \$44,615 capital lease that was issued during the year. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The department should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

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OFFICE OF TRUSTEE

FINDING 2013-005

**THE TRUSTEE DID NOT SOLICIT COMPETITIVE BIDS FOR THE OFFICE'S OPERATING BANK ACCOUNTS**

(Noncompliance Under *Government Auditing Standards*)

The trustee has not solicited competitive bids for the office's 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. This deficiency is the result of the trustee's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The trustee should solicit competitive bids for the office's operating bank accounts in accordance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

Since 1998, I have placed the largest amount of monies from the Trustee Office in the bank that will be and is paying the highest percentage rate of interest. Although this was not documented, it will be in the future.

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

**FINDING 2013-006**

**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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

County officials should assign each employee their own cash drawer.

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

**FINDING 2013-007**

**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 of Deeds, 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

**BEST PRACTICE**

**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.

**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, 2013**

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