

**ANNUAL FINANCIAL REPORT**  
**COFFEE COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

*DEPARTMENT OF AUDIT:*  
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*Comptroller of the Treasury*

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*KELLEY J. McNEAL, CPA, CGFM*  
*State Auditors*

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# COFFEE COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Coffee County, Tennessee  
For the Year Ended June 30, 2004

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of Coffee County as of and for the year ended June 30, 2004.

## ***Results***

Our report on Coffee County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in 13 findings and recommendations, which we have reviewed with Coffee County management. Detailed findings and recommendations are included in the Single Audit Report.

The following are summaries of the audit findings:

### **COFFEE COUNTY:**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

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### **OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, AND DIRECTOR OF ACCOUNTS AND BUDGETS:**

- ◆ The actual beginning fund balance of the Highway/Public Works Fund exceeded the estimated beginning fund balance by a material amount. Also, expenditures and encumbrances exceeded appropriations approved by the County Commission in several county funds in violation of state statute.
  - ◆ Receivables of \$179,859 were not determined and posted to the accounting records in the Highway/Public Works Fund.
  - ◆ Purchase orders were not issued in some required instances. Some invoices were paid without documentation that goods and/or services had been received. Also, competitive bids were not solicited in all required instances.
  - ◆ The county did not retire a \$65,000 tax anticipation note by year-end, as required by state statute.
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### **COFFEE COUNTY LIBRARY:**

- ◆ The financial statements of the Coffee County Library (a Special Revenue Fund) were not available from the auditor in time for inclusion in this report. However, the auditor's report of the Coffee County Library for the year ended June 30, 2003, noted several deficiencies in the operations of the library. These deficiencies included bids not solicited in all instances; expenditures exceeding appropriations; funds not deposited within three days of collection; and deficiencies in the payroll, purchasing, and receipting processes.

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### **OFFICE OF COUNTY CLERK:**

- ◆ The county clerk did not require certain depositories holding county funds to pledge securities to protect funds that exceeded FDIC coverage for the year examined. Funds of \$230,818 were not secured on June 30, 2004.

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### **OFFICE OF SHERIFF:**

- ◆ The office had deficiencies in its administration of drug control funds. Questionable expenditures of \$10,116 were made from the Drug Control Fund, and confidential funds of \$5,043 were used for nonconfidential and questionable purposes. In addition, several payments totaling \$1,605 were made from confidential funds without adequate documentation.

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### **OTHER FINDINGS:**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Highway Superintendent, Trustee, County Clerk, Clerk and Master, Register, and Sheriff.
- ◆ The county's practice of paying School Department workers' compensation insurance premiums from the General Fund is of questionable legality.
- ◆ A portion of sales taxes collected outside municipalities was not apportioned with city school systems.
- ◆ A conflict of interest was noted in contracts between the Coffee County/Joint Industrial Park Board and county commissioners. Also, this contract was not competitively bid.

*State of Tennessee  
Comptroller of the Treasury  
Department of Audit  
Division of County Audit*

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# INTRODUCTORY SECTION

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Coffee County Officials  
June 30, 2004

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Officials:

Ray Johnson, County Mayor  
Alvin Harper, Highway Superintendent  
Barbara Arp, Trustee  
Jimmy White, Assessor of Property  
Teresa H. McFadden, County Clerk  
Heather Hinds Duncan, Circuit, General Sessions, and Juvenile Courts Clerk  
Charlotte Broyles, Clerk and Master  
Ellen Vaughn, Register  
Steve Graves, Sheriff

Board of County Commissioners:

Ray Johnson, Chairman	Robert Gilliam
Virgil E. Alford	Charles Harris
Rennie Bell	Robin H. Hines
John W. Berry	Paul Hogan
Jimmy Bradford	Tim Mansfield
B. Rush Bricken	Sam Morton
Bobby H. Bryan	Don Northcutt
G. Steven Cline	Sam D. Rittenberry
Lee Duckett	Watt G. Russ
Gaylen H. Fann	Robert G. Stewart
Ted Frisby	Wilma J. Thomas

Budget and Finance Committee:

Virgil E. Alford, Chairman  
B. Rush Bricken  
Ted Frisby  
Robin H. Hines  
Sam Morton

Highway Commission:

Raymond J. Duke, Chairman  
Ronnie Bell  
Grady Finney  
Jamie Spry  
Alzin Trail

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# FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

November 3, 2004

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

To the County Mayor and County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2004, as shown on pages 11 through 35, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Coffee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial

statements. The amounts that would be reported in government-wide financial statements for the county's governmental activities and discretely presented component units are not reasonably determinable.

As described in Note I, Coffee County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coffee County, Tennessee, as of June 30, 2004, or the changes in its financial position for the year then ended.

The financial statements of the Coffee County Library, a nonmajor special revenue fund, have not been made available by other auditors as of the date of this report. Accordingly, the aggregate remaining fund information of Coffee County, Tennessee, referred to above does not include the financial statements of the Coffee County Library, which should be included to conform with accounting principles generally accepted in the United States of America and by the Comptroller of the Treasury of the State of Tennessee. The effects on the financial statements are not reasonably determinable.

However, in our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

The budgetary comparison information on pages 39 through 45 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

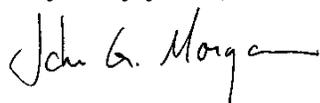
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coffee County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, miscellaneous schedules, and statistical tables 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 debt service funds, and the miscellaneous schedules

have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

As described in Note I, Coffee County prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with standards adopted by the Comptroller of the Treasury of the State of Tennessee. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2004, on our consideration of Coffee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the printed name and title.

John G. Morgan  
Comptroller of the Treasury

JGM/atr

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Coffee County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2004

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Highway/ Public Works	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 79,782	\$ 0	\$ 0	\$ 25	\$ 331,474	\$ 411,281
Equity in Pooled Cash and Investments	1,594,759	548,176	11,728	965,551	1,803,384	4,923,598
Inventories	3,233	0	0	0	0	3,233
Accounts Receivable	142,538	51,411	0	0	13,825	207,774
Due from Other Governments	226,345	35,342	0	339,578	79,358	680,623
Due from Other Funds	253,731	6,330	0	0	139,903	399,964
Property Taxes Receivable	5,820,390	1,243,041	1,692,168	0	2,545,275	11,300,874
Allowance for Uncollectible Property Taxes	(175,710)	(36,169)	(41,295)	0	(74,060)	(327,234)
<b>Total Assets</b>	<b>\$ 7,945,068</b>	<b>\$ 1,848,131</b>	<b>\$ 1,662,601</b>	<b>\$ 1,305,154</b>	<b>\$ 4,839,159</b>	<b>\$ 17,600,113</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 70,360	\$ 32,487	\$ 0	\$ 1,306	\$ 18,243	\$ 122,396
Payroll Deductions Payable	2,468	0	0	12,557	0	15,025
Due to Other Funds	32,219	634	0	2,000	321,594	356,447
Due to State of Tennessee	4,734	0	0	0	0	4,734
Due to Joint Ventures	60,606	0	0	0	0	60,606
Deferred Revenue - Current Property Taxes	5,477,623	1,173,776	1,620,929	0	2,403,447	10,675,775
Deferred Revenue - Delinquent Property Taxes	167,057	33,096	29,944	0	67,768	297,865
Other Deferred Revenues	0	5,936	0	159,719	17,149	182,804
<b>Total Liabilities</b>	<b>\$ 5,815,067</b>	<b>\$ 1,245,929</b>	<b>\$ 1,650,873</b>	<b>\$ 175,582</b>	<b>\$ 2,828,201</b>	<b>\$ 11,715,652</b>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 40,336	\$ 2,858	\$ 0	\$ 31,064	\$ 108,679	\$ 182,937
Reserved for Alcohol and Drug Treatment	36,493	0	0	0	0	36,493
Reserved for Computer System - Register	7,929	0	0	0	0	7,929
Reserved for Automation Purposes - Sheriff	331	0	0	0	0	331
Reserved for State Reappraisal Grant	44,156	0	0	0	0	44,156
Reserved for Other General Purposes	5,155	0	0	0	65,000	70,155
Unreserved, Reported In:						
General Fund	1,995,601	0	0	0	0	1,995,601
Special Revenue Funds	0	599,344	11,728	1,098,508	405,441	2,115,021
Debt Service Funds	0	0	0	0	994,333	994,333
Capital Projects Funds	0	0	0	0	437,505	437,505
<b>Total Fund Balances</b>	<b>\$ 2,130,001</b>	<b>\$ 602,202</b>	<b>\$ 11,728</b>	<b>\$ 1,129,572</b>	<b>\$ 2,010,958</b>	<b>\$ 5,884,461</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 7,945,068</b>	<b>\$ 1,848,131</b>	<b>\$ 1,662,601</b>	<b>\$ 1,305,154</b>	<b>\$ 4,839,159</b>	<b>\$ 17,600,113</b>

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

Exhibit B

Coffee County, Tennessee  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2004

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Highway/ Public Works	Other Governmental Funds	
<b>Revenues</b>						
Local Taxes	\$ 7,995,314	\$ 828,656	\$ 60,419	\$ 87,706	\$ 2,240,611	\$ 11,212,706
Licenses and Permits	70,646	7,033	0	0	0	77,679
Fines, Forfeitures and Penalties	265,221	0	0	0	28,956	294,177
Charges for Current Services	913,602	28,961	0	0	1,193,072	2,135,635
Other Local Revenues	101,551	81,366	0	36,964	346,996	566,877
Fees Received from County Officials	869,102	0	0	0	0	869,102
State of Tennessee	1,461,456	90,012	0	2,128,705	176,578	3,856,751
Federal Government	122,197	0	0	0	69,370	191,567
Other Governments and Citizens Groups	8,655	0	0	0	20,178	28,833
<b>Total Revenues</b>	<b>\$ 11,807,744</b>	<b>\$ 1,036,028</b>	<b>\$ 60,419</b>	<b>\$ 2,253,375</b>	<b>\$ 4,075,761</b>	<b>\$ 19,233,327</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 1,322,139	\$ 0	\$ 0	\$ 0	\$ 147,335	\$ 1,469,474
Finance	772,648	0	0	0	403,048	1,175,696
Administration of Justice	611,855	0	0	0	656,278	1,268,133
Public Safety	4,114,998	0	0	0	187,069	4,302,067
Public Health and Welfare	1,833,564	944,718	0	0	17,008	2,795,290
Social, Cultural, and Recreational Services	791,402	0	0	0	0	791,402
Agricultural and Natural Resources	206,703	0	0	0	0	206,703
Other Operations	1,082,621	92	51,210	0	21,520	1,155,443
Highways	0	0	0	2,153,933	0	2,153,933
Debt Service:						
Principal	0	0	0	46,088	1,280,198	1,326,286
Interest	0	0	0	7,179	931,136	938,315
Other Debt Service	0	0	0	0	58,702	58,702
Capital Projects	0	0	0	0	854,723	854,723
Capital Projects - Donated	0	0	0	0	900,000	900,000
<b>Total Expenditures</b>	<b>\$ 10,735,930</b>	<b>\$ 944,810</b>	<b>\$ 51,210</b>	<b>\$ 2,207,200</b>	<b>\$ 5,457,017</b>	<b>\$ 19,396,167</b>
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 1,086,458	\$ 91,218	\$ 9,209	\$ 46,175	\$ (1,381,256)	\$ (148,196)
<b>Other Financing Sources (Uses)</b>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 900,000	\$ 900,000
Transfers In	0	31,167	0	0	27,409	58,576
Transfers Out	(58,576)	0	0	0	0	(58,576)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (58,576)</b>	<b>\$ 31,167</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 927,409</b>	<b>\$ 900,000</b>
Net Change in Fund Balances	\$ 1,013,238	\$ 122,385	\$ 9,209	\$ 46,175	\$ (453,847)	\$ 737,160
Fund Balance, July 1, 2003	1,102,119	479,817	2,519	1,083,397	2,479,449	5,147,301
Prior Period Adjustment	14,644	0	0	0	(14,644)	0
<b>Fund Balance, June 30, 2004</b>	<b>\$ 2,130,001</b>	<b>\$ 602,202</b>	<b>\$ 11,728</b>	<b>\$ 1,129,572</b>	<b>\$ 2,010,958</b>	<b>\$ 5,884,461</b>

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

Exhibit C

Coffee County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,548,473
Equity in Pooled Cash and Investments	235,750
Accounts Receivable	6,942
Due from Other Governments	1,471,037
Due from Other Funds	7,849
Property Taxes Receivable	5,253,665
Allowance for Uncollectible Property Taxes	(148,925)
Cash Shortage	250
	<hr/>
Total Assets	<u>\$ 8,375,041</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 51,366
Due to Other Taxing Units	6,639,524
Due to Litigants, Heirs and Others	1,497,357
Due to Joint Ventures	186,794
	<hr/>
Total Liabilities	<u>\$ 8,375,041</u>

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

**COFFEE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2004**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Coffee County's financial statements are not 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.

Coffee County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. Coffee County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Coffee County's auditor to issue an adverse opinion on the county's financial statements.

Although Coffee County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements.

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

**A. Reporting Entity**

Coffee County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Coffee County (the primary government). Although required by GAAP, the financial statements of the Coffee County Library, a Special Revenue Fund, were not available from other auditors in time for inclusion in this report.

**Blended Component Units** – There are no legally separate component units of Coffee County that meet the criteria for being reported as part of the primary government by the blending method.

**Excluded Component Units** – The following entities meet the criteria for discretely presented component units of the county. Since Coffee County is

presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

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

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

The Coffee County Industrial Board was formed in 1969 to provide industry in Coffee County. The Board of Directors of the Coffee County Industrial Board was appointed by the Coffee County Commission. The board comprises three members from the City of Tullahoma, three members from the City of Manchester, and three members from rural areas. The board is primarily funded by appropriations from the county.

The Coffee County School Department, the Coffee County Emergency Communications District, and the Coffee County Industrial Board issue separate financial statements from those of the county. The School Department's financial statements are published as a separate report but under the same cover as the county's financial statements. The Coffee County Emergency Communications District's and the Coffee County Industrial Board's financial statements are published as separate reports. Complete financial statements of the Coffee County Emergency Communications District and the Coffee County Industrial Board can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Coffee County Emergency Communications District  
911 Jack Welch Dr.  
Manchester, TN 37355

Coffee County Industrial Board  
1329 McArthur St., Suite 4  
Manchester, TN 37355

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

Fund financial statements of Coffee County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Coffee County has no proprietary funds to report.

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

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

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. Property taxes collected within 30 days after year-end are considered to be immaterial for reporting purposes. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus 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.

Coffee County reports the following major governmental funds:

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

**Solid Waste Sanitation Fund** – This fund accounts for transactions relating to the disposal of solid waste.

**Local Purpose Tax Fund** – This fund is used to account for a special property tax levied on the property at the Interstate Industrial Park to provide city services for the park.

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

Coffee County reports the following fund types:

**Special Revenue Funds** – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**Debt Service Funds** – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Funds** – These funds are used to account for the receipt of debt and other financial resources to be used for the acquisition or construction of major capital facilities.

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

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

1. **Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county’s own legally issued

bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

## **2. Receivables and Payables**

Outstanding balances between funds are reported as due to/from other funds.

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.51 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 deferred revenue as of June 30.

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

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

**3. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Coffee County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Coffee County does not present government-wide statements.

**4. Inventories**

Inventories in governmental funds consist of expendable supplies held for consumption and are valued at the lower of cost or market based on the first-in, first-out method.

**5. Compensated Absences**

It is the county's policy to not allow for the accumulation of unused vacation beyond year-end. Employees are allowed to accumulate unlimited sick leave days; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

**6. Long-term Obligations**

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

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.

**7. Fund Equity**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**8. Prior-period Adjustment**

The beginning fund balances of the General Fund, a major fund, and the Other Capital Projects Fund, a nonmajor governmental fund, were restated by \$14,644. This adjustment was necessary in order to adjust fund balance of the Other Capital Projects Fund to the level mandated by a resolution of the County Commission.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Cash Shortage**

The Office of Sheriff had a cash shortage of \$250 as of June 30, 2004. A shortage was discovered in a prior period for which the county received an amount from its insurance provider under the employee dishonesty bond coverage. However, the amount the county received did not include the amount of the county's deductible under this policy of \$250. At June 30, 2004, this amount had still not been collected by the county and is reflected as a cash shortage in the Constitutional Officers – Agency Fund, a fiduciary fund, in the financial statements of this report.

**B. Expenditures and Encumbrances Exceeded Appropriations**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following governmental funds: the Local Purpose Tax Fund (\$510), the Industrial/Economic Development Fund (\$58), the Commissary Fund (\$48,089), the Rural Debt Service Fund (\$17,926), and the Education Debt Service Fund (\$530). Such overexpenditures are a violation

of state statutes. In each of these funds, the overexpenditures were funded by available fund balance.

Expenditures and encumbrances exceeded appropriations approved by the County Commission in five of 49 major categories (the legal level of control) in the General Fund, in one of six major categories in the Solid/Waste Sanitation Fund, and in two of nine major categories of the Highway/Public Works Fund as follows:

General Fund

Reappraisal Program	\$ 35,742
Sheriff's Department	2,591
Traffic Control	868
Agriculture Extension Service	511
Other Charges	47,184

Solid Waste/Sanitation Fund

Employee Benefits	92
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Highway/Public Works

Quarry Operations	10,978
Principal – Highways and Streets	4,297

Such overexpenditures are a violation of state statutes. In each of these funds, the overexpenditures were funded by available fund balance.

**C. The Actual Beginning Fund Balance Exceeded Estimated Beginning Fund Balance by a Material Amount**

The actual beginning fund balance in the Highway/Public Works Fund was \$1,083,397 at July 1, 2003; however, the estimated fund balance reflected in the county's budget document was only \$708,488. Therefore, the actual fund balance was \$374,909 more than the estimated fund balance presented to the County Commission during the budget approval process.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Total cash and investments for all funds are as follows for Coffee County:

	Exhibit A Governmental Funds	Exhibit F-1 Fiduciary Funds
	<hr/>	<hr/>
Cash	\$ 411,281	\$ 1,548,473
Equity in Pooled Cash and Investments	4,923,598	235,750
	<hr/>	<hr/>
Total	<u>\$ 5,334,879</u>	<u>\$ 1,784,223</u>

Coffee County and the Coffee County School Department participate in an internal cash and investment pool through the Office of Trustee. The Coffee County School Department meets the criteria for a discretely presented component unit of Coffee County. Since Coffee County is presenting fund financial statements only, the financial information for the Coffee County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Cash on the balance sheets or statements of net assets includes cash on hand, demand deposits, and cash with boards, agencies, and commissions. Total cash is analyzed as follows:

	Exhibit A Governmental Funds	Exhibit F-1 Fiduciary Funds
	<hr/>	<hr/>
Cash on Hand	\$ 3,166	\$ 2,100
Cash in Bank	329,333	1,546,373
Cash with Boards, Agencies, and Commissions	78,782	0
	<hr/>	<hr/>
Total	<u>\$ 411,281</u>	<u>\$ 1,548,473</u>

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

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

Separate disclosures concerning carrying amounts and bank balances of pooled deposits cannot be made for Coffee County and the Coffee County School Department since both pool their deposits and investments through the county trustee. The carrying amount of Coffee County's and the Coffee County School Department's deposits with financial institutions was \$9,721,677, and the bank balance was \$11,100,286. These deposits are categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes deposits insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's agent or trust department in the entity's name. Category 3 includes deposits uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name. Category 1 deposits were \$10,869,468, and category 3 deposits were \$230,818.

Investments – 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance 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 market value of the securities on the day of purchase.

Pooled and nonpooled investments are separately categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the entity's name. Funds invested in the State Treasurer's Investment Pool are not required to be categorized by generally accepted accounting principles. Separate disclosures for internally pooled investments cannot be made for Coffee County and the Coffee County School Department, as noted for deposits.

Pooled investments with a reported amount and fair value of \$457,496 consisted entirely of funds deposited with the State Treasurer's Investment Pool.

**B. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2004, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 212,538
General	Solid Waste Sanitation	634
General	Highway/Public Works	2,000
General	Agency	38,559
Solid Waste Sanitation	General	6,330
Nonmajor governmental	Agency	4,958
Nonmajor governmental	Nonmajor governmental	44,056
Nonmajor governmental	General	25,889
Agency	Agency	7,849

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

**Interfund loans to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental: Rural Debt Service	Nonmajor Governmental: Education Debt Service	\$ 65,000

The balance of \$65,000 due to the Rural Debt Service Fund from the Education Debt Service Fund resulted from a revenue anticipation loan issued during the year that was not retired at June 30, 2004. This amount is presented as due to/from other funds in the financial statements.

**C. Interfund Transfers**

Interfund transfers for the year ended June 30, 2004, consisted of the following amounts:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>	
	Solid Waste Sanitation Fund	Nonmajor Governmental Funds
General Fund	\$ 31,167	\$ 27,409
Total	<u>\$ 31,167</u>	<u>\$ 27,409</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**

On July 15, 2001, Coffee County entered into a five-year lease-purchase agreement for highway equipment. The terms of the agreement require total lease payments of \$67,903 plus interest of six percent. Title to the highway equipment transfers to the county at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

On August 15, 2001, Coffee County entered into a five-year lease-purchase agreement for highway equipment. The terms of the agreement require total lease payments of \$165,000 plus interest of 5.25 percent. Title to the highway equipment transfers to the county at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

Future minimum payments and the net present value of these minimum lease payments at June 30, 2004, were as follows:

	<u>Capital Leases</u>
2004-05	\$ 53,267
2005-06	53,266
2006-07	<u>6,266</u>
Total Minimum Lease Payments	\$ 112,799
Less: Amounts Representing Interest	<u>(6,497)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 106,302</u></u>

**E. Long-term Debt**

Since Coffee County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Coffee County is not presenting government-wide financial statements.

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to six years for notes, and up to 20 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. General obligation bonds included in long-term debt as of June 30, 2004, will be retired from the General Debt Service Fund (\$2,765,000), the Rural Debt Service Fund (\$3,300,000), and the Education Debt Service Fund (\$4,345,000). Other loans included in long-term debt will be retired from the General Debt Service

Fund (\$9,110,147) and the Rural Debt Service Fund (\$780,000). The notes included in long-term debt will be retired from the Rural Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2004, are as follows:

Type	Interest Rate	Amount
General Obligation Bonds	3.5 to 5.75%	\$ 3,885,000
General Obligation Bonds - Refunding	3.85 to 4.90	6,525,000
Capital Outlay Notes	3.50	866,602
Other Loans	3.75 to 6.70	6,397,500
Other Loans	Variable	3,492,647
Capital Leases	5.25 to 6.00	106,302

During the 1995-96 year, Coffee County entered into a loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned \$2,000,000 to Coffee County for the renovation of the Coffee County Administrative Plaza. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee fees, letter of credit fees, and debt remarketing fees) in connection with this loan. At June 30, 2004, the variable interest rate was 1.31 percent on this loan. In addition, the county pays various fees (remarketing fees, administrative fees, letter of credit fees, etc.) in connection with this loan, which total approximately .38 percent of the outstanding loan principal, and a trustee fee, which is charged at \$100 per month.

During the 2002-03 year, Coffee County entered into a loan agreement with the Blount County Public Building Authority. This loan agreement provided for the authority to issue variable rate bonds of \$2,775,000 and loan the proceeds to Coffee County on an as needed-basis for public improvement projects and refinancing of outstanding rural school bonds. This agreement specifically provided for the authority to make \$1,500,000 available to the county on an as-needed basis for various public improvement projects. At June 30, 2004, the county had borrowed \$1,222,947 of the available amount. Also, under this agreement, the authority loaned the county \$1,275,000 for the specific purpose of refinancing the county's 1993 Rural School Refunding Bonds. This loan is repayable at tax-exempt variable rates of interest determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2004, the variable interest rate was 1.10 percent on this loan. In addition, the county pays various fees (remarketing fees, trustee fees, liquidity fees, issuer fees, etc.) in connection with this loan, which total approximately .26 percent.

During the 2000-01 year, Coffee County entered into two loan agreements with the Coffee County Public Building Authority. Under the first agreement, the authority loaned \$5,800,000 to Coffee County at fixed interest rates ranging from 3.75 to 5.0 percent for the construction of various public facilities, the development of an industrial park, construction of water and sewer line projects, and construction of a convention center. Under the second agreement, the authority loaned Coffee County \$1,200,000 at fixed interest rates ranging from 5.8 to 6.7 percent for public facilities and the construction of water and sewer line projects.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2004, and the total amount available under the loan agreement with the Blount County Public Building Authority, including interest payments of \$3,246,019 (bonds), \$95,848 (notes), \$3,471,083 (other loans), and \$97,236 (other loans fees), are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Other Fees	Total
2005	\$ 720,000	\$ 474,162	\$ 138,290	\$ 29,093
2006	755,000	442,321	143,292	24,089
2007	785,000	408,407	148,475	18,908
2008	965,000	370,245	153,809	13,574
2009	825,000	326,933	159,408	7,975
2010-2014	4,070,000	1,039,890	123,328	2,209
2015-2018	2,290,000	184,061	0	0
Total	\$ 10,410,000	\$ 3,246,019	\$ 866,602	\$ 95,848

Year Ending June 30	Other Loans (\$5,800,000 and \$1,200,000)	
	Principal	Interest
2005	\$ 242,500	\$ 314,665
2006	267,500	301,728
2007	280,000	287,364
2008	305,000	272,039
2009	325,000	255,159
2010-2014	1,732,500	1,030,120
2015-2019	2,162,500	601,315
2020-2021	1,082,500	82,125
Total	\$ 6,397,500	\$ 3,144,515

Year Ending June 30	Other Loan (\$2,000,000)			Other Fees	Total
	Principal	Interest			
2005	\$ 102,200	\$ 19,515	\$ 6,861	\$	128,576
2006	107,800	18,176	6,472		132,448
2007	113,700	16,764	6,063		136,527
2008	120,000	15,275	5,631		140,906
2009	126,500	13,703	5,175		145,378
2010-2014	745,100	41,750	18,111		804,961
2015	174,400	2,285	1,863		178,548
Total	\$ 1,489,700	\$ 127,468	\$ 50,176	\$	1,667,344

Year Ending June 30	Other Loan (\$2,775,000)			Other Fees	Total
	Principal	Interest			
2005	\$ 255,000	\$ 25,080	\$ 5,928	\$	286,008
2006	260,000	22,275	5,265		287,540
2007	265,000	19,415	4,589		289,004
2008	0	16,500	3,900		20,400
2009	0	16,500	3,900		20,400
2010-2014	590,000	79,255	18,733		687,988
2015-2017	910,000	20,075	4,745		934,820
Total	\$ 2,280,000	\$ 199,100	\$ 47,060	\$	2,526,160

There is \$994,333 available in the Debt Service Funds to service long-term debt. General bonded debt per capita amounted to \$217, based on the 2000 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases, amounted to \$443, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Bonds	Notes	Capital Leases
Governmental Activities:			
Balance, July 1, 2003	\$ 11,100,000	\$ 0	\$ 152,390
Additions	0	900,000	0
Deductions	(690,000)	(33,398)	(46,088)
	<u>\$ 10,410,000</u>	<u>\$ 866,602</u>	<u>\$ 106,302</u>
Balance, June 30, 2004			
Balance Due Within One Year	<u>\$ 720,000</u>	<u>\$ 138,290</u>	<u>\$ 48,673</u>
			Other Loans
Balance, July 1, 2003			\$ 10,446,947
Additions			0
Deductions			(556,800)
			<u>\$ 9,890,147</u>
Balance, June 30, 2004			
Balance Due Within One Year			<u>\$ 599,700</u>

The beginning balance of other loans was adjusted to reflect errors in posting principal payments and amounts drawn from loan proceeds in prior years and one loan that was issued in the prior year but was not reflected on the long-term debt schedule. These adjustments are reflected and explained in more detail on Exhibit G-1.

**F. Short-term Debt**

Coffee County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund and Education Debt Service Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2004, was as follows:

Fund	Balance			Balance
	July 1, 2003	Issued	Redeemed	
General	\$ 0	\$ 1,800,000	\$ 1,800,000	\$ 0
Education Debt Service	0	65,000	0	65,000

The note to the Education Debt Service Fund was issued from the Rural Debt Service Fund. This note was not retired by year-end, as required by state statute. The unpaid balance at June 30, 2004, is reflected as a payable in the Education Debt Service Fund and as a receivable and a reservation of fund balance in the Rural Debt Service Fund in the financial statements of this report.

#### IV. OTHER INFORMATION

##### A. Risk Management

Coffee County's, except for the Ambulance Service, risk of loss relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the pool for its general liability, property, casualty losses, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims of more than \$100,000 for each insured event.

The Coffee County Ambulance Service purchases commercial insurance for the risk of losses to which it is exposed. These risks include general liability, property, casualty, and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

**B. 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.

**C. Joint Venture**

The Fourteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourteenth Judicial District and participating municipalities in the district. The DTF interlocal agreement was signed by the sheriff of Coffee County, and the police chiefs of the cities of Manchester and Tullahoma. 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 the sheriffs and police chiefs of participating law enforcement agencies within each judicial district. Coffee County made no contributions to the DTF for the year ended June 30, 2004, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General's Office  
Fourteenth Judicial District  
307 South Woodland  
Manchester, TN 37355

**D. Jointly Governed Organization**

The Tri-County Railroad Authority is jointly operated by Coffee County, in conjunction with Warren and White Counties. The authority's board comprises the county mayor of each county and one member selected by the governing body of each county; however, the counties do not have any ongoing financial interest or responsibility for the entity.

**E. Retirement Commitments**

**Plan Description**

Employees of Coffee County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the

age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Coffee County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Coffee County requires employees to contribute 5.0 percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2004, was 6.49 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Coffee County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2004, Coffee County's annual pension cost of \$569,641 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2001, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of 3.0 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 five-year period. Coffee County's unfunded actuarial accrued liability is amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2001, was 17 years. An actuarial valuation was performed as of July 1, 2003, which established contribution rates effective July 1, 2004.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2004	\$ 569,641	100 %	\$ 0
June 30, 2003	551,361	100	0
June 30, 2002	508,969	100	0

**Required Supplementary Information**  
Schedule of Funding Progress for Coffee County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2003	\$ 13,992	\$ 16,256	\$ 2,264	86.07%	\$ 8,448	26.80%
6/30/2001	11,620	14,013	2,393	82.92	7,902	30.28
6/30/1999	9,193	11,223	2,030	81.91	7,036	28.85

**F. Purchasing Law**

Offices of County Mayor and Highway Superintendent

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., Tennessee Code Annotated (TCA), which provides for a purchasing agent to make purchases for all departments. These statutes also require the use of requisitions and purchase orders and for all purchases exceeding \$5,000 to be made on the basis of publicly advertised competitive bids.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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Exhibit D-1

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,995,314	\$ 0	\$ 0	\$ 7,995,314	\$ 7,652,228	\$ 7,826,543	\$ 168,771
Licenses and Permits	70,646	0	0	70,646	42,000	70,646	0
Fines, Forfeitures and Penalties	265,221	0	0	265,221	217,221	229,821	35,400
Charges for Current Services	913,602	0	0	913,602	626,700	641,400	272,202
Other Local Revenues	101,551	0	0	101,551	11,200	64,863	36,688
Fees Received from County Officials	869,102	0	0	869,102	744,000	890,356	(21,254)
State of Tennessee	1,461,456	0	0	1,461,456	1,463,142	1,570,942	(109,486)
Federal Government	122,197	0	0	122,197	134,786	91,186	31,011
Other Governments and Citizens Groups	8,655	0	0	8,655	20,518	22,768	(14,113)
<b>Total Revenues</b>	<b>\$ 11,807,744</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,807,744</b>	<b>\$ 10,911,795</b>	<b>\$ 11,408,525</b>	<b>\$ 399,219</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 41,050	\$ 0	\$ 0	\$ 41,050	\$ 33,616	\$ 44,381	\$ 3,331
Board of Equalization	1,870	0	0	1,870	2,691	2,691	821
Other Boards and Committees	23,916	0	0	23,916	36,872	26,107	2,191
County Mayor	152,604	0	0	152,604	162,944	162,944	10,340
County Attorney	9,310	0	0	9,310	18,800	18,800	9,490
Election Commission (Including Voter Registration)	198,584	(24)	6,023	204,583	212,172	212,172	7,589
Register of Deeds	70,024	(582)	759	70,201	72,435	72,435	2,234
Planning	85,997	(3,523)	900	83,374	90,013	90,013	6,639
County Buildings	668,788	(3,156)	12,150	677,782	659,382	679,382	1,600
Other General Administration	69,996	(161)	0	69,835	65,270	73,770	3,935
<u>Finance</u>							
Accounting and Budgeting	205,202	(1,356)	1,000	204,846	230,913	230,913	26,067
Property Assessor's Office	332,787	0	0	332,787	335,976	335,976	3,189
Reappraisal Program	45,742	0	0	45,742	10,000	10,000	(35,742)
County Trustee's Office	56,632	0	0	56,632	59,880	59,880	3,248
County Clerk's Office	132,285	(457)	3,452	135,280	103,850	140,085	4,805

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 191,780	\$ (1,942)	\$ 250	\$ 190,088	\$ 202,277	\$ 202,277	\$ 12,189
General Sessions Court	18,779	(3,721)	275	15,333	16,650	16,650	1,317
General Sessions Judge	235,144	0	195	235,339	234,713	241,283	5,944
Chancery Court	69,688	(283)	0	69,405	72,966	73,900	4,495
Judicial Commissioners	96,464	0	0	96,464	99,008	99,008	2,544
<u>Public Safety</u>							
Sheriff's Department	1,718,934	(2,717)	883	1,717,100	1,660,862	1,714,509	(2,591)
Traffic Control	30,324	0	1,044	31,368	84,500	30,500	(868)
Jail	1,276,664	(12,825)	11,800	1,275,639	1,400,388	1,400,388	124,749
Juvenile Services	222,508	(2,453)	0	220,055	263,433	263,433	43,378
Rural Fire Protection	172,000	0	0	172,000	172,000	172,000	0
Civil Defense	102,177	(16,095)	0	86,082	99,257	99,257	13,175
Rescue Squad	12,000	0	0	12,000	12,000	12,000	0
County Coroner/Medical Examiner	36,919	0	0	36,919	22,000	40,000	3,081
Other Public Safety	543,472	0	0	543,472	559,067	559,067	15,595
<u>Public Health and Welfare</u>							
Local Health Center	411,134	(3,087)	0	408,047	490,457	473,545	65,498
Rabies and Animal Control	69,590	(1,370)	0	68,220	80,168	80,168	11,948
Ambulance/Emergency Medical Services	1,249,189	(7,371)	1,207	1,243,025	1,295,342	1,295,967	52,942
Alcohol and Drug Programs	6,872	0	0	6,872	7,500	7,500	628
Appropriation to State	75,277	0	0	75,277	76,222	76,222	945
General Welfare Assistance	20,400	0	0	20,400	20,400	20,400	0
Other Waste Disposal	0	0	0	0	35,970	4,803	4,803
Postclosure Care Costs	1,102	0	0	1,102	2,000	2,000	898
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	90,097	0	0	90,097	95,000	95,000	4,903
Libraries	701,305	0	0	701,305	701,305	701,305	0
<u>Agriculture &amp; Natural Resources</u>							
Agriculture Extension Service	138,028	0	398	138,426	137,915	137,915	(511)

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture &amp; Natural Resources (Cont.)</u>							
Soil Conservation	\$ 68,675	\$ 0	\$ 0	\$ 68,675	\$ 69,343	\$ 69,343	\$ 668
<u>Other Operations</u>							
Industrial Development	171,566	0	0	171,566	180,684	171,687	121
Veterans' Services	15,198	0	0	15,198	16,335	16,335	1,137
Other Charges	806,058	0	0	806,058	741,323	758,874	(47,184)
Contributions to Other Agencies	35,780	0	0	35,780	39,780	39,780	4,000
Payments to Cities	6,000	0	0	6,000	23,500	23,500	17,500
Miscellaneous	48,019	0	0	48,019	46,000	49,240	1,221
Total Expenditures	\$ 10,735,930	\$ (61,123)	\$ 40,336	\$ 10,715,143	\$ 11,053,179	\$ 11,107,405	\$ 392,262
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,071,814	\$ 61,123	\$ (40,336)	\$ 1,107,245	\$ (141,384)	\$ 301,120	\$ 806,125
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (58,576)	\$ 0	\$ 0	\$ (58,576)	\$ 0	\$ (63,379)	\$ 4,803
Total Other Financing Sources (Uses)	\$ (58,576)	\$ 0	\$ 0	\$ (58,576)	\$ 0	\$ (63,379)	\$ 4,803
Net Change in Fund Balance	\$ 1,013,238	\$ 61,123	\$ (40,336)	\$ 1,034,025	\$ (141,384)	\$ 237,741	\$ 796,284
Fund Balance, July 1, 2003	1,102,119	(61,123)	0	1,040,996	771,715	771,715	269,281
Prior Period Adjustment	14,644	0	0	14,644	0	0	14,644
Fund Balance, June 30, 2004	\$ 2,130,001	\$ 0	\$ (40,336)	\$ 2,089,665	\$ 630,331	\$ 1,009,456	\$ 1,080,209

Exhibit D-2

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 828,656	\$ 0	\$ 0	\$ 828,656	\$ 804,478	\$ 812,078	\$ 16,578
Licenses and Permits	7,033	0	0	7,033	6,000	6,000	1,033
Charges for Current Services	28,961	0	0	28,961	76,491	47,099	(18,138)
Other Local Revenues	81,366	0	0	81,366	13,000	13,000	68,366
State of Tennessee	90,012	0	0	90,012	86,702	94,202	(4,190)
<b>Total Revenues</b>	<b>\$ 1,036,028</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,036,028</b>	<b>\$ 986,671</b>	<b>\$ 972,379</b>	<b>\$ 63,649</b>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 133,954	\$ (7,248)	\$ 2,434	\$ 129,140	\$ 136,015	\$ 136,015	\$ 6,875
Waste Pickup	515,554	(4,181)	424	511,797	508,447	528,447	16,650
Convenience Centers	236,770	(3,175)	0	233,595	239,948	245,673	12,078
Other Waste Collection	58,440	0	0	58,440	72,672	72,672	14,232
<u>Other Operations</u>							
Employee Benefits	92	0	0	92	0	0	(92)
<b>Total Expenditures</b>	<b>\$ 944,810</b>	<b>\$ (14,604)</b>	<b>\$ 2,858</b>	<b>\$ 933,064</b>	<b>\$ 957,082</b>	<b>\$ 982,807</b>	<b>\$ 49,743</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 91,218	\$ 14,604	\$ (2,858)	\$ 102,964	\$ 29,589	\$ (10,428)	\$ 113,392
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 31,167	\$ 0	\$ 0	\$ 31,167	\$ 0	\$ 31,167	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 31,167</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 31,167</b>	<b>\$ 0</b>	<b>\$ 31,167</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ 122,385	\$ 14,604	\$ (2,858)	\$ 134,131	\$ 29,589	\$ 20,739	\$ 113,392
Fund Balance, July 1, 2003	479,817	(14,604)	0	465,213	443,327	443,327	21,886
<b>Fund Balance, June 30, 2004</b>	<b>\$ 602,202</b>	<b>\$ 0</b>	<b>\$ (2,858)</b>	<b>\$ 599,344</b>	<b>\$ 472,916</b>	<b>\$ 464,066</b>	<b>\$ 135,278</b>

Exhibit D-3

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual and Budget  
Local Purpose Tax Fund  
For the Year Ended June 30, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 60,419	\$ 55,081	\$ 55,081	\$ 5,338
Total Revenues	\$ 60,419	\$ 55,081	\$ 55,081	\$ 5,338
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 51,210	\$ 50,700	\$ 50,700	\$ (510)
Total Expenditures	\$ 51,210	\$ 50,700	\$ 50,700	\$ (510)
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,209	\$ 4,381	\$ 4,381	\$ 4,828
Net Change in Fund Balance	\$ 9,209	\$ 4,381	\$ 4,381	\$ 4,828
Fund Balance, July 1, 2003	2,519	2,428	2,428	91
Fund Balance, June 30, 2004	\$ 11,728	\$ 6,809	\$ 6,809	\$ 4,919

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2004

Exhibit D-4

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 87,706	\$ 0	\$ 87,706	\$ 87,000	\$ 87,000	\$ 706
Other Local Revenues	36,964	0	36,964	9,000	9,000	27,964
State of Tennessee	2,128,705	0	2,128,705	2,051,312	2,051,312	77,393
Total Revenues	<u>\$ 2,253,375</u>	<u>\$ 0</u>	<u>\$ 2,253,375</u>	<u>\$ 2,147,312</u>	<u>\$ 2,147,312</u>	<u>\$ 106,063</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 151,603	\$ 0	\$ 151,603	\$ 156,535	\$ 156,535	\$ 4,932
Highway and Bridge Maintenance	1,079,083	0	1,079,083	1,145,100	1,145,100	66,017
Operation and Maintenance of Equipment	180,065	989	181,054	179,200	210,500	29,446
Quarry Operations	245,269	29,909	275,178	243,200	264,200	(10,978)
Other Charges	206,163	166	206,329	209,290	209,290	2,961
Employee Benefits	291,750	0	291,750	351,000	351,000	59,250
Capital Outlay	0	0	0	33,446	4,000	4,000
<u>Principal</u>						
Highways and Streets	46,088	0	46,088	41,791	41,791	(4,297)
<u>Interest</u>						
Highways and Streets	7,179	0	7,179	8,541	8,541	1,362
Total Expenditures	<u>\$ 2,207,200</u>	<u>\$ 31,064</u>	<u>\$ 2,238,264</u>	<u>\$ 2,368,103</u>	<u>\$ 2,390,957</u>	<u>\$ 152,693</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,175</u>	<u>\$ (31,064)</u>	<u>\$ 15,111</u>	<u>\$ (220,791)</u>	<u>\$ (243,645)</u>	<u>\$ 258,756</u>
Net Change in Fund Balance	\$ 46,175	\$ (31,064)	\$ 15,111	\$ (220,791)	\$ (243,645)	\$ 258,756
Fund Balance, July 1, 2003	1,083,397	0	1,083,397	708,488	708,488	374,909
Fund Balance, June 30, 2004	<u>\$ 1,129,572</u>	<u>\$ (31,064)</u>	<u>\$ 1,098,508</u>	<u>\$ 487,697</u>	<u>\$ 464,843</u>	<u>\$ 633,665</u>

**COFFEE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2004**

**A. BUDGETARY INFORMATION**

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

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

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

**B. ACTUAL BEGINNING FUND BALANCE EXCEEDED ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT**

The actual beginning fund balance in the Highway/Public Works Fund was \$1,083,397 at July 1, 2003; however, the estimated fund balance reflected in the county's budget document was only \$708,488. Therefore, the actual fund balance was \$374,909 more than the estimated fund balance presented to the County Commission during the budget approval process.

**C. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the Local Purpose Tax Fund by \$510, as presented in Exhibit D-3.

Expenditures and encumbrances exceeded appropriations approved by the County Commission in five of 49 major categories (the legal level of control) in the General Fund, in one of six major categories in the Solid Waste/Sanitation Fund, and in two of nine major categories of the Highway/Public Works Fund as follows:

General Fund

Reappraisal Program	\$ 35,742
Sheriff's Department	2,591
Traffic Control	868
Agriculture Extension Service	511
Other Charges	47,184

Solid Waste/Sanitation Fund

Employee Benefits	\$ 92
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Highway/Public Works

Quarry Operations	\$ 10,978
Principal - Highways and Streets	4,297

Such overexpenditures are a violation of state statutes. In each of these funds, the overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for revenues and expenditures associated with the Coffee County Joint Industrial Park. Expenditures are limited to industrial purposes.

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

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

Commissary Fund – The Commissary Fund is used to account for transactions of the commissary operation administered by the Sheriff's Office.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are transferred to the county's General Fund.

Bridge Fund – The Bridge Fund is used to account for transactions of the county Highway Department relating to the construction and repair of bridges.

# Debt Service Funds

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Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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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, general long-term debt principal, interest, and related costs.

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of school projects outside the territorial limits of the Special School District.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, bonds issued for improvements to the county's senior high school.

# Capital Projects Funds

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The Capital Projects Funds are used to account for the receipt of debt and other financial resources to be used for the acquisition or construction of major capital facilities.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county. The remaining balance in this fund represents unexpended bond proceeds to be used for various projects including renovation of the justice center and construction of a workhouse at the jail.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for capital outlay note proceeds issued by Coffee County and paid to the Coffee County School Department.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for expenditures related to the acquisition and repair of capital assets of the Coffee County Ambulance Department.

Exhibit E-1

Coffee County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

Special Revenue Funds

	Industrial / Economic Development	Drug Control	District Attorney General	Commissary	Constitu- tional Officers - Fees	Bridge	Total
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 767	\$ 330,707	\$ 0	\$ 331,474
Equity in Pooled Cash and Investments	9,318	64,146	15,235	16,961	0	10,662	116,322
Accounts Receivable	0	6,182	0	5,400	2,243	0	13,825
Due from Other Governments	0	0	0	0	0	0	0
Due from Other Funds	0	387	732	0	0	0	1,119
Property Taxes Receivable	0	0	0	0	0	0	0
Allowance for Uncollectible Property Taxes	0	0	0	0	0	0	0
Total Assets	\$ 9,318	\$ 70,715	\$ 15,967	\$ 23,128	\$ 332,950	\$ 10,662	\$ 462,740
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,729	\$ 0	\$ 0	\$ 1,729
Due to Other Funds	5	0	0	7,107	45,782	0	52,894
Deferred Revenue - Current Property Taxes	0	0	0	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0	0	0
Other Deferred Revenues	0	0	0	0	0	0	0
Total Liabilities	\$ 5	\$ 0	\$ 0	\$ 8,836	\$ 45,782	\$ 0	\$ 54,623
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 1,045	\$ 0	\$ 0	\$ 1,631	\$ 0	\$ 0	\$ 2,676
Reserved for Other General Purposes	0	0	0	0	0	0	0
Unreserved	8,268	70,715	15,967	12,661	287,168	10,662	405,441
Total Fund Balances	\$ 9,313	\$ 70,715	\$ 15,967	\$ 14,292	\$ 287,168	\$ 10,662	\$ 408,117
Total Liabilities And Fund Balances	\$ 9,318	\$ 70,715	\$ 15,967	\$ 23,128	\$ 332,950	\$ 10,662	\$ 462,740

(Continued)

Exhibit E-1

Coffee County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds (Cont.)

	Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	General Debt Service	Rural Debt Service	Education Debt Service	Total	General Capital Projects	Other Capital Projects	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	331,474
Equity in Pooled Cash and Investments	470,180	386,419	165,529	1,022,128	360,290	304,644	664,934	1,803,384
Accounts Receivable	0	0	0	0	0	0	0	13,825
Due from Other Governments	0	51,467	0	51,467	27,891	0	27,891	79,358
Due from Other Funds	49,443	65,000	0	114,443	24,341	0	24,341	139,903
Property Taxes Receivable	1,065,464	1,006,271	473,540	2,545,275	0	0	0	2,545,275
Allowance for Uncollectible Property Taxes	(31,002)	(29,279)	(13,779)	(74,060)	0	0	0	(74,060)
Total Assets	\$ 1,554,085	\$ 1,479,878	\$ 625,290	\$ 3,659,253	\$ 412,522	\$ 304,644	\$ 717,166	\$ 4,839,159
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 2,500	\$ 0	\$ 0	\$ 2,500	\$ 14,014	\$ 0	\$ 14,014	\$ 18,243
Due to Other Funds	0	44,056	65,000	109,056	0	159,644	159,644	321,594
Deferred Revenue - Current Property Taxes	1,006,094	950,200	447,153	2,403,447	0	0	0	2,403,447
Deferred Revenue - Delinquent Property Taxes	28,368	26,792	12,608	67,768	0	0	0	67,768
Other Deferred Revenues	0	17,149	0	17,149	0	0	0	17,149
Total Liabilities	\$ 1,036,962	\$ 1,038,197	\$ 524,761	\$ 2,599,920	\$ 14,014	\$ 159,644	\$ 173,658	\$ 2,828,201
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 106,003	\$ 0	\$ 106,003	\$ 108,679
Reserved for Other General Purposes	0	65,000	0	65,000	0	0	0	65,000
Unreserved	517,123	376,681	100,529	994,333	292,505	145,000	437,505	1,837,279
Total Fund Balances	\$ 517,123	\$ 441,681	\$ 100,529	\$ 1,059,333	\$ 398,508	\$ 145,000	\$ 543,508	\$ 2,010,958
Total Liabilities And Fund Balances	\$ 1,554,085	\$ 1,479,878	\$ 625,290	\$ 3,659,253	\$ 412,522	\$ 304,644	\$ 717,166	\$ 4,839,159

Exhibit E-2

Coffee County, Tennessee  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2004

	Special Revenue Funds						Total
	Industrial / Economic Development	Drug Control	District Attorney General	Commissary	Constitu- tional Officers - Fees	Bridge	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Fines, Forfeitures and Penalties	0	17,211	11,745	0	0	0	28,956
Charges for Current Services	0	0	0	4,384	1,184,378	0	1,188,762
Other Local Revenues	0	25,111	36	118,170	0	0	143,317
State of Tennessee	0	0	0	0	0	0	0
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	13,496	6,682	0	0	0	0	20,178
Total Revenues	\$ 13,496	\$ 49,004	\$ 11,781	\$ 122,554	\$ 1,184,378	\$ 0	\$ 1,381,213
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	147,335	\$ 0	147,335
Finance	0	0	0	0	403,048	0	403,048
Administration of Justice	0	0	21,088	0	635,190	0	656,278
Public Safety	0	78,727	0	108,248	94	0	187,069
Public Health and Welfare	0	0	0	0	0	0	0
Other Operations	21,506	0	0	14	0	0	21,520
Debt Service:							
Principal	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	\$ 21,506	\$ 78,727	\$ 21,088	\$ 108,262	\$ 1,185,667	\$ 0	\$ 1,415,250
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,010)	\$ (29,723)	\$ (9,307)	\$ 14,292	\$ (1,289)	\$ 0	\$ (34,037)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Transfers In	8,997	0	0	0	0	0	8,997
Total Other Financing Sources (Uses)	\$ 8,997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,997
Net Change in Fund Balances	\$ 987	\$ (29,723)	\$ (9,307)	\$ 14,292	\$ (1,289)	\$ 0	(25,040)
Fund Balance, July 1, 2003	8,326	100,438	25,274	0	288,457	10,662	433,157
Prior Period Adjustment	0	0	0	0	0	0	0
Fund Balance, June 30, 2004	\$ 9,313	\$ 70,715	\$ 15,967	\$ 14,292	\$ 287,168	\$ 10,662	\$ 408,117

(Continued)

Exhibit E-2

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

	Debt Service Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	General Debt Service	Rural Debt Service	Education Debt Service	Total	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	
<b>Revenues</b>									
Local Taxes	\$ 1,271,301	\$ 653,311	\$ 315,999	\$ 2,240,611	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,240,611
Fines, Forfeitures and Penalties	0	0	0	0	0	0	0	0	28,956
Charges for Current Services	0	0	0	0	4,310	0	0	4,310	1,193,072
Other Local Revenues	203,679	0	0	203,679	0	0	0	0	346,996
State of Tennessee	0	0	0	0	176,578	0	0	176,578	176,578
Federal Government	0	0	0	0	69,370	0	0	69,370	69,370
Other Governments and Citizens Groups	0	0	0	0	0	0	0	0	20,178
<b>Total Revenues</b>	<b>\$ 1,474,980</b>	<b>\$ 653,311</b>	<b>\$ 315,999</b>	<b>\$ 2,444,290</b>	<b>\$ 250,258</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 250,258</b>	<b>\$ 4,075,761</b>
<b>Expenditures</b>									
Current:									
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 147,335
Finance	0	0	0	0	0	0	0	0	403,048
Administration of Justice	0	0	0	0	0	0	0	0	656,278
Public Safety	0	0	0	0	0	0	0	0	187,069
Public Health and Welfare	0	0	0	0	0	0	17,008	17,008	17,008
Other Operations	0	0	0	0	0	0	0	0	21,520
Principal	676,800	508,398	95,000	1,280,198	0	0	0	0	1,280,198
Interest	549,951	188,004	192,736	931,136	0	0	0	0	931,136
Other Debt Service	40,332	11,285	7,530	58,702	0	0	0	0	58,702
Capital Projects	0	0	0	0	854,573	0	150	854,723	854,723
Capital Projects - Donated	0	0	0	0	0	900,000	0	900,000	900,000
<b>Total Expenditures</b>	<b>\$ 1,267,083</b>	<b>\$ 707,687</b>	<b>\$ 295,266</b>	<b>\$ 2,270,036</b>	<b>\$ 854,573</b>	<b>\$ 900,000</b>	<b>\$ 17,158</b>	<b>\$ 1,771,731</b>	<b>\$ 5,457,017</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 207,897	\$ (54,376)	\$ 20,733	\$ 174,254	\$ (604,315)	\$ (900,000)	\$ (17,158)	\$ (1,521,473)	\$ (1,381,256)
<b>Other Financing Sources (Uses)</b>									
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 900,000	\$ 0	\$ 900,000	\$ 900,000
Transfers In	0	0	0	0	18,412	0	0	18,412	27,409
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 18,412</b>	<b>\$ 900,000</b>	<b>\$ 0</b>	<b>\$ 918,412</b>	<b>\$ 927,409</b>
Net Change in Fund Balances	\$ 207,897	\$ (54,376)	\$ 20,733	\$ 174,254	\$ (585,903)	\$ 0	\$ (17,158)	\$ (603,061)	\$ (453,847)
Fund Balance, July 1, 2003	309,226	496,057	79,796	885,079	984,411	0	176,802	1,161,213	2,479,449
Prior Period Adjustment	0	0	0	0	0	0	(14,644)	(14,644)	(14,644)
<b>Fund Balance, June 30, 2004</b>	<b>\$ 517,123</b>	<b>\$ 441,681</b>	<b>\$ 100,529</b>	<b>\$ 1,059,333</b>	<b>\$ 398,508</b>	<b>\$ 0</b>	<b>\$ 145,000</b>	<b>\$ 543,508</b>	<b>\$ 2,010,958</b>

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Industrial/Economic Development Fund  
For the Year Ended June 30, 2004

Exhibit E-3

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Governments and Citizens Groups	\$ 13,496	\$ 0	\$ 13,496	\$ 13,496	\$ 13,496	\$ 0
Total Revenues	\$ 13,496	\$ 0	\$ 13,496	\$ 13,496	\$ 13,496	\$ 0
<u>Expenditures</u>						
<u>Other Operations</u>						
Industrial Development	\$ 21,506	\$ 1,045	\$ 22,551	\$ 22,493	\$ 22,493	\$ (58)
Total Expenditures	\$ 21,506	\$ 1,045	\$ 22,551	\$ 22,493	\$ 22,493	\$ (58)
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,010)	\$ (1,045)	\$ (9,055)	\$ (8,997)	\$ (8,997)	\$ (58)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 8,997	\$ 0	\$ 8,997	\$ 8,997	\$ 8,997	\$ 0
Total Other Financing Sources (Uses)	\$ 8,997	\$ 0	\$ 8,997	\$ 8,997	\$ 8,997	\$ 0
Net Change in Fund Balance	\$ 987	\$ (1,045)	\$ (58)	\$ 0	\$ 0	\$ (58)
Fund Balance, July 1, 2003	8,326	0	8,326	7,541	7,541	785
Fund Balance, June 30, 2004	\$ 9,313	\$ (1,045)	\$ 8,268	\$ 7,541	\$ 7,541	\$ 727

Exhibit E-4

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures and Penalties	\$ 17,211	\$ 0	\$ 17,211	\$ 1,238	\$ 14,948	\$ 2,263
Other Local Revenues	25,111	0	25,111	10,000	38,686	(13,575)
Other Governments and Citizens Groups	6,682	0	6,682	500	500	6,182
Total Revenues	<u>\$ 49,004</u>	<u>\$ 0</u>	<u>\$ 49,004</u>	<u>\$ 11,738</u>	<u>\$ 54,134</u>	<u>\$ (5,130)</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 78,727	\$ (1,485)	\$ 77,242	\$ 60,100	\$ 84,108	\$ 6,866
Total Expenditures	<u>\$ 78,727</u>	<u>\$ (1,485)</u>	<u>\$ 77,242</u>	<u>\$ 60,100</u>	<u>\$ 84,108</u>	<u>\$ 6,866</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (29,723)</u>	<u>\$ 1,485</u>	<u>\$ (28,238)</u>	<u>\$ (48,362)</u>	<u>\$ (29,974)</u>	<u>\$ 1,736</u>
Net Change in Fund Balance	\$ (29,723)	\$ 1,485	\$ (28,238)	\$ (48,362)	\$ (29,974)	\$ 1,736
Fund Balance, July 1, 2003	<u>100,438</u>	<u>(1,485)</u>	<u>98,953</u>	<u>98,314</u>	<u>98,314</u>	<u>639</u>
Fund Balance, June 30, 2004	<u>\$ 70,715</u>	<u>\$ 0</u>	<u>\$ 70,715</u>	<u>\$ 49,952</u>	<u>\$ 68,340</u>	<u>\$ 2,375</u>

Exhibit E-5

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Commissary Fund  
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 4,384	\$ 0	\$ 4,384	\$ 0	\$ 3,922	\$ 462
Other Local Revenues	118,170	0	118,170	0	88,761	29,409
Total Revenues	<u>\$ 122,554</u>	<u>\$ 0</u>	<u>\$ 122,554</u>	<u>\$ 0</u>	<u>\$ 92,683</u>	<u>\$ 29,871</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Commissary	\$ 108,248	\$ 1,631	\$ 109,879	\$ 0	\$ 61,804	\$ (48,075)
<u>Other Operations</u>						
Other Charges	14	0	14	0	0	(14)
Total Expenditures	<u>\$ 108,262</u>	<u>\$ 1,631</u>	<u>\$ 109,893</u>	<u>\$ 0</u>	<u>\$ 61,804</u>	<u>\$ (48,089)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,292</u>	<u>\$ (1,631)</u>	<u>\$ 12,661</u>	<u>\$ 0</u>	<u>\$ 30,879</u>	<u>\$ (18,218)</u>
Net Change in Fund Balance	\$ 14,292	\$ (1,631)	\$ 12,661	\$ 0	\$ 30,879	\$ (18,218)
Fund Balance, July 1, 2003	0	0	0	0	0	0
Fund Balance, June 30, 2004	<u>\$ 14,292</u>	<u>\$ (1,631)</u>	<u>\$ 12,661</u>	<u>\$ 0</u>	<u>\$ 30,879</u>	<u>\$ (18,218)</u>

Exhibit E-6

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,271,301	\$ 1,244,950	\$ 1,244,950	\$ 26,351
Other Local Revenues	203,679	267,944	267,944	(64,265)
Total Revenues	<u>\$ 1,474,980</u>	<u>\$ 1,512,894</u>	<u>\$ 1,512,894</u>	<u>\$ (37,914)</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 676,800	\$ 676,800	\$ 676,800	\$ 0
<u>Interest</u>				
General Government	549,951	656,237	656,237	106,286
<u>Other Debt Service</u>				
General Government	40,332	43,315	43,315	2,983
Total Expenditures	<u>\$ 1,267,083</u>	<u>\$ 1,376,352</u>	<u>\$ 1,376,352</u>	<u>\$ 109,269</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 207,897</u>	<u>\$ 136,542</u>	<u>\$ 136,542</u>	<u>\$ 71,355</u>
Net Change in Fund Balance	\$ 207,897	\$ 136,542	\$ 136,542	\$ 71,355
Fund Balance, July 1, 2003	<u>309,226</u>	<u>314,179</u>	<u>314,179</u>	<u>(4,953)</u>
Fund Balance, June 30, 2004	<u>\$ 517,123</u>	<u>\$ 450,721</u>	<u>\$ 450,721</u>	<u>\$ 66,402</u>

Exhibit E-7

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual and Budget  
Rural Debt Service Fund  
For the Year Ended June 30, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 653,311	\$ 670,814	\$ 670,814	\$ (17,503)
Total Revenues	<u>\$ 653,311</u>	<u>\$ 670,814</u>	<u>\$ 670,814</u>	<u>\$ (17,503)</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 508,398	\$ 475,000	\$ 475,000	\$ (33,398)
<u>Interest</u>				
Education	188,004	199,761	199,761	11,757
<u>Other Debt Service</u>				
Education	11,285	15,000	15,000	3,715
Total Expenditures	<u>\$ 707,687</u>	<u>\$ 689,761</u>	<u>\$ 689,761</u>	<u>\$ (17,926)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (54,376)</u>	<u>\$ (18,947)</u>	<u>\$ (18,947)</u>	<u>\$ (35,429)</u>
Net Change in Fund Balance	\$ (54,376)	\$ (18,947)	\$ (18,947)	\$ (35,429)
Fund Balance, July 1, 2003	<u>496,057</u>	<u>955,759</u>	<u>955,759</u>	<u>(459,702)</u>
Fund Balance, June 30, 2004	<u>\$ 441,681</u>	<u>\$ 936,812</u>	<u>\$ 936,812</u>	<u>\$ (495,131)</u>

Exhibit E-8

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 315,999	\$ 316,591	\$ 316,591	\$ (592)
Total Revenues	\$ 315,999	\$ 316,591	\$ 316,591	\$ (592)
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 95,000	\$ 95,000	\$ 95,000	\$ 0
<u>Interest</u>				
Education	192,736	192,736	192,736	0
<u>Other Debt Service</u>				
Education	7,530	7,000	7,000	(530)
Total Expenditures	\$ 295,266	\$ 294,736	\$ 294,736	\$ (530)
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,733	\$ 21,855	\$ 21,855	\$ (1,122)
Net Change in Fund Balance	\$ 20,733	\$ 21,855	\$ 21,855	\$ (1,122)
Fund Balance, July 1, 2003	79,796	83,078	83,078	(3,282)
Fund Balance, June 30, 2004	\$ 100,529	\$ 104,933	\$ 104,933	\$ (4,404)

# Agency Funds

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

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

City School ADA - Tullahoma Fund – The City School ADA - Tullahoma Fund is used to account for the Tullahoma City School’s share of education revenues collected by the county that must be apportioned between the school system on a average daily attendance basis.

City School ADA - Manchester Fund – The City School ADA - Manchester Fund is used to account for the Manchester City School’s share of education revenues collected by the county that must be apportioned between the school system on a average daily attendance basis.

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

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

Exhibit F-1

Coffee County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2004

	Agency Funds					Total
	Cities - Sales Tax	City School ADA- Tulahoma Fund	City School ADA- Manchester Fund	Constitu- tional Officers - Agency	Judicial District Drug Fund	
<b><u>ASSETS</u></b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 1,548,473	\$ 0	\$ 1,548,473
Equity in Pooled Cash and Investments	0	46,105	17,356	0	172,289	235,750
Accounts Receivable	0	208	78	0	6,656	6,942
Due from Other Governments	1,470,817	160	60	0	0	1,471,037
Due from Other Funds	0	0	0	0	7,849	7,849
Property Taxes Receivable	0	4,139,052	1,114,613	0	0	5,253,665
Allowance for Uncollectible Property Taxes	0	(117,667)	(31,258)	0	0	(148,925)
Cash Shortage	0	0	0	250	0	250
Total Assets	<u>\$ 1,470,817</u>	<u>\$ 4,067,858</u>	<u>\$ 1,100,849</u>	<u>\$ 1,548,723</u>	<u>\$ 186,794</u>	<u>\$ 8,375,041</u>
<b><u>LIABILITIES</u></b>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 51,366	\$ 0	\$ 51,366
Due to Other Taxing Units	1,470,817	4,067,858	1,100,849	0	0	6,639,524
Due to Litigants, Heirs and Others	0	0	0	1,497,357	0	1,497,357
Due to Joint Ventures	0	0	0	0	186,794	186,794
Total Liabilities	<u>\$ 1,470,817</u>	<u>\$ 4,067,858</u>	<u>\$ 1,100,849</u>	<u>\$ 1,548,723</u>	<u>\$ 186,794</u>	<u>\$ 8,375,041</u>

## Exhibit F-2

Coffee County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2004

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 8,224,920	\$ 8,224,920	\$ 0
Due From Other Governments	1,486,849	1,470,817	1,486,849	1,470,817
Total Assets	<u>\$ 1,486,849</u>	<u>\$ 9,695,737</u>	<u>\$ 9,711,769</u>	<u>\$ 1,470,817</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 1,486,849</u>	<u>\$ 9,695,737</u>	<u>\$ 9,711,769</u>	<u>\$ 1,470,817</u>
Total Liabilities	<u>\$ 1,486,849</u>	<u>\$ 9,695,737</u>	<u>\$ 9,711,769</u>	<u>\$ 1,470,817</u>
<u>City School ADA-Tulahoma Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 22,696	\$ 3,238,934	\$ 3,215,525	\$ 46,105
Account Receivable	285	208	285	208
Due From Other Governments	254	160	254	160
Property Taxes Receivable	3,945,876	4,139,052	3,945,876	4,139,052
Allowance for Uncollectible Property Taxes	(103,634)	103,634	117,667	(117,667)
Total Assets	<u>\$ 3,865,477</u>	<u>\$ 7,481,988</u>	<u>\$ 7,279,607</u>	<u>\$ 4,067,858</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 3,865,477</u>	<u>\$ 7,481,988</u>	<u>\$ 7,279,607</u>	<u>\$ 4,067,858</u>
Total Liabilities	<u>\$ 3,865,477</u>	<u>\$ 7,481,988</u>	<u>\$ 7,279,607</u>	<u>\$ 4,067,858</u>
<u>City School ADA-Manchester Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 77,658	\$ 2,046,842	\$ 2,107,144	\$ 17,356
Accounts Receivable	104	78	104	78
Due From Other Governments	168,465	60	168,465	60
Property Taxes Receivable	1,062,458	1,114,613	1,062,458	1,114,613
Allowance for Uncollectible Property Taxes	(27,520)	27,520	31,258	(31,258)
Total Assets	<u>\$ 1,281,165</u>	<u>\$ 3,189,113</u>	<u>\$ 3,369,429</u>	<u>\$ 1,100,849</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 1,281,165</u>	<u>\$ 3,189,113</u>	<u>\$ 3,369,429</u>	<u>\$ 1,100,849</u>
Total Liabilities	<u>\$ 1,281,165</u>	<u>\$ 3,189,113</u>	<u>\$ 3,369,429</u>	<u>\$ 1,100,849</u>

(Continued)

Exhibit F-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,695,018	\$ 9,165,390	\$ 9,311,935	\$ 1,548,473
Cash Shortage	250	0	0	250
Total Assets	\$ 1,695,268	\$ 9,165,390	\$ 9,311,935	\$ 1,548,723
<u>Liabilities</u>				
Due to Other Funds	\$ 63,832	\$ 51,366	\$ 63,832	\$ 51,366
Due to Litigants, Heirs, and Others	1,631,436	9,114,024	9,248,103	1,497,357
Total Liabilities	\$ 1,695,268	\$ 9,165,390	\$ 9,311,935	\$ 1,548,723
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 106,972	\$ 313,291	\$ 247,974	\$ 172,289
Accounts Receivable	0	6,656	0	6,656
Due From Other Funds	1,217	7,849	1,217	7,849
Total Assets	\$ 108,189	\$ 327,796	\$ 249,191	\$ 186,794
<u>Liabilities</u>				
Payroll Deduction Payable	\$ 2,066	\$ 0	\$ 2,066	\$ 0
Due to Joint Ventures	106,123	327,796	247,125	186,794
Total Liabilities	\$ 108,189	\$ 327,796	\$ 249,191	\$ 186,794
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,695,018	\$ 9,165,390	\$ 9,311,935	\$ 1,548,473
Equity in Pooled Cash and Investments	207,326	13,823,987	13,795,563	235,750
Accounts Receivable	389	6,942	389	6,942
Due From Other Governments	1,655,568	1,471,037	1,655,568	1,471,037
Due From Other Funds	1,217	7,849	1,217	7,849
Property Taxes Receivable	5,008,334	5,253,665	5,008,334	5,253,665
Allowance for Uncollectible Property Taxes	(131,154)	131,154	148,925	(148,925)
Cash Shortage	250	0	0	250
Total Assets	\$ 8,436,948	\$ 29,860,024	\$ 29,921,931	\$ 8,375,041
<u>Liabilities</u>				
Payroll Deduction Payable	\$ 2,066	\$ 0	\$ 2,066	\$ 0
Due to Other Funds	63,832	51,366	63,832	51,366
Due to Other Taxing Units	6,633,491	20,366,838	20,360,805	6,639,524
Due to Litigants, Heirs, and Others	1,631,436	9,114,024	9,248,103	1,497,357
Due to Joint Ventures	106,123	327,796	247,125	186,794
Total Liabilities	\$ 8,436,948	\$ 29,860,024	\$ 29,921,931	\$ 8,375,041

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# MISCELLANEOUS SCHEDULES

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Coffee County, Tennessee  
Schedule of Changes in General Long-term Capital Leases, Notes, Other Loans, and Bonds  
 For the Year Ended June 30, 2004

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/03	Issued During Period	Matured During Period	Outstanding 6/30/04
<b>CAPITAL LEASES</b>								
<u>Payable through Highway/Public Works Fund:</u>								
Roller	\$ 67,903	6.00 %	7/15/01	6/15/06	\$ 42,937	\$ 0	\$ 11,710	\$ 31,227
Paver	165,000	5.25	8/15/01	8/15/06	109,453	0	34,378	75,075
Total Capital Leases					<u>\$ 152,390</u>	<u>\$ 0</u>	<u>\$ 46,088</u>	<u>\$ 106,302</u>
<b>NOTES PAYABLE</b>								
<u>Payable through Rural Debt Service Fund:</u>								
School Repairs	900,000	3.50	2/26/04	3/1/10	<u>\$ 0</u>	<u>\$ 900,000</u>	<u>\$ 33,398</u>	<u>\$ 866,602</u>
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund:</u>								
Renovation of Coffee County Administrative Plaza	2,000,000	Variable	10/31/95	10/31/15	\$ 1,586,500 (1)	\$ 0	\$ 96,800	\$ 1,489,700
Public Facilities, Industrial Park, and Water/Sewer Projects	4,050,000	3.75 to 5.0	1/1/01	2/1/21	3,925,000 (1)	0	65,000	3,860,000
Convention Center Project	1,750,000	3.75 to 5.0	1/1/01	2/1/21	1,732,500 (2)	0	20,000	1,712,500
Public Facilities, Industrial Park, and Water/Sewer Projects	1,200,000	5.8 to 6.7	1/1/01	2/1/09	960,000	0	135,000	825,000
Public Improvement Projects	1,500,000 (3)	Variable	10/24/02	6/1/17	1,222,947 (1)	0	0	1,222,947
Total Payable through General Debt Service Fund					<u>\$ 9,426,947</u>	<u>\$ 0</u>	<u>\$ 316,800</u>	<u>\$ 9,110,147</u>
<u>Payable through Rural Debt Service Fund:</u>								
Rural School Refunding, Series 2002	1,275,000 (3)	Variable	10/24/02	6/1/07	\$ 1,020,000	\$ 0	\$ 240,000	\$ 780,000
Total Other Loans Payable					<u>\$ 10,446,947</u>	<u>\$ 0</u>	<u>\$ 556,800</u>	<u>\$ 9,890,147</u>
<b>GENERAL BONDED DEBT</b>								
<u>Payable through General Debt Service Fund:</u>								
General Obligation Public Improvement Bonds	1,500,000	3.70 to 4.40	8/1/98	8/1/08	\$ 825,000	\$ 0	\$ 150,000	\$ 675,000
General Obligation Public Improvement Bonds	2,500,000	4.55 to 5.15	3/1/00	3/1/12	2,300,000	0	210,000	2,090,000
Total payable through General Debt Service Fund					<u>\$ 3,125,000</u>	<u>\$ 0</u>	<u>\$ 360,000</u>	<u>\$ 2,765,000</u>
<u>Payable through Rural Debt Service Fund:</u>								
Rural School Refunding, Series 1998	4,075,000	3.85 to 4.90	2/1/98	2/1/15	\$ 3,535,000	\$ 0	\$ 235,000	\$ 3,300,000
<u>Payable through Education Debt Service Fund:</u>								
Senior High School Bonds, Series 1996	3,250,000	5.00 to 5.75	8/1/96	9/1/16	\$ 130,000	\$ 0	\$ 25,000	\$ 105,000
Senior High School Refunding Bonds, Series 1998	3,305,000	3.90 to 4.50	9/1/98	2/1/17	3,245,000	0	20,000	3,225,000
Senior High School Bonds, Series 1999	1,250,000	3.50 to 4.75	12/1/98	2/1/18	1,065,000	0	50,000	1,015,000
Total payable through Education Debt Service Fund					<u>\$ 4,440,000</u>	<u>\$ 0</u>	<u>\$ 95,000</u>	<u>\$ 4,345,000</u>
Total General Bonded Debt					<u>\$ 11,100,000</u>	<u>\$ 0</u>	<u>\$ 690,000</u>	<u>\$ 10,410,000</u>

- (1) The beginning balances were adjusted due to errors in posting principal payments and loan drawdowns in prior years.
- (2) This loan was issued in 2002-2003, but was not reflected on the prior year's debt schedule. The beginning balance noted above represents the original amount of the loan issued less a \$17,500 payment to principal made in 2002-2003.
- (3) The total amount authorized for loan to the county from the Blount County Public Building Authority is \$2,775,000. The county has drawn \$2,497,947 of these loan proceeds. These loans have been reclassified from general bonded debt to other loans payable in the current period.

Exhibit G-2

Coffee County, Tennessee  
Schedule of Bond and Interest Requirements by Year  
General Bonded Debt

Year	Bond Requirements	Interest Requirements	Total Requirements
7/1/04 to 6/30/05	\$ 720,000	\$ 474,162	\$ 1,194,162
7/1/05 6/30/06	755,000	442,321	1,197,321
7/1/06 6/30/07	785,000	408,407	1,193,407
7/1/07 6/30/08	965,000	370,245	1,335,245
7/1/08 6/30/09	825,000	326,933	1,151,933
7/1/09 6/30/10	860,000	289,380	1,149,380
7/1/10 6/30/11	905,000	249,407	1,154,407
7/1/11 6/30/12	945,000	207,170	1,152,170
7/1/12 6/30/13	665,000	162,282	827,282
7/1/13 6/30/14	695,000	131,651	826,651
7/1/14 6/30/15	735,000	98,840	833,840
7/1/15 6/30/16	710,000	56,583	766,583
7/1/16 6/30/17	745,000	23,888	768,888
7/1/17 6/30/18	100,000	4,750	104,750
Total	\$ 10,410,000	\$ 3,246,019	\$ 13,656,019

Exhibit G-3

Coffee County, Tennessee  
Schedule of Transfers - All Funds  
For the Year Ended June 30, 2004

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	Operations	\$ 31,167
General	Industrial/Economic Development	Operations	8,997
General	General Capital Projects	Health department building project	<u>18,412</u>
Total Transfers			<u>\$ 58,576</u>

Coffee County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
For the Year Ended June 30, 2004

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 62,333	\$ 50,000	State Auto Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	59,365	100,000	State Auto Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	53,969	1,128,300	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	53,969	10,000	United States Fidelity and Guaranty Company
County Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	State Auto Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	State Auto Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u>	53,969	50,000	State Auto Insurance Company
Register	Section 8-24-102, <u>TCA</u>	53,969	25,000	State Auto Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	59,911 (1)	25,000	State Auto Insurance Company
Employee Dishonesty Blanket Bonds:				
General County Employees			150,000	Local Government Property and Casualty Fund
Highway Department Employees			150,000	Local Government Property and Casualty Fund

(1) Includes law enforcement training supplement of \$546.

Exhibit G-5

Coffee County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2004

	Special Revenue Funds						
	General	Solid Waste/ Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,719,854	\$ 523,870	\$ 0	\$ 60,123	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	231,172	10,339	0	267	0	0	0
Circuit/Clerk & Master Collections - Prior Years	63,211	12,523	0	0	0	0	0
Interest and Penalty	57,945	7,672	0	29	0	0	0
Payments in Lieu of Taxes - T.V.A.	724	143	0	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	9,231	1,829	0	0	0	0	0
Payments in Lieu of Taxes - Other	1,816	360	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	73,450	0	0	0	0	0
Litigation Tax - General	97,859	0	0	0	0	0	0
Litigation Tax - Special Purpose	152,991	0	0	0	0	0	0
Business Tax	560,225	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	96,348	0	0	0	0	0	0
Wholesale Beer Tax	0	198,470	0	0	0	0	0
Interstate Telecommunications Tax	3,938	0	0	0	0	0	0
Total Local Taxes	\$ 7,995,314	\$ 828,656	\$ 0	\$ 60,419	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 70,646	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Beer Permits	0	7,033	0	0	0	0	0
Total Licenses and Permits	\$ 70,646	\$ 7,033	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 18,203	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	21,474	0	0	0	0	0	0
Drug Control Fines	3,068	0	0	0	8,444	0	0
District Attorney General Fees	0	0	0	0	0	10,225	0

(Continued)

Exhibit G-5

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

	Special Revenue Funds						
	General	Solid Waste/ Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Fines, Forfeitures and Penalties (Cont.)</u>							
<u>General Sessions Court</u>							
Fines	\$ 88,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	77,938	0	0	0	0	0	0
Game and Fish Fines	214	0	0	0	0	0	0
Jail Fees	17,548	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	1,520	0
DUI Treatment Fines	12,357	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,536	0	0	0	0	0	0
Officers Costs	21,002	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	3,048	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	8,767	0	0
<b>Total Fines, Forfeitures and Penalties</b>	<b>\$ 265,221</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,211</b>	<b>\$ 11,745</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 4,772	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Disposal Fee	0	24,189	0	0	0	0	0
Patient Charges	759,783	0	0	0	0	0	4,384
Other General Service Charges	1,450	0	0	0	0	0	0
Water Tap Sales	0	0	0	0	0	0	0
Service Charges	551	0	0	0	0	0	0
<u>Fees</u>							
Subdivision Lot Fees	76,995	0	0	0	0	0	0
Recreation Fees	12,288	0	0	0	0	0	0
Copy Fees	12,742	0	0	0	0	0	0
Telephone Commissions	21,717	0	0	0	0	0	0
Vending Machine Collections	380	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0
Data Processing Fee - Register	26,474	0	0	0	0	0	0
Data Processing Fee - Sheriff	1,222	0	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 913,602</b>	<b>\$ 28,961</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,384</b>

(Continued)

Exhibit G-5

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

	Special Revenue Funds						
	General	Solid Waste/ Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	6,180	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Commissary Sales	0	0	0	0	0	0	118,170
Sale of Recycled Materials	0	17,598	0	0	0	0	0
Miscellaneous Refunds	34,404	68	0	0	66	36	0
<u>Nonrecurring Items</u>							
Insurance Recovery	6,009	0	0	0	0	0	0
Sale of Property	0	0	0	0	0	0	0
Damages Recovered from Individuals	1,021	0	0	0	0	0	0
Contributions & Gifts	50,067	0	0	0	25,045	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	3,870	63,700	0	0	0	0	0
Total Other Local Revenues	\$ 101,551	\$ 81,366	\$ 0	\$ 0	\$ 25,111	\$ 36	\$ 118,170
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 157,638	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	65,016	0	0	0	0	0	0
Clerk and Master	14,331	0	0	0	0	0	0
Register	180,787	0	0	0	0	0	0
Trustee	432,000	0	0	0	0	0	0
<u>Fees In Lieu of Salary</u>							
Sheriff	19,330	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 869,102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 14,984	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	34,189	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	20,748	0	0	0	0	0	0

(Continued)

Exhibit G-5

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

	Special Revenue Funds						
	General	Solid Waste/ Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Litter Program	0	48,306	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	21,264	0	0	0	0	0	0
Beer Tax	16,881	0	0	0	0	0	0
Alcoholic Beverage Tax	49,709	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	507,680	0	0	0	0	0	0
Contracted Prisoner Boarding	464,881	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	17,204	0	0	0	0	0	0
T.B.I. - Equipment Reimbursement	1,730	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Grants	329,995	7,517	0	0	0	0	0
Total State of Tennessee	\$ 1,461,456	\$ 90,012	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 27,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	65,864	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	28,967	0	0	0	0	0	0
Total Federal Government	\$ 122,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 1,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	2,295	0	13,496	0	0	0	0
Contracted Services	4,245	0	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	750	0	0	0	500	0	0

(Continued)

Exhibit G-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Other Governments and Citizens Groups (Cont.)</u>							
<u>Other</u>							
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,182	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 8,655	\$ 0	\$ 13,496	\$ 0	\$ 6,682	\$ 0	\$ 0
Total	\$ 11,807,744	\$ 1,036,028	\$ 13,496	\$ 60,419	\$ 49,004	\$ 11,781	\$ 122,554

(Continued)

Exhibit G-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 1,133,099	\$ 424,138	\$ 295,729	\$ 0	\$ 9,156,813
Trustee's Collections - Prior Year	0	0	36,240	226	11,713	0	289,957
Circuit/Clerk & Master Collections - Prior Years	0	0	10,267	10,137	4,770	0	100,908
Interest and Penalty	0	0	10,311	6,215	3,595	0	85,767
Payments in Lieu of Taxes - T.V.A.	0	0	123	116	55	0	1,161
Payments in Lieu of Taxes - Local Utilities	0	0	0	291	0	0	11,351
Payments in Lieu of Taxes - Other	0	0	308	0	137	0	2,621
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	212,188	0	0	285,638
Litigation Tax - General	0	0	0	0	0	0	97,859
Litigation Tax - Special Purpose	0	0	80,953	0	0	0	233,944
Business Tax	0	0	0	0	0	0	560,225
Mineral Severance Tax	0	87,706	0	0	0	0	87,706
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	96,348
Wholesale Beer Tax	0	0	0	0	0	0	198,470
Interstate Telecommunications Tax	0	0	0	0	0	0	3,938
Total Local Taxes	\$ 0	\$ 87,706	\$ 1,271,301	\$ 653,311	\$ 315,999	\$ 0	\$ 11,212,706
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,646
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	7,033
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,679
<u>Fines, Forfeitures and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,203
Officers Costs	0	0	0	0	0	0	21,474
Drug Control Fines	0	0	0	0	0	0	11,512
District Attorney General Fees	0	0	0	0	0	0	10,225

(Continued)

Exhibit G-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>Fines, Forfeitures and Penalties (Cont.)</u>							
<u>General Sessions Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	88,833
Officers Costs	0	0	0	0	0	0	77,938
Game and Fish Fines	0	0	0	0	0	0	214
Jail Fees	0	0	0	0	0	0	17,548
District Attorney General Fees	0	0	0	0	0	0	1,520
DUI Treatment Fines	0	0	0	0	0	0	12,357
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	1,536
Officers Costs	0	0	0	0	0	0	21,002
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	3,048
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	8,767
Total Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	294,177
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Convenience Waste Centers Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,772
Solid Waste Disposal Fee	0	0	0	0	0	0	24,189
Patient Charges	0	0	0	0	0	0	764,167
Other General Service Charges	0	0	0	0	0	0	1,450
Water Tap Sales	0	0	0	0	0	4,310	4,310
Service Charges	0	0	0	0	0	0	551
<u>Fees</u>							
Subdivision Lot Fees	0	0	0	0	0	0	76,995
Recreation Fees	0	0	0	0	0	0	12,288
Copy Fees	0	0	0	0	0	0	12,742
Telephone Commissions	0	0	0	0	0	0	21,717
Vending Machine Collections	0	0	0	0	0	0	380
Constitutional Officers' Fees and Commissions	1,184,378	0	0	0	0	0	1,184,378
Data Processing Fee - Register	0	0	0	0	0	0	26,474
Data Processing Fee - Sheriff	0	0	0	0	0	0	1,222
Total Charges for Current Services	\$ 1,184,378	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,310	\$ 2,135,635

(Continued)

Exhibit G-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 105,226	\$ 0	\$ 0	\$ 0	\$ 105,226
Lease/Rentals	0	0	94,944	0	0	0	101,124
Sale of Materials and Supplies	0	8,781	0	0	0	0	8,781
Commissary Sales	0	0	0	0	0	0	118,170
Sale of Recycled Materials	0	0	0	0	0	0	17,598
Miscellaneous Refunds	0	16,556	0	0	0	0	51,130
<u>Nonrecurring Items</u>							
Insurance Recovery	0	11,208	0	0	0	0	17,217
Sale of Property	0	0	3,509	0	0	0	3,509
Damages Recovered from Individuals	0	419	0	0	0	0	1,440
Contributions & Gifts	0	0	0	0	0	0	75,112
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	67,570
Total Other Local Revenues	\$ 0	\$ 36,964	\$ 203,679	\$ 0	\$ 0	\$ 0	\$ 566,877
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,638
Circuit Court Clerk	0	0	0	0	0	0	65,016
Clerk and Master	0	0	0	0	0	0	14,331
Register	0	0	0	0	0	0	180,787
Trustee	0	0	0	0	0	0	432,000
<u>Fees In Lieu of Salary</u>							
Sheriff	0	0	0	0	0	0	19,330
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 869,102
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,984
Solid Waste Grants	0	0	0	0	0	0	34,189
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	20,748

(Continued)

Exhibit G-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
State Aid Program	\$ 0	\$ 272,395	\$ 0	\$ 0	\$ 0	\$ 0	272,395
Litter Program	0	0	0	0	0	0	48,306
Tennessee Industrial Infrastructure Program	0	0	0	0	0	176,578	176,578
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	21,264
Beer Tax	0	0	0	0	0	0	16,881
Alcoholic Beverage Tax	0	0	0	0	0	0	49,709
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	507,680
Contracted Prisoner Boarding	0	0	0	0	0	0	464,881
Gasoline and Motor Fuel Tax	0	1,817,686	0	0	0	0	1,817,686
Petroleum Special Tax	0	38,624	0	0	0	0	38,624
Reappraisal Program Reimbursement	0	0	0	0	0	0	17,204
T.B.I. - Equipment Reimbursement	0	0	0	0	0	0	1,730
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	337,512
Total State of Tennessee	\$ 0	\$ 2,128,705	\$ 0	\$ 0	\$ 0	\$ 176,578	\$ 3,856,751
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	27,366
Other Federal through State	0	0	0	0	0	0	65,864
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	69,370	98,337
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,370	\$ 191,567
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,365
Contributions	0	0	0	0	0	0	15,791
Contracted Services	0	0	0	0	0	0	4,245
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	1,250

(Continued)

Exhibit G-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	Total
<u>Other Governments and Citizens Groups (Cont.)</u>							
<u>Other</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,182
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	28,833
 Total	 \$ 1,184,378	 \$ 2,253,375	 \$ 1,474,980	 \$ 653,311	 \$ 315,999	 \$ 250,258	 \$ 19,233,327

Exhibit G-6

Coffee County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2004

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	25,817	
Social Security		1,864	
Audit Services		10,971	
Dues and Memberships		1,500	
Travel		898	
Total County Commission			\$ 41,050

Board of Equalization

Board and Committee Members Fees	\$	1,814	
Social Security		56	
Total Board of Equalization			1,870

Other Boards and Committees

Board and Committee Members Fees	\$	20,069	
Social Security		1,347	
Data Processing Supplies		2,500	
Total Other Boards and Committees			23,916

County Mayor

County Official/Administrative Officer	\$	62,333	
Clerical Personnel		49,354	
Social Security		8,450	
State Retirement		3,005	
Medical Insurance		7,063	
Dental Insurance		720	
Communication		3,248	
Dues and Memberships		11,557	
Legal Notices, Recording and Court Costs		1,191	
Maintenance Agreements		1,848	
Printing, Stationery and Forms		353	
Travel		2,056	
Office Supplies		1,426	
Total County Mayor			152,604

County Attorney

County Official/Administrative Officer	\$	4,800	
Legal Services		4,510	
Total County Attorney			9,310

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

Exhibit G-6

General Fund (Cont.)

General Government (Cont.)

Election Commission (Including

Voter Registration)

County Official/Administrative Officer	\$	43,175	
Deputy(ies)		71,351	
Clerical Personnel		4,500	
Election Commission		4,491	
Election Workers		17,195	
Social Security		9,150	
State Retirement		7,447	
Medical Insurance		17,339	
Dental Insurance		1,034	
Communication		876	
Operating Lease Payments		1,339	
Legal Notices, Recording and Court Costs		8,688	
Maintenance Agreements		3,543	
Maintenance & Repair Services- Equipment		2,988	
Travel		1,526	
Other Contracted Services		882	
Data Processing Supplies		348	
Office Supplies		2,133	
Utilities		379	
In Service/Staff Development		200	
Total Election Commission (Including Voter Registration)			\$ 198,584

Register of Deeds

Social Security	\$	10,925	
State Retirement		7,251	
Medical Insurance		17,306	
Dental Insurance		1,032	
Communication		961	
Operating Lease Payments		23,858	
Maintenance Agreements		717	
Maintenance & Repair Services- Office Equipment		231	
Data Processing Supplies		2,465	
Office Supplies		5,278	
Total Register of Deeds			70,024

Planning

Supervisor/Director	\$	28,104	
Secretary(s)		19,301	
Social Security		3,527	
State Retirement		3,077	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Medical Insurance	\$	8,653	
Dental Insurance		516	
Communication		1,134	
Consultants		10,750	
Contracts with Private Agencies		1,250	
Legal Notices, Recording and Court Costs		970	
Maintenance & Repair Services- Vehicles		745	
Printing, Stationery and Forms		1,312	
Travel		1,353	
Gasoline		493	
Office Supplies		3,111	
Uniforms		130	
Other Supplies and Materials		253	
Data Processing Equipment		1,268	
Office Equipment		50	
Total Planning			\$ 85,997

County Buildings

Supervisor/Director	\$	38,901
Maintenance Personnel		36,890
Part-time Personnel		209
Overtime Pay		5,886
Social Security		5,781
State Retirement		4,785
Medical Insurance		10,816
Dental Insurance		538
Communication		61,725
Contracts with Private Agencies		125,580
Dues and Memberships		50
Maintenance & Repair Services- Buildings		74,991
Maintenance & Repair Services- Equipment		4,772
Maintenance & Repair Services- Vehicles		403
Pest Control		4,190
Travel		371
Custodial Supplies		26,337
Electricity		154,176
Gasoline		2,922
Natural Gas		66,189
Office Supplies		634
Uniforms		315

(Continued)

Exhibit G-6

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Water and Sewer	\$	37,428	
Other Supplies and Materials		130	
In Service/Staff Development		462	
Maintenance Equipment		4,009	
Other Equipment		298	
Total County Buildings			\$ 668,788

Other General Administration

Data Processing Services	\$	2,330	
Maintenance Agreements		20,919	
Postal Charges		46,286	
Other Charges		461	
Total Other General Administration			69,996

Finance

Accounting and Budgeting

Supervisor/Director	\$	61,641	
Accountants/Bookkeepers		75,601	
Part-time Personnel		7,362	
Social Security		11,015	
State Retirement		6,878	
Medical Insurance		15,668	
Dental Insurance		935	
Communication		3,379	
Dues and Memberships		430	
Legal Notices, Recording and Court Costs		3,726	
Maintenance Agreements		7,308	
Travel		132	
Other Contracted Services		800	
Data Processing Supplies		725	
Office Supplies		8,247	
In Service/Staff Development		1,355	
Total Accounting and Budgeting			205,202

Property Assessor's Office

County Official/Administrative Officer	\$	53,969	
Clerical Personnel		140,659	
In-Service Training		286	
Social Security		14,583	
State Retirement		12,631	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Medical Insurance	\$	30,668	
Dental Insurance		1,806	
Advertising		189	
Audit Services		47,665	
Communication		1,310	
Data Processing Services		20,382	
Dues and Memberships		1,315	
Maintenance Agreements		1,399	
Maintenance & Repair Services- Equipment		94	
Maintenance & Repair Services- Vehicles		2,050	
Printing, Stationery and Forms		403	
Gasoline		2,168	
Office Supplies		647	
Other Charges		563	
Total Property Assessor's Office			\$ 332,787

Reappraisal Program

Data Processing Supplies	\$	698	
Other Charges		2,322	
Data Processing Equipment		4,869	
Motor Vehicles		37,853	
Total Reappraisal Program			45,742

County Trustee's Office

Social Security	\$	11,584	
State Retirement		10,835	
Medical Insurance		18,007	
Dental Insurance		540	
Communication		1,239	
Maintenance Agreements		5,603	
Maintenance & Repair Services- Office Equipment		65	
Postal Charges		5,318	
Printing, Stationery and Forms		2,012	
Office Supplies		1,429	
Total County Trustee's Office			56,632

County Clerk's Office

Social Security	\$	17,831	
State Retirement		15,165	
Medical Insurance		38,939	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dental Insurance	\$	2,322	
Communication		1,894	
Maintenance Agreements		16,867	
Printing, Stationery and Forms		399	
Data Processing Supplies		457	
Office Supplies		5,186	
Data Processing Equipment		33,225	
Total County Clerk's Office			\$ 132,285

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	17,926	
Social Security		38,368	
State Retirement		27,591	
Medical Insurance		77,552	
Dental Insurance		4,902	
Communication		2,691	
Maintenance Agreements		8,005	
Printing, Stationery and Forms		6,067	
Data Processing Supplies		552	
Duplicating Supplies		409	
Office Supplies		4,665	
Office Equipment		3,052	
Total Circuit Court			191,780

General Sessions Court

Maintenance Agreements	\$	2,400	
Printing, Stationery and Forms		5,640	
Travel		683	
Duplicating Supplies		823	
Office Supplies		7,689	
Office Equipment		1,544	
Total General Sessions Court			18,779

General Sessions Judge

Judge(s)	\$	188,122	
Social Security		13,502	
State Retirement		6,105	
Medical Insurance		8,653	
Dental Insurance		516	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Communication	\$	2,272	
Dues and Memberships		340	
Evaluation and Testing		1,500	
Legal Services		7,782	
Travel		2,648	
Office Supplies		75	
Periodicals		3,629	
Total General Sessions Judge			\$ 235,144

Chancery Court

Clerical Personnel	\$	17,450	
Social Security		10,610	
State Retirement		9,041	
Medical Insurance		16,267	
Dental Insurance		1,235	
Communication		2,014	
Maintenance Agreements		7,532	
Printing, Stationery and Forms		2,945	
Data Processing Supplies		480	
Office Supplies		1,581	
Periodicals		533	
Total Chancery Court			69,688

Judicial Commissioners

County Official/Administrative Officer	\$	61,706	
Temporary Personnel		10,443	
Social Security		5,450	
State Retirement		3,012	
Medical Insurance		12,980	
Dental Insurance		774	
Maintenance Agreements		314	
Printing, Stationery and Forms		402	
Travel		367	
Office Supplies		397	
In Service/Staff Development		619	
Total Judicial Commissioners			96,464

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	59,365	
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(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Deputy(ies)	\$	895,374	
Salary Supplements		20,748	
Secretary(s)		34,038	
Clerical Personnel		47,923	
Overtime Pay		69,881	
Other Salaries & Wages		42,111	
Social Security		88,278	
State Retirement		63,727	
Medical Insurance		150,041	
Dental Insurance		9,123	
Communication		16,319	
Contracts with Private Agencies		8,020	
Dues and Memberships		2,050	
Evaluation and Testing		938	
Maintenance Agreements		16,617	
Maintenance & Repair Services- Equipment		1,096	
Maintenance & Repair Services- Vehicles		50,980	
Travel		4,598	
Gasoline		78,833	
Instructional Supplies and Materials		2,634	
Law Enforcement Supplies		5,551	
Office Supplies		6,226	
Uniforms		7,688	
Communication Equipment		1,287	
Data Processing Equipment		891	
Law Enforcement Equipment		1,292	
Motor Vehicles		33,225	
Office Equipment		80	
Total Sheriff's Department			\$ 1,718,934

Traffic Control

Contracts with Other Public Agencies	\$	18,925	
Engineering Services		3,456	
Road Signs		7,943	
Total Traffic Control			30,324

Jail

Deputy(ies)	\$	87,980
Medical Personnel		54,941
Guards		430,861

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Attendants	\$	58,806	
Cafeteria Personnel		21,668	
Overtime Pay		27,836	
Other Salaries & Wages		25,623	
Social Security		55,497	
State Retirement		27,109	
Medical Insurance		83,134	
Dental Insurance		5,432	
Communication		10,125	
Contracts with Private Agencies		42,000	
Maintenance Agreements		734	
Maintenance & Repair Services- Equipment		492	
Medical and Dental Services		108,168	
Transportation - Other than Students		1,397	
Travel		1,249	
Custodial Supplies		25,723	
Food Supplies		115,058	
Law Enforcement Supplies		774	
Office Supplies		2,881	
Periodicals		548	
Prisoners Clothing		16,185	
Uniforms		2,233	
Communication Equipment		6,106	
Data Processing Equipment		1,402	
Motor Vehicles		62,702	
Total Jail			\$ 1,276,664

Juvenile Services

Youth Service Officer(s)	\$	134,961
Clerical Personnel		17,973
In-Service Training		2,666
Social Security		11,533
State Retirement		9,050
Medical Insurance		22,953
Dental Insurance		1,365
Communication		2,806
Contracts with Government Agencies		6,680
Maintenance Agreements		1,434
Maintenance & Repair Services- Office Equipment		305
Travel		5,167

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Other Contracted Services	\$	326	
Data Processing Supplies		65	
Office Supplies		5,224	
Total Juvenile Services			\$ 222,508

Rural Fire Protection

Contributions	\$	172,000	
Total Rural Fire Protection			172,000

Civil Defense

Other Salaries & Wages	\$	64,004	
Social Security		4,593	
Medical Insurance		8,214	
Dental Insurance		453	
Communication		610	
Maintenance & Repair Services- Buildings		175	
Gasoline		579	
Office Supplies		417	
Other Charges		3,100	
Other Equipment		20,032	
Total Civil Defense			102,177

Rescue Squad

Contributions	\$	12,000	
Total Rescue Squad			12,000

County Coroner/Medical Examiner

Medical and Dental Services	\$	36,919	
Total County Coroner/Medical Examiner			36,919

Other Public Safety

Supervisor/Director	\$	35,601	
Salary Supplements		13,797	
Dispatchers/Radio Operators		314,418	
Educational Assistants		31,214	
Overtime Pay		9,877	
Other Salaries & Wages		14,512	
Social Security		31,136	
State Retirement		25,264	
Medical Insurance		63,858	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Dental Insurance	\$ 3,795	
Total Other Public Safety		\$ 543,472

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 112,095	
Clerical Personnel	71,919	
Educational Assistants	93,753	
Custodial Personnel	9,553	
Social Security	21,366	
State Retirement	14,290	
Medical Insurance	29,759	
Dental Insurance	1,956	
Communication	6,524	
Contributions	21,588	
Operating Lease Payments	2,401	
Maintenance Agreements	777	
Maintenance & Repair Services- Buildings	198	
Maintenance & Repair Services- Office Equipment	46	
Travel	10,658	
Other Contracted Services	170	
Custodial Supplies	587	
Drugs and Medical Supplies	25	
Office Supplies	620	
Utilities	7,356	
Liability Insurance	312	
Other Charges	1,500	
Administration Equipment	3,681	
Total Local Health Center		411,134

Rabies and Animal Control

Supervisor/Director	\$ 20,150
Deputy(ies)	20,974
Overtime Pay	2,704
Social Security	3,353
State Retirement	2,845
Medical Insurance	7,795
Dental Insurance	462
Communication	1,358
Dues and Memberships	125

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Laundry Service	\$	1,169	
Maintenance & Repair Services- Buildings		184	
Maintenance & Repair Services- Vehicles		227	
Veterinary Services		3,551	
Animal Food and Supplies		44	
Custodial Supplies		1,274	
Drugs and Medical Supplies		135	
Gasoline		1,510	
Office Supplies		421	
Utilities		1,200	
Other Supplies and Materials		109	
Total Rabies and Animal Control			\$ 69,590

Ambulance/Emergency Medical Services

Supervisor/Director	\$	39,422
Accountants/Bookkeepers		27,734
Medical Personnel		471,132
Overtime Pay		343,989
In-Service Training		2,396
Social Security		65,799
State Retirement		50,315
Medical Insurance		100,138
Dental Insurance		5,945
Communication		4,579
Consultants		1,800
Data Processing Services		65
Dues and Memberships		380
Laundry Service		513
Operating Lease Payments		384
Licenses		1,090
Maintenance Agreements		1,200
Maintenance & Repair Services- Buildings		1,675
Maintenance & Repair Services- Equipment		3,888
Maintenance & Repair Services- Vehicles		24,894
Medical and Dental Services		580
Travel		1,850
Custodial Supplies		1,592
Drugs and Medical Supplies		33,858
Gasoline		13,936
Office Supplies		2,315

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Uniforms	\$	7,919	
Utilities		12,911	
Other Supplies and Materials		1,762	
Liability Insurance		10,602	
Vehicle and Equipment Insurance		13,731	
Communication Equipment		795	
Total Ambulance/Emergency Medical Services			\$ 1,249,189

Alcohol and Drug Programs

Other Supplies and Materials	\$	6,872	
Total Alcohol and Drug Programs			6,872

Appropriation to State

Contributions	\$	75,277	
Total Appropriation to State			75,277

General Welfare Assistance

Contributions	\$	20,400	
Total General Welfare Assistance			20,400

Postclosure Care Costs

Evaluation and Testing	\$	1,102	
Total Postclosure Care Costs			1,102

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$	50,000	
Tax Relief Program		40,097	
Total Senior Citizens Assistance			90,097

Libraries

Contributions	\$	701,305	
Total Libraries			701,305

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	89,692	
Secretary(s)		6,225	
Social Security		476	
State Retirement		404	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Other Fringe Benefits	\$	19,349	
Communication		964	
Contracts with Private Agencies		14,263	
Maintenance & Repair Services- Office Equipment		1,162	
Travel		520	
Data Processing Supplies		132	
Office Supplies		494	
Utilities		4,269	
Other Supplies and Materials		78	
Total Agriculture Extension Service			\$ 138,028

Soil Conservation

Secretary(s)	\$	25,046	
Other Salaries & Wages		25,381	
Social Security		3,806	
State Retirement		3,273	
Medical Insurance		8,653	
Dental Insurance		516	
Contributions		2,000	
Total Soil Conservation			68,675

Other Operations

Industrial Development

Contributions	\$	171,566	
Total Industrial Development			171,566

Veterans' Services

Clerical Personnel	\$	12,852	
Social Security		983	
Dues and Memberships		50	
Travel		1,233	
Data Processing Supplies		31	
Furniture and Fixtures		49	
Total Veterans' Services			15,198

Other Charges

Unemployment Compensation	\$	10,900	
Contributions		155,459	
Liability Insurance		174,181	
Premiums on Corporate Surety Bonds		50	

(Continued)

Exhibit G-6

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	169,705	
Worker's Compensation Insurance		139,551	
Loss from Joint Ventures		101,554	
Other Charges		54,658	
Total Other Charges			\$ 806,058

Contributions to Other Agencies

Contributions	\$	35,780	
Total Contributions to Other Agencies			35,780

Payments to Cities

Contributions	\$	6,000	
Total Payments to Cities			6,000

Miscellaneous

Refunds	\$	47,240	
Other Charges		779	
Total Miscellaneous			48,019

Total General Fund \$ 10,735,930

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	37,788	
Secretary(s)		26,947	
Overtime Pay		1,163	
In-Service Training		25	
Social Security		4,897	
State Retirement		4,277	
Medical Insurance		7,436	
Dental Insurance		443	
Communication		3,283	
Maintenance & Repair Services- Buildings		3,271	
Postal Charges		1,207	
Travel		19	
Custodial Supplies		464	
Utilities		6,731	
Other Supplies and Materials		5,760	

(Continued)

Exhibit G-6

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

Solid Waste/Sanitation Fund (Cont.)  
Public Health and Welfare (Cont.)  
Sanitation Management (Cont.)

Trustee's Commission	\$	14,042	
Other Charges		16,201	
Total Sanitation Management			\$ 133,954

Waste Pickup

Truck Drivers	\$	88,305	
Guards		16,717	
Overtime Pay		17,540	
Social Security		8,414	
State Retirement		2,740	
Medical Insurance		15,431	
Dental Insurance		1,032	
Contracts with Government Agencies		17,503	
Contracts with Private Agencies		285,884	
Maintenance & Repair Services- Equipment		753	
Maintenance & Repair Services- Vehicles		17,230	
Medical and Dental Services		90	
Diesel Fuel		18,082	
Garage Supplies		3,372	
Gasoline		3,166	
Tires and Tubes		6,181	
Uniforms		2,405	
Other Supplies and Materials		3,333	
Vehicle and Equipment Insurance		7,376	
Total Waste Pickup			515,554

Convenience Centers

Attendants	\$	120,331	
Overtime Pay		822	
Other Salaries & Wages		17,860	
Social Security		9,786	
State Retirement		5,765	
Medical Insurance		32,431	
Dental Insurance		1,989	
Communication		5,968	
Maintenance & Repair Services- Buildings		2,564	
Maintenance & Repair Services- Equipment		7,113	
Rentals		4,860	
Crushed Stone		76	
Electricity		6,118	

(Continued)

Exhibit G-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Solid Waste Equipment	\$	16,088	
Other Equipment		4,999	
Total Convenience Centers			\$ 236,770

Other Waste Collection

Supervisor/Director	\$	6,392	
Secretary(s)		4,106	
Attendants		2,952	
Social Security		1,001	
State Retirement		681	
Medical Insurance		1,174	
Dental Insurance		70	
Contracts with Private Agencies		39,684	
Contracts with Vehicle Owners		2,340	
Crushed Stone		40	
Total Other Waste Collection			58,440

Other Operations

Employee Benefits

Unemployment Compensation	\$	92	
Total Employee Benefits			92

Total Solid Waste/Sanitation Fund \$ 944,810

Industrial/Economic Development Fund

Other Operations

Industrial Development

Secretary(s)	\$	10,557	
Social Security		799	
State Retirement		685	
Medical Insurance		4,082	
Dental Insurance		258	
Legal Services		557	
Other Contracted Services		4,165	
Other Supplies and Materials		403	
Total Industrial Development			\$ 21,506

Total Industrial/Economic Development Fund 21,506

(Continued)

Exhibit G-6

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

Local Purpose Tax Fund

Other Operations

Industrial Development

Contracts with Government Agencies	\$	50,000	
Trustee's Commission		1,210	
Total Industrial Development			\$ 51,210

Total Local Purpose Tax Fund \$ 51,210

Drug Control Fund

Public Safety

Drug Enforcement

Advertising	\$	484	
Contributions		650	
Confidential Drug Enforcement Payments		15,000	
Dues and Memberships		900	
Maintenance & Repair Services- Vehicles		276	
Travel		11,857	
Instructional Supplies and Materials		4,205	
Law Enforcement Supplies		6,893	
Office Supplies		12	
Uniforms		3,740	
Other Supplies and Materials		1,324	
Trustee's Commission		340	
Building Improvements		3,299	
Communication Equipment		349	
Law Enforcement Equipment		5,390	
Motor Vehicles		24,008	
Total Drug Enforcement			\$ 78,727

Total Drug Control Fund 78,727

District Attorney General Fund

Administration of Justice

District Attorney General

Clerical Personnel	\$	1,500	
Communication		4,520	
Janitorial Services		2,120	
Rentals		8,400	
Travel		630	
Office Supplies		2,764	
Other Supplies and Materials		30	
Other Charges		1,124	
Total District Attorney General			\$ 21,088

Total District Attorney General Fund 21,088

(Continued)

Exhibit G-6

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

Commissary Fund

Public Safety

Commissary

Supervisor/Director	\$	20,974	
Social Security		2,112	
State Retirement		1,361	
Medical Insurance		4,327	
Dental Insurance		258	
Communication		150	
Maintenance Agreements		1,802	
Maintenance & Repair Services- Vehicles		629	
Travel		33	
Food Supplies		42,946	
Gasoline		148	
Office Supplies		1,678	
Other Supplies and Materials		4,683	
Trustee's Commission		25	
Other Charges		27,122	
Total Commissary			\$ 108,248

Other Operations

Other Charges

Trustee's Commission	\$	14	
Total Other Charges			14

Total Commissary Fund \$ 108,262

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	147,335	
Total Register of Deeds			\$ 147,335

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	164,408	
Total County Trustee's Office			164,408

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	238,640	
Total County Clerk's Office			238,640

(Continued)

Exhibit G-6

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 509,708	
Total Circuit Court		\$ 509,708

Chancery Court

Constitutional Officers' Operating Expenses	\$ 125,482	
Total Chancery Court		125,482

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 94	
Total Sheriff's Department		94

Total Constitutional Officers - Fees Fund		\$ 1,185,667
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 59,365	
Assistant(s)	41,500	
Secretary(s)	24,400	
Board and Committee Members Fees	6,300	
Social Security	468	
Accounting Services	12,000	
Dues and Memberships	2,270	
Evaluation and Testing	540	
Legal Services	840	
Legal Notices, Recording and Court Costs	416	
Maintenance & Repair Services- Office Equipment	196	
Postal Charges	37	
Printing, Stationery and Forms	62	
Travel	1,260	
Other Contracted Services	695	
Office Supplies	619	
Other Charges	635	
Total Administration		\$ 151,603

Highway and Bridge Maintenance

Equipment Operators	\$ 307,531
Truck Drivers	22,512
Social Security	1,283

(Continued)

Exhibit G-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Rentals	\$	160	
Other Contracted Services		413,460	
Asphalt - Liquid		278,130	
Concrete		74	
Crushed Stone		9,030	
Other Road Supplies		325	
Pipe - Concrete		41,400	
Road Signs		1,824	
Salt		1,471	
Small Tools		595	
Structural Steel		890	
Wood Products		252	
Other Supplies and Materials		146	
Total Highway and Bridge Maintenance			\$ 1,079,083

Operation and Maintenance of Equipment

Mechanic(s)	\$	54,640	
Social Security		223	
Laundry Service		1,480	
Maintenance & Repair Services- Equipment		3,296	
Other Contracted Services		391	
Diesel Fuel		37,481	
Equipment and Machinery Parts		57,814	
Garage Supplies		598	
Gasoline		9,228	
Lubricants		1,773	
Small Tools		32	
Tires and Tubes		9,793	
Other Supplies and Materials		3,316	
Total Operation and Maintenance of Equipment			180,065

Quarry Operations

Foremen	\$	8,806	
Equipment Operators		38,808	
Social Security		147	
Operating Lease Payments		260	
Maintenance & Repair Services- Equipment		252	
Other Contracted Services		65	
Crushed Stone		186,925	
Diesel Fuel		3,343	

(Continued)

Exhibit G-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Equipment and Machinery Parts	\$	2,024	
Other Charges		4,639	
Total Quarry Operations			\$ 245,269

Other Charges

Communication	\$	3,281	
Electricity		2,860	
Natural Gas		1,539	
Water and Sewer		387	
Liability Insurance		92,543	
Trustee's Commission		19,463	
Worker's Compensation Insurance		85,090	
Other Charges		1,000	
Total Other Charges			206,163

Employee Benefits

Social Security	\$	33,263	
State Retirement		31,456	
Employee and Dependent Insurance		225,104	
Unemployment Compensation		1,927	
Total Employee Benefits			291,750

Principal

Highways and Streets

Principal on Capitalized Leases	\$	46,088	
Total Highways and Streets			46,088

Interest

Highways and Streets

Interest on Capitalized Leases	\$	7,179	
Total Highways and Streets			7,179

Total Highway/Public Works Fund \$ 2,207,200

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$	360,000	
Principal on Other Loans Payable		316,800	
Total General Government			\$ 676,800

(Continued)

Exhibit G-6

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

General Debt Service Fund (Cont.)

Interest

General Government

Interest on Bonds	\$	163,014	
Interest on Other Loans Payable		386,937	
Total General Government			\$ 549,951

Other Debt Service

General Government

Bank Charges	\$	2,491	
Fiscal Agent Charges		4,815	
Trustee's Commission		26,572	
Other Debt Service		6,454	
Total General Government			40,332

Total General Debt Service Fund \$ 1,267,083

Rural Debt Service Fund

Principal

Education

Principal on Bonds	\$	235,000	
Principal on Notes		33,398	
Principal on Other Loans Payable		240,000	
Total Education			\$ 508,398

Interest

Education

Interest on Bonds	\$	162,021	
Interest on Notes		8,448	
Interest on Other Loans Payable		17,535	
Total Education			188,004

Other Debt Service

Education

Trustee's Commission	\$	10,840	
Other Debt Service		445	
Total Education			11,285

Total Rural Debt Service Fund 707,687

Education Debt Service Fund

Principal

Education

Principal on Bonds	\$	95,000	
Total Education			\$ 95,000

(Continued)

Exhibit G-6

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

Education Debt Service Fund (Cont.)

Interest

Education

Interest on Bonds	\$ 192,736	
Total Education		\$ 192,736

Other Debt Service

Education

Trustee's Commission	\$ 6,280	
Other Debt Service	1,250	
Total Education		7,530

Total Education Debt Service Fund \$ 295,266

General Capital Projects Fund

Capital Projects

General Administration Projects

Other Capital Outlay	\$ 76,815	
Total General Administration Projects		\$ 76,815

Public Safety Projects

Heating and Air Conditioning Equipment	\$ 180,956	
Other Equipment	151,412	
Other Capital Outlay	35,600	
Total Public Safety Projects		367,968

Public Health and Welfare Projects

Building Construction	\$ 12,054	
Building Improvements	25,250	
Total Public Health and Welfare Projects		37,304

Social, Cultural and Recreation Projects

Other Construction	\$ 19,578	
Total Social, Cultural and Recreation Projects		19,578

Public Utility Projects

Other Capital Outlay	\$ 25,543	
Total Public Utility Projects		25,543

Other General Government Projects

Other Construction	\$ 327,365	
Total Other General Government Projects		327,365

Total General Capital Projects Fund 854,573

(Continued)

Exhibit G-6

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

Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 900,000	
Total Capital Projects Donated to School Department		\$ 900,000

Total Education Capital Projects Fund \$ 900,000

Other Capital Projects Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Consultants	\$ 1,777	
Maintenance & Repair Services- Buildings	12,609	
Travel	723	
Trustee's Commission	1,450	
Office Equipment	449	
Total Ambulance/Emergency Medical Services		\$ 17,008

Capital Projects

Public Safety Projects

Architects	\$ 150	
Total Public Safety Projects		150

Total Other Capital Projects Fund 17,158

Total Governmental Funds - Primary Government \$ 19,396,167

Exhibit G-7

Coffee County, Tennessee  
Schedule of Detailed Receipts, Disbursements  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2004

	Cities - Sales Tax Fund	City School ADA- Tullahoma Fund	City School ADA- Manchester Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,108,486	\$ 1,169,666	\$ 4,278,152
Trustee's Collections - Prior Years	0	66,905	25,172	92,077
Circuit/Clerk and Master Collections - Prior Years	0	29,163	11,000	40,163
Interest and Penalty	0	26,744	10,062	36,806
Payments in Lieu of Taxes - TVA	0	334	126	460
Payments in Lieu of Taxes - Other	0	838	315	1,153
Interstate Telecommunications Tax	0	3,002	1,132	4,134
Local Option Sales Tax	8,224,920	0	828,063	9,052,983
Marriage Licenses	0	1,090	411	1,501
Alcoholic Beverage Tax	0	2,372	895	3,267
<b>Total Cash Receipts</b>	<b>\$ 8,224,920</b>	<b>\$ 3,238,934</b>	<b>\$ 2,046,842</b>	<b>\$ 13,510,696</b>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 8,142,671	\$ 3,151,202	\$ 2,073,695	\$ 13,367,568
Trustee's Commission	82,249	64,323	33,449	180,021
<b>Total Cash Disbursements</b>	<b>\$ 8,224,920</b>	<b>\$ 3,215,525</b>	<b>\$ 2,107,144</b>	<b>\$ 13,547,589</b>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 23,409	\$ (60,302)	\$ (36,893)
Cash Balance, July 1, 2003	0	22,696	77,658	100,354
<b>Cash Balance, June 30, 2004</b>	<b>\$ 0</b>	<b>\$ 46,105</b>	<b>\$ 17,356</b>	<b>\$ 63,461</b>

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# STATISTICAL SECTION

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Table 1

Coffee County, Tennessee  
Uncollected Taxes Filed in Chancery Court  
June 30, 2004

Year	Amount
1993	\$ 2,358
1994	5,171
1995	10,576
1996	12,594
1997	11,955
1998	25,109
1999	40,290
2000	61,536
2001	100,984
2002	223,022
Total	\$ 493,595

Table 2

Coffee County, Tennessee  
Tax Rates and Assessments  
Last Ten Years

Fund	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
General	\$ 0.73	\$ 0.73	\$ 0.86	\$ 0.85	\$ 0.85	\$ 0.82	\$ 0.82	\$ 0.89	\$ 1.06	\$ 1.06
General Purpose School	1.50	1.50	1.48	1.50	1.30	1.35	1.41	1.46	1.32	1.32
General Debt Service	0.15	0.15	0.10	0.15	0.22	0.20	0.17	0.19	0.18	0.18
Total Tullahoma Rate	\$ 2.38	\$ 2.38	\$ 2.44	\$ 2.50	\$ 2.37	\$ 2.37	\$ 2.40	\$ 2.54	\$ 2.56	\$ 2.56
Education Debt Service	0.00	0.00	0.00	0.12	0.06	0.06	0.09	0.09	0.08	0.08
Total Manchester Rate	\$ 2.38	\$ 2.38	\$ 2.44	\$ 2.62	\$ 2.43	\$ 2.43	\$ 2.49	\$ 2.63	\$ 2.64	\$ 2.64
Solid Waste/Sanitation	0.22	0.22	0.20	0.22	0.27	0.21	0.26	0.26	0.21	0.21
Rural Debt Service	0.15	0.20	0.25	0.25	0.34	0.33	0.25	0.25	0.17	0.17
Total Rural Rate	\$ 2.75	\$ 2.80	\$ 2.89	\$ 3.09	\$ 3.04	\$ 2.97	\$ 3.00	\$ 3.14	\$ 3.02	\$ 3.02
Industrial Park	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.29	0.13	0.19
Total Industrial Park Rate	\$ 2.75	\$ 2.80	\$ 2.89	\$ 3.09	\$ 3.04	\$ 2.97	\$ 3.29	\$ 3.43	\$ 3.15	\$ 3.21
<u>Assessed Valuations</u>										
Real and Personal	\$ 361,313,925	\$ 375,054,337	\$ 388,602,600	\$ 405,404,252	\$ 496,641,331	\$ 507,997,208	\$ 524,860,177	\$ 539,432,013	\$ 624,660,219	\$ 637,869,708
Public Utilities	22,488,283	23,889,720	23,178,724	21,740,501	23,081,791	23,538,646	21,820,035	22,414,793	25,105,501	25,105,501
Total Assessed Valuation	\$ 383,802,208	\$ 398,944,057	\$ 411,781,324	\$ 427,144,753	\$ 519,723,122	\$ 531,535,854	\$ 546,680,212	\$ 561,846,806	\$ 649,765,720	\$ 662,975,209

**ANNUAL FINANCIAL REPORT**  
**COFFEE COUNTY SCHOOL DEPARTMENT**  
**A COMPONENT UNIT OF COFFEE COUNTY,**  
**TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

***DEPARTMENT OF AUDIT:***  
***JOHN G. MORGAN***  
***Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT:***  
***RICHARD V. NORMENT***  
***Assistant to the Comptroller***

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***Director***

***CARL LOWE, CGFM***  
***Audit Manager***

***STEVE REEDER, CPA, CGFM, CFE***  
***Auditor 4***

***MELODIE C. WHEELER***  
***AMY HEWITT***  
***KELLEY J. McNEAL, CPA, CGFM***  
***State Auditors***

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**COFFEE COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF COFFEE COUNTY, TENNESSEE  
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# ***Audit Highlights***

Annual Financial Report  
Coffee County School Department  
For the Year Ended June 30, 2004

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Coffee County School Department as of and for the year ended June 30, 2004.

## ***Results***

Our report on the Coffee County School Department's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in seven findings and recommendations, which we have reviewed with Coffee County School Department's management. Detailed findings and recommendations are included in the Single Audit Report.

The following are summaries of the audit findings:

### **COFFEE COUNTY SCHOOL DEPARTMENT:**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Revenue anticipation notes were not issued in accordance with state statutes.
- ◆ School officials maintained inventory records of assets owned by the School Department. However, assets were not labeled as property of the School Department. Also, these assets were not verified by personnel independent of maintaining the inventory records.

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### **OTHER FINDINGS:**

- ◆ School Department officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among officials and employees in the School Department.
- ◆ The county's practice of paying School Department workers' compensation insurance premiums from the General Fund is of questionable legality.
- ◆ A portion of sales taxes collected outside municipalities was not apportioned with the city school system.

*State of Tennessee*  
*Comptroller of the Treasury*  
*Department of Audit*  
*Division of County Audit*

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# INTRODUCTORY SECTION

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Coffee County School Officials  
June 30, 2004

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Official:

Daniel Brigman, Director of Schools

Board of Education:

Tommy Allen, Chairman

Ricky P. Milburn

Kathy Norton

Jimmy M. Sain

Esther Sims

Paul Thornton

Dr. Linda A. Walden

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# FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

November 3, 2004

Coffee County Director of Schools and  
Board of Education  
Coffee County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Coffee County School Department, a component unit of Coffee County, Tennessee, as of and for the year ended June 30, 2004, as shown on pages 11 through 25, which collectively comprise a portion of the Coffee County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Coffee County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

As described in Note I, the Coffee County School Department has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county school departments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Coffee County School Department, as of June 30, 2004, or the changes in its financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Coffee County School Department as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

The budgetary comparison information on pages 29 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coffee County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

As described in Note I, the Coffee County School Department prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with standards adopted by the Comptroller of the Treasury of the State of Tennessee. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2004, on our consideration of the Coffee County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Coffee County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2004

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Highway/ Public Works	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 79,782	\$ 0	\$ 0	\$ 25	\$ 331,474	\$ 411,281
Equity in Pooled Cash and Investments	1,594,759	548,176	11,728	965,551	1,803,384	4,923,598
Inventories	3,233	0	0	0	0	3,233
Accounts Receivable	142,538	51,411	0	0	13,825	207,774
Due from Other Governments	226,345	35,342	0	339,578	79,358	680,623
Due from Other Funds	253,731	6,330	0	0	139,903	399,964
Property Taxes Receivable	5,820,390	1,243,041	1,692,168	0	2,545,275	11,300,874
Allowance for Uncollectible Property Taxes	(175,710)	(36,169)	(41,295)	0	(74,060)	(327,234)
<b>Total Assets</b>	<b>\$ 7,945,068</b>	<b>\$ 1,848,131</b>	<b>\$ 1,662,601</b>	<b>\$ 1,305,154</b>	<b>\$ 4,839,159</b>	<b>\$ 17,600,113</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 70,360	\$ 32,487	\$ 0	\$ 1,306	\$ 18,243	\$ 122,396
Payroll Deductions Payable	2,468	0	0	12,557	0	15,025
Due to Other Funds	32,219	634	0	2,000	321,594	356,447
Due to State of Tennessee	4,734	0	0	0	0	4,734
Due to Joint Ventures	60,606	0	0	0	0	60,606
Deferred Revenue - Current Property Taxes	5,477,623	1,173,776	1,620,929	0	2,403,447	10,675,775
Deferred Revenue - Delinquent Property Taxes	167,057	33,096	29,944	0	67,768	297,865
Other Deferred Revenues	0	5,936	0	159,719	17,149	182,804
<b>Total Liabilities</b>	<b>\$ 5,815,067</b>	<b>\$ 1,245,929</b>	<b>\$ 1,650,873</b>	<b>\$ 175,582</b>	<b>\$ 2,828,201</b>	<b>\$ 11,715,652</b>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 40,336	\$ 2,858	\$ 0	\$ 31,064	\$ 108,679	\$ 182,937
Reserved for Alcohol and Drug Treatment	36,493	0	0	0	0	36,493
Reserved for Computer System - Register	7,929	0	0	0	0	7,929
Reserved for Automation Purposes - Sheriff	331	0	0	0	0	331
Reserved for State Reappraisal Grant	44,156	0	0	0	0	44,156
Reserved for Other General Purposes	5,155	0	0	0	65,000	70,155
Unreserved, Reported In:						
General Fund	1,995,601	0	0	0	0	1,995,601
Special Revenue Funds	0	599,344	11,728	1,098,508	405,441	2,115,021
Debt Service Funds	0	0	0	0	994,333	994,333
Capital Projects Funds	0	0	0	0	437,505	437,505
<b>Total Fund Balances</b>	<b>\$ 2,130,001</b>	<b>\$ 602,202</b>	<b>\$ 11,728</b>	<b>\$ 1,129,572</b>	<b>\$ 2,010,958</b>	<b>\$ 5,884,461</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 7,945,068</b>	<b>\$ 1,848,131</b>	<b>\$ 1,662,601</b>	<b>\$ 1,305,154</b>	<b>\$ 4,839,159</b>	<b>\$ 17,600,113</b>

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

Exhibit B

Coffee County, Tennessee  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2004

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Local Purpose Tax	Highway/ Public Works	Other Governmental Funds	
<b>Revenues</b>						
Local Taxes	\$ 7,995,314	\$ 828,656	\$ 60,419	\$ 87,706	\$ 2,240,611	\$ 11,212,706
Licenses and Permits	70,646	7,033	0	0	0	77,679
Fines, Forfeitures and Penalties	265,221	0	0	0	28,956	294,177
Charges for Current Services	913,602	28,961	0	0	1,193,072	2,135,635
Other Local Revenues	101,551	81,366	0	36,964	346,996	566,877
Fees Received from County Officials	869,102	0	0	0	0	869,102
State of Tennessee	1,461,456	90,012	0	2,128,705	176,578	3,856,751
Federal Government	122,197	0	0	0	69,370	191,567
Other Governments and Citizens Groups	8,655	0	0	0	20,178	28,833
<b>Total Revenues</b>	<b>\$ 11,807,744</b>	<b>\$ 1,036,028</b>	<b>\$ 60,419</b>	<b>\$ 2,253,375</b>	<b>\$ 4,075,761</b>	<b>\$ 19,233,327</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 1,322,139	\$ 0	\$ 0	\$ 0	\$ 147,335	\$ 1,469,474
Finance	772,648	0	0	0	403,048	1,175,696
Administration of Justice	611,855	0	0	0	656,278	1,268,133
Public Safety	4,114,998	0	0	0	187,069	4,302,067
Public Health and Welfare	1,833,564	944,718	0	0	17,008	2,795,290
Social, Cultural, and Recreational Services	791,402	0	0	0	0	791,402
Agricultural and Natural Resources	206,703	0	0	0	0	206,703
Other Operations	1,082,621	92	51,210	0	21,520	1,155,443
Highways	0	0	0	2,153,933	0	2,153,933
Debt Service:						
Principal	0	0	0	46,088	1,280,198	1,326,286
Interest	0	0	0	7,179	931,136	938,315
Other Debt Service	0	0	0	0	58,702	58,702
Capital Projects	0	0	0	0	854,723	854,723
Capital Projects - Donated	0	0	0	0	900,000	900,000
<b>Total Expenditures</b>	<b>\$ 10,735,930</b>	<b>\$ 944,810</b>	<b>\$ 51,210</b>	<b>\$ 2,207,200</b>	<b>\$ 5,457,017</b>	<b>\$ 19,396,167</b>
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 1,086,458	\$ 91,218	\$ 9,209	\$ 46,175	\$ (1,381,256)	\$ (148,196)
<b>Other Financing Sources (Uses)</b>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 900,000	\$ 900,000
Transfers In	0	31,167	0	0	27,409	58,576
Transfers Out	(58,576)	0	0	0	0	(58,576)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (58,576)</b>	<b>\$ 31,167</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 927,409</b>	<b>\$ 900,000</b>
Net Change in Fund Balances	\$ 1,013,238	\$ 122,385	\$ 9,209	\$ 46,175	\$ (453,847)	\$ 737,160
Fund Balance, July 1, 2003	1,102,119	479,817	2,519	1,083,397	2,479,449	5,147,301
Prior Period Adjustment	14,644	0	0	0	(14,644)	0
<b>Fund Balance, June 30, 2004</b>	<b>\$ 2,130,001</b>	<b>\$ 602,202</b>	<b>\$ 11,728</b>	<b>\$ 1,129,572</b>	<b>\$ 2,010,958</b>	<b>\$ 5,884,461</b>

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

**COFFEE COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF COFFEE COUNTY, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2004**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Coffee County School Department's financial statements are not 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.

Coffee County School Department has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. The School Department has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused the School Department's auditor to issue an adverse opinion on the School Department's financial statements.

Although the School Department's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements.

The following are the more significant accounting policies of the Coffee County School Department:

**A. Reporting Entity**

The Coffee County School Department operates the public school system in county, and the voters of Coffee County elect its nine-member board. The School Department is a component unit of Coffee County, the primary government. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The

School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

Fund financial statements of the School Department are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. The School Department has no proprietary or fiduciary funds to report.

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

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 School Department 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 School Department considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Purpose School Fund for payments to be made early in the following year.

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. Property taxes collected within 30 days after year-end are considered to be immaterial for reporting purposes. 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 School Department receives cash.

The School Department reports the following major governmental funds:

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

**Education Capital Projects Fund** – This fund is used to account for building construction and renovations of the School Department.

The School Department reports the following fund type:

**Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**C. Assets, Liabilities, and Equity**

**1. Deposits and Investments**

State statutes authorize counties (Coffee County, the School Department's primary 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all Coffee County and Coffee County School Department funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government General Debt Service Fund. Coffee County and the Coffee County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed

for other funds invested by the treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

Outstanding balances between funds are reported as due to/from other funds.

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

Property tax receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.51 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 deferred revenue as of June 30.

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

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

**3. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; they report capital outlays as expenditures upon acquisition. The School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

**4. Compensated Absences**

General policy of the School Department does not allow for the accumulation of vacation days beyond year-end. All professional personnel (teachers) of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

**5. Fund Equity**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose.

**6. Claims and Judgments Payable**

Claims and judgments payable of \$18,215 on the balance sheet of the General Purpose School Fund represent unpaid claims of the School Department's self-insured dental and vision plan at June 30, 2004.

**7. Prior-period Adjustment**

The beginning fund balance of the General Purpose School Fund was restated and increased by \$28,859. This adjustment was necessary because receivables and revenues were understated in the financial statements of the prior year.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations in the Instruction-Vocational Education Program major category (the legal level of control) by \$584 and in the Support Services-Regular Instruction Program major category by \$6,663 of the School Federal Projects Fund, a nonmajor special revenue fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by expenditures

less than appropriated in other major categories in the School Federal Projects Fund.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Total cash and investments for all funds are as follows for the School Department:

	Exhibit A - Governmental Funds
Cash	\$ 24,749
Equity in Pooled Cash and Investments	3,482,277
Total	\$ 3,507,026

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

Cash on the balance sheet includes demand deposits and cash with boards, agencies, and commissions. Cash on the balance sheet is analyzed as follows:

	Governmental Funds
Cash in Bank	\$ 24,035
Cash with Boards Agencies and Commissions	714
Total	\$ 24,749

Deposits – 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 the purposes of credit risk disclosure.

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

Separate disclosures concerning carrying amounts and bank balances of pooled deposits cannot be made for Coffee County and the discretely presented Coffee County School Department since both pool their deposits and investments through the county trustee. The carrying amount of Coffee County's and the Coffee County School Department's deposits with financial institutions was \$9,721,677, and the bank balance was \$11,100,286. These deposits are categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes deposits insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's agent or trust department in the entity's name. Category 3 includes deposits uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name. Category 1 deposits were \$10,869,468, and category 3 deposits were \$230,818.

Investments – 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance 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 market value of the securities on the day of purchase.

Pooled investments are separately categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the entity's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the

counterparty's trust department or agent in the entity's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the entity's name. Funds invested in the State Treasurer's Investment Pool are not required to be categorized by generally accepted accounting principles. Separate disclosures for internally pooled investments cannot be made for Coffee County and the discretely presented Coffee County School Department.

Pooled investments with a reported amount and fair value of \$457,496 consisted entirely of funds deposited with the State Treasurer's Investment Pool.

**B. Interfund Transfers**

Interfund transfers for the year ended June 30, 2004, consisted of the following amounts:

	Transfers In
Transfers Out	General Purpose School Fund
Nonmajor governmental fund	\$ 11,871
Total Transfers	\$ 11,871

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.

**C. Capital Assets**

**Construction Commitments**

At June 30, 2004, the School Department had uncompleted construction commitments of \$771,000 for various roofing projects at county schools. Funding has been received for these future expenditures.

**D. Long-term Debt**

Since the School Department is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but the School Department is not presenting government-wide financial statements.

Capital Outlay Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for an original term of up to nine years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2004, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2004, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Amount</u>
Capital Outlay Notes	3%	\$ 47,920

The annual requirements to amortize all capital outlay notes outstanding as of June 30, 2004, are presented in the following table:

<u>Year Ending June 30</u>	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 47,920	\$ 1,437

Total debt per capita amounted to \$1, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2004, was as follows:

	<u>Notes</u>
Governmental Activities:	
Balance, July 1, 2003	\$ 94,444
Deductions	(46,524)
Balance, June 30, 2004	<u>\$ 47,920</u>
Balance Due Within One Year	<u>\$ 47,920</u>

**E. Short-term Debt**

The School Department issued revenue anticipation notes in advance of collections and deposited the proceeds in the School Federal Projects Fund, a nonmajor special revenue fund. These notes were necessary because funds were not available to meet fund obligations coming due before current revenue collections. The notes were repaid before June 30, 2004; however,

they were issued without proper authorization, as noted in the Schedule of Findings and Questioned Costs in this report. Short-term debt activity for the year ended June 30, 2004, was as follows:

Fund	Balance July 1, 2003	Issued	Redeemed	Balance June 30, 2004
School Federal Projects	\$ 0	\$ 330,000	\$ 330,000	\$ 0

#### IV. OTHER INFORMATION

##### A. Risk Management

The School Department's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in the Tennessee School Boards Liability Trust and the Tennessee School Boards – Workers' Compensation Trust, which are public entity risk pools established by the Tennessee School Boards Association. The School Department pays annual premiums to these pools for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums.

The School Department provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were 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, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The School Department provides a self-insured dental and vision plan for all full-time employees to participate in through the General Purpose School Fund. The cost of this plan for school employees was provided by appropriations made for that purpose. Payroll deductions were made from employees' compensation for the portion of premiums relating to family coverage. The dental and vision plan provides maximum yearly benefit amounts for participants. The maximum calendar year benefit under the dental plan is \$1,500 per person. The vision plan also contains limits on benefits and the number of procedures covered by the plan. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The self-insurance program funds established claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim

adjustments and expenditures, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	End of Fiscal Year Liability
2002-2003	\$ 0	\$ 258,194	\$ 258,194	\$ 0
2003-2004	0	297,676	279,461	18,215

**B. Contingent Liabilities**

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

**C. Change in Administration**

On June 14, 2004, Bobby Cummins left the Office of Director of Schools and was succeeded by Daniel Brigman.

**D. Jointly Governed Organization**

The Coffee School Department is a member of the Volunteer State Cooperative (VOLCO). The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Manchester City, Maury County, Stewart County, and Summer County. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Dickson County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, including one representative from each of the member districts, and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee. The cooperative began operations in July 1998.

## **E. Retirement Commitments**

### **Plan Description**

Employees of Coffee County, including the School Department, 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 Coffee County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Since the Coffee County School Department participates in Coffee County's plan, retirement information for the Coffee County School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote IV. (E.) of the Annual Financial Report of Coffee County, Tennessee.

### **SCHOOL TEACHERS**

#### **Plan Description**

The Coffee County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute 5.0 percent of their salaries to the plan. The employer contribution rate for the Coffee County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2004, was 3.39 percent of annual covered payroll. The employer contribution requirement for the Coffee County 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, 2004, 2003, and 2002, were \$439,536, \$429,697, and \$466,850, respectively, equal to the required contributions for each year.

### **F. Purchasing Law**

Purchasing procedures for the discretely presented Coffee County School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, Tennessee Code Annotated, 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 \$5,000.

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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit C

Coffee County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,548,473
Equity in Pooled Cash and Investments	235,750
Accounts Receivable	6,942
Due from Other Governments	1,471,037
Due from Other Funds	7,849
Property Taxes Receivable	5,253,665
Allowance for Uncollectible Property Taxes	(148,925)
Cash Shortage	250
	<hr/>
Total Assets	<u>\$ 8,375,041</u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 51,366
Due to Other Taxing Units	6,639,524
Due to Litigants, Heirs and Others	1,497,357
Due to Joint Ventures	186,794
	<hr/>
Total Liabilities	<u>\$ 8,375,041</u>

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

**COFFEE COUNTY SCHOOL DEPARTMENT  
A COMPONENT UNIT OF COFFEE COUNTY, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2004**

**BUDGETARY INFORMATION**

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

The budgetary level of control is at the major category level established by the State 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 Purpose School Fund major categories: Regular Instruction, Special Education Program, Board of Education, Director of Schools, etc.). Management may make revisions within major categories, but only the Coffee County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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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 the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for revenues and expenditures associated with the Coffee County Joint Industrial Park. Expenditures are limited to industrial purposes.

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

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

Commissary Fund – The Commissary Fund is used to account for transactions of the commissary operation administered by the Sheriff's Office.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the trustee, clerks, register, and sheriff. Revenues from fees and commissions earned by these officials are transferred to the county's General Fund.

Bridge Fund – The Bridge Fund is used to account for transactions of the county Highway Department relating to the construction and repair of bridges.

Exhibit D-1

Coffee County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Coffee County School Department  
June 30, 2004

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,243	\$ 2,243	\$ 2,243
Equity in Pooled Cash and Investments	50,918	399,997	450,915	450,915
Accounts Receivable	0	11	11	11
Due from Other Governments	254,886	78,397	333,283	333,283
Total Assets	\$ 305,804	\$ 480,648	\$ 786,452	\$ 786,452
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 760	\$ 760	\$ 760
Accrued Payroll	92,869	54,436	147,305	147,305
Payroll Deductions Payable	32,184	18,313	50,497	50,497
Total Liabilities	\$ 125,053	\$ 73,509	\$ 198,562	\$ 198,562
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 13,379	\$ 0	\$ 13,379	\$ 13,379
Reserved for Title I Grants to Local Education Agencies	100,925	0	100,925	100,925
Reserved for Innovative Education Program Strategies	6,915	0	6,915	6,915
Reserved for Special Education - Grants to States	52,272	0	52,272	52,272
Other Federal Reserves	7,260	0	7,260	7,260
Unreserved	0	407,139	407,139	407,139
Total Fund Balances	\$ 180,751	\$ 407,139	\$ 587,890	\$ 587,890
Total Liabilities and Fund Balances	\$ 305,804	\$ 480,648	\$ 786,452	\$ 786,452

Exhibit D-2

Coffee County, Tennessee  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Coffee County School Department  
For the Year Ended June 30, 2004

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 780,811	\$ 780,811	\$ 780,811
Other Local Revenues	0	2,150	2,150	2,150
State of Tennessee	0	24,638	24,638	24,638
Federal Government	1,657,523	782,742	2,440,265	2,440,265
Total Revenues	<u>\$ 1,657,523</u>	<u>\$ 1,590,341</u>	<u>\$ 3,247,864</u>	<u>\$ 3,247,864</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,253,242	\$ 0	\$ 1,253,242	\$ 1,253,242
Support Services	335,095	0	335,095	335,095
Operation of Non-Instructional Services	0	1,573,336	1,573,336	1,573,336
Total Expenditures	<u>\$ 1,588,337</u>	<u>\$ 1,573,336</u>	<u>\$ 3,161,673</u>	<u>\$ 3,161,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 69,186</u>	<u>\$ 17,005</u>	<u>\$ 86,191</u>	<u>\$ 86,191</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (11,871)	\$ 0	\$ (11,871)	\$ (11,871)
Total Other Financing Sources (Uses)	<u>\$ (11,871)</u>	<u>\$ 0</u>	<u>\$ (11,871)</u>	<u>\$ (11,871)</u>
Net Change in Fund Balances	\$ 57,315	\$ 17,005	\$ 74,320	\$ 74,320
Fund Balance, July 1, 2003	123,436	390,134	513,570	513,570
Fund Balance, June 30, 2004	<u>\$ 180,751</u>	<u>\$ 407,139</u>	<u>\$ 587,890</u>	<u>\$ 587,890</u>

Exhibit D-3

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Coffee County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Add: Encumbrances 6/30/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,657,523	\$ 0	\$ 0	\$ 1,657,523	\$ 1,609,417	\$ 1,609,417	\$ 48,106
Total Revenues	\$ 1,657,523	\$ 0	\$ 0	\$ 1,657,523	\$ 1,609,417	\$ 1,609,417	\$ 48,106
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 563,841	\$ (895)	\$ 0	\$ 562,946	\$ 613,034	\$ 613,034	\$ 50,088
Special Education Program	602,488	(78)	263	602,673	617,292	617,292	14,619
Vocational Education Program	86,913	0	600	87,513	86,929	86,929	(584)
<u>Support Services</u>							
Other Student Support	45,800	0	0	45,800	59,598	59,598	13,798
Regular Instruction Program	196,262	(410)	12,458	208,310	201,647	201,647	(6,663)
Special Education Program	83,681	0	58	83,739	86,915	86,915	3,176
Vocational Education Program	3,765	0	0	3,765	4,300	4,300	535
Office of the Principal	5,587	0	0	5,587	6,400	6,400	813
Total Expenditures	\$ 1,588,337	\$ (1,383)	\$ 13,379	\$ 1,600,333	\$ 1,676,115	\$ 1,676,115	\$ 75,782
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,186	\$ 1,383	\$ (13,379)	\$ 57,190	\$ (66,698)	\$ (66,698)	\$ 123,888
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (11,871)	\$ 0	\$ 0	\$ (11,871)	\$ (16,751)	\$ (16,751)	\$ 4,880
Total Other Financing Sources (Uses)	\$ (11,871)	\$ 0	\$ 0	\$ (11,871)	\$ (16,751)	\$ (16,751)	\$ 4,880
Net Change in Fund Balance	\$ 57,315	\$ 1,383	\$ (13,379)	\$ 45,319	\$ (83,449)	\$ (83,449)	\$ 128,768
Fund Balance, July 1, 2003	123,436	(1,383)	0	122,053	123,436	123,436	(1,383)
Fund Balance, June 30, 2004	\$ 180,751	\$ 0	\$ (13,379)	\$ 167,372	\$ 39,987	\$ 39,987	\$ 127,385

Exhibit D-4

Coffee County, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Coffee County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2004

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2003	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 780,811	\$ 0	\$ 780,811	\$ 746,650	\$ 769,650	\$ 11,161
Other Local Revenues	2,150	0	2,150	4,000	4,000	(1,850)
State of Tennessee	24,638	0	24,638	26,000	26,000	(1,362)
Federal Government	782,742	0	782,742	734,000	734,000	48,742
<b>Total Revenues</b>	<b>\$ 1,590,341</b>	<b>\$ 0</b>	<b>\$ 1,590,341</b>	<b>\$ 1,510,650</b>	<b>\$ 1,533,650</b>	<b>\$ 56,691</b>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,573,336	\$ (2,288)	\$ 1,571,048	\$ 1,520,468	\$ 1,578,640	\$ 7,592
<b>Total Expenditures</b>	<b>\$ 1,573,336</b>	<b>\$ (2,288)</b>	<b>\$ 1,571,048</b>	<b>\$ 1,520,468</b>	<b>\$ 1,578,640</b>	<b>\$ 7,592</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,005	\$ 2,288	\$ 19,293	\$ (9,818)	\$ (44,990)	\$ 64,283
Net Change in Fund Balance	\$ 17,005	\$ 2,288	\$ 19,293	\$ (9,818)	\$ (44,990)	\$ 64,283
Fund Balance, July 1, 2003	390,134	(2,288)	387,846	352,621	352,621	35,225
<b>Fund Balance, June 30, 2004</b>	<b>\$ 407,139</b>	<b>\$ 0</b>	<b>\$ 407,139</b>	<b>\$ 342,803</b>	<b>\$ 307,631</b>	<b>\$ 99,508</b>

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# MISCELLANEOUS SCHEDULES

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Exhibit E-1

Coffee County, Tennessee  
Schedule of Changes in General Long-term Notes  
Discretely Presented Coffee County School Department  
For the Year Ended June 30, 2004

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/03	Paid and/or Matured During Period	Outstanding 6/30/04
<u>NOTES PAYABLE</u>							
Payable through General Purpose School Fund:							
Energy Efficiency System	\$ 307,510	3.00 %	7/1/96	7/1/05	\$ 94,444	\$ 46,524	\$ 47,920
Total Notes Payable					<u>\$ 94,444</u>	<u>\$ 46,524</u>	<u>\$ 47,920</u>

Exhibit E-2

Coffee County, Tennessee  
Schedule of Transfers - All Funds  
School Department  
For the Year Ended June 30, 2004

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 11,871</u>
Total Transfers			<u><u>\$ 11,871</u></u>

Exhibit E-3

Coffee County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
School Department  
For the Year Ended June 30, 2004

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools:				
Bobby J. Cummins (7-1-03 to 6-14-04)	State Board of Education and Coffee County Board of Education	\$ 79,493 (1)	\$ 50,000	The St. Paul Surety Company
Daniel Brigman (6-15-04 to 6-30-04)	State Board of Education and Coffee County Board of Education	(2)	(3)	
Employee Blanket Bond Coverage School Employees			150,000	Tennessee School Boards Liability Trust

- (1) Includes chief executive officer training supplement of \$800.
- (2) Contracted salary is to be budgeted and paid in the 2004-2005 fiscal year.
- (3) The director is covered under the School Department's blanket bond.

## Exhibit E-4

Coffee County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Coffee County School Department  
For the Year Ended June 30, 2004

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,114,696	\$ 0	\$ 0	\$ 0	\$ 4,114,696
Trustee's Collections - Prior Year	88,309	0	0	0	88,309
Circuit/Clerk & Master Collections - Prior Years	38,552	0	0	0	38,552
Interest and Penalty	35,393	0	0	0	35,393
Payments in Lieu of Taxes - T.V.A.	442	0	0	0	442
Payments in Lieu of Taxes - Other	1,109	0	0	0	1,109
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,760,634	0	0	0	3,760,634
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	4,074	0	0	0	4,074
<b>Total Local Taxes</b>	<b>\$ 8,043,209</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,043,209</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,439	\$ 0	\$ 0	\$ 0	\$ 1,439
<b>Total Licenses and Permits</b>	<b>\$ 1,439</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,439</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 9,875	\$ 0	\$ 0	\$ 0	\$ 9,875
Lunch Payments - Children	0	0	472,199	0	472,199
Lunch Payments - Adults	0	0	55,583	0	55,583
Income from Breakfast	0	0	50,667	0	50,667
A la carte Sales	0	0	201,808	0	201,808
Receipts from Individual Schools	35,907	0	354	0	36,261
Community Service Fees - Children	107,344	0	0	0	107,344
<u>Other Charges for Services</u>					
Other Charges for Services	11,800	0	200	0	12,000
<b>Total Charges for Current Services</b>	<b>\$ 164,926</b>	<b>\$ 0</b>	<b>\$ 780,811</b>	<b>\$ 0</b>	<b>\$ 945,737</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,150	\$ 0	\$ 2,150
Lease/Rentals	5,324	0	0	0	5,324
Miscellaneous Refunds	1,668	0	0	0	1,668
<u>Nonrecurring Items</u>					
Insurance Recovery	17,687	0	0	0	17,687
Sale of Equipment	4,254	0	0	0	4,254
Sale of Property	200,514	0	0	0	200,514
Damages Recovered from Individuals	3,246	0	0	0	3,246
Contributions & Gifts	21,824	0	0	0	21,824
<u>Other Local Revenues</u>					
Other Local Revenues	10,076	0	0	0	10,076
<b>Total Other Local Revenues</b>	<b>\$ 264,593</b>	<b>\$ 0</b>	<b>\$ 2,150</b>	<b>\$ 0</b>	<b>\$ 266,743</b>
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 11,955,056	\$ 0	\$ 0	\$ 0	\$ 11,955,056
School Food Service	0	0	24,638	0	24,638
Driver Education	16,650	0	0	0	16,650
Other State Education Funds	199,156	0	0	0	199,156
Career Ladder Program	282,428	0	0	0	282,428
Career Ladder - Extended Contract	110,633	0	0	0	110,633
<u>Other State Revenues</u>					
Alcoholic Beverage Tax	3,264	0	0	0	3,264
Other State Grants	42,509	0	0	0	42,509
<b>Total State of Tennessee</b>	<b>\$ 12,609,696</b>	<b>\$ 0</b>	<b>\$ 24,638</b>	<b>\$ 0</b>	<b>\$ 12,634,334</b>

(Continued)

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 619,809	\$ 0	\$ 619,809
Breakfast	0	0	162,933	0	162,933
Vocational Education - Basic Grants to States	0	91,543	0	0	91,543
Title I Grants to Local Education Agencies	0	557,606	0	0	557,606
Innovative Education Program Strategies	0	27,994	0	0	27,994
Special Education - Grants to States	0	714,675	0	0	714,675
Special Education Preschool Grants	0	33,786	0	0	33,786
Eisenhower Professional Development State Grants	0	189,184	0	0	189,184
Other Federal through State	7,834	42,735	0	0	50,569
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	34,265	0	0	0	34,265
Total Federal Government	\$ 42,099	\$ 1,657,523	\$ 782,742	\$ 0	\$ 2,482,364
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 900,000	\$ 900,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 900,000	\$ 900,000
Total	\$ 21,125,962	\$ 1,657,523	\$ 1,590,341	\$ 900,000	\$ 25,273,826

Coffee County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Coffee County School Department  
For the Year Ended June 30, 2004

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,053,434	
Career Ladder Program	179,008	
Career Ladder Extended Contracts	67,000	
Homebound Teachers	12,844	
Instructional Computer Personnel	49,521	
Educational Assistants	155,753	
Other Salaries & Wages	10,789	
Substitute Teachers	126,452	
Social Security	514,349	
State Retirement	288,128	
Life Insurance	39,589	
Medical Insurance	1,037,085	
Dental Insurance	64,783	
Employer Medicare	120,966	
Communication	41,272	
Maintenance & Repair Services- Equipment	21,173	
Other Contracted Services	46,716	
Instructional Supplies and Materials	172,018	
Textbooks	192,335	
Other Supplies and Materials	7,377	
Other Charges	33,434	
Furniture and Fixtures	3,921	
Regular Instruction Equipment	68,608	
Total Regular Instruction Program		\$ 11,306,555

Special Education Program

Teachers	\$ 1,299,426
Career Ladder Program	22,999
Homebound Teachers	10,131
Educational Assistants	97,188
Substitute Teachers	5,996
Social Security	84,182
State Retirement	51,015
Life Insurance	8,465
Medical Insurance	238,232
Dental Insurance	19,960
Employer Medicare	19,691
Maintenance & Repair Services- Equipment	1,045
Other Contracted Services	3,809

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	8,602	
Other Supplies and Materials		2,319	
Other Charges		363	
Total Special Education Program			\$ 1,873,423

Vocational Education Program

Teachers	\$	641,774	
Career Ladder Program		10,500	
Career Ladder Extended Contracts		2,000	
Educational Assistants		9,565	
Substitute Teachers		6,126	
Social Security		39,437	
State Retirement		22,298	
Life Insurance		3,376	
Medical Insurance		83,888	
Dental Insurance		4,888	
Employer Medicare		9,440	
Instructional Supplies and Materials		19,018	
Total Vocational Education Program			852,310

Student Body Education Program

Other Salaries & Wages	\$	27,650	
Social Security		1,478	
State Retirement		1,311	
Employer Medicare		390	
Other Contracted Services		1,882	
Other Charges		1,403	
Total Student Body Education Program			34,114

Support Services

Attendance

Supervisor/Director	\$	53,553	
Career Ladder Program		1,000	
Social Security		3,321	
State Retirement		1,850	
Life Insurance		179	
Medical Insurance		4,090	
Dental Insurance		272	
Employer Medicare		777	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Travel	\$	1,087	
Other Contracted Services		14,997	
Other Supplies and Materials		1,515	
Total Attendance			\$ 82,641

Health Services

Medical Personnel	\$	139,498	
Other Salaries & Wages		5,999	
Social Security		9,046	
State Retirement		4,729	
Life Insurance		659	
Medical Insurance		14,617	
Dental Insurance		1,086	
Employer Medicare		2,116	
Travel		4,694	
Other Supplies and Materials		1,798	
Other Charges		1,201	
Total Health Services			185,443

Other Student Support

Career Ladder Program	\$	9,000	
Guidance Personnel		419,041	
Career Ladder Extended Contracts		4,000	
Social Workers		21,722	
Secretary(s)		12,973	
Other Salaries & Wages		2,265	
Social Security		28,950	
State Retirement		16,365	
Life Insurance		2,041	
Medical Insurance		46,609	
Dental Insurance		3,259	
Employer Medicare		6,771	
Evaluation and Testing		28,690	
Travel		369	
Other Contracted Services		60	
Total Other Student Support			602,115

Regular Instruction Program

Supervisor/Director	\$	279,477	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Career Ladder Program	\$	23,000	
Career Ladder Extended Contracts		19,000	
Librarians		322,277	
Secretary(s)		43,607	
Other Salaries & Wages		18,665	
Social Security		42,422	
State Retirement		25,323	
Life Insurance		3,111	
Medical Insurance		73,417	
Dental Insurance		4,888	
Employer Medicare		9,921	
Travel		8,404	
Library Books/Media		24,988	
In Service/Staff Development		15,363	
Other Charges		10,000	
Other Equipment		3,000	
Total Regular Instruction Program			\$ 926,863

Special Education Program

Supervisor/Director	\$	49,092	
Career Ladder Program		1,000	
Psychological Personnel		47,113	
Secretary(s)		15,840	
Other Salaries & Wages		1,462	
Social Security		6,374	
State Retirement		4,419	
Life Insurance		585	
Medical Insurance		15,874	
Dental Insurance		815	
Employer Medicare		1,491	
Travel		7,025	
Other Contracted Services		6,000	
Other Supplies and Materials		600	
Other Charges		600	
Total Special Education Program			158,290

Vocational Education Program

Supervisor/Director	\$	59,465	
Career Ladder Program		1,000	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(s)	\$	21,977	
Clerical Personnel		15,767	
Social Security		6,317	
State Retirement		4,887	
Life Insurance		432	
Medical Insurance		15,761	
Dental Insurance		815	
Employer Medicare		1,477	
Communication		2,011	
Travel		240	
Total Vocational Education Program			\$ 130,149

Board of Education

Secretary to Board	\$	1,594	
Board and Committee Members Fees		11,640	
Social Security		806	
State Retirement		103	
Life Insurance		624	
Medical Insurance		50,157	
Unemployment Compensation		10,762	
Employer Medicare		189	
Audit Services		6,620	
Bank Charges		510	
Dues and Memberships		5,263	
Legal Services		12,210	
Travel		9,135	
Liability Insurance		204,003	
Trustee's Commission		166,135	
Workers' Compensation Insurance		155,459	
Criminal Investigation of Applicants - TBI		2,496	
Other Charges		37,941	
Total Board of Education			675,647

Director of Schools

County Official/Administrative Officer	\$	78,693	
Career Ladder Program		800	
Secretary(s)		25,978	
Clerical Personnel		18,086	
Social Security		7,255	
State Retirement		5,555	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Life Insurance	\$	536	
Medical Insurance		15,479	
Dental Insurance		815	
Employer Medicare		1,697	
Communication		6,155	
Dues and Memberships		1,367	
Maintenance & Repair Services- Equipment		14,900	
Postal Charges		2,443	
Travel		1,638	
Office Supplies		7,101	
Total Director of Schools			\$ 188,498

Office of the Principal

Principals	\$	436,845	
Career Ladder Program		14,000	
Accountants/Bookkeepers		41,212	
Career Ladder Extended Contracts		8,000	
Assistant Principals		180,121	
Secretary(s)		181,526	
Social Security		52,035	
State Retirement		35,212	
Life Insurance		4,199	
Medical Insurance		108,495	
Dental Insurance		6,517	
Employer Medicare		12,170	
Communication		14,398	
Travel		1,652	
Office Supplies		4,191	
Other Equipment		10,892	
Total Office of the Principal			1,111,465

Fiscal Services

Supervisor/Director	\$	36,986	
Accountants/Bookkeepers		106,915	
Social Security		8,724	
State Retirement		9,339	
Life Insurance		894	
Medical Insurance		22,660	
Dental Insurance		1,358	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Employer Medicare	\$	2,040	
Travel		282	
Other Contracted Services		6,997	
In Service/Staff Development		297	
Administration Equipment		2,500	
Total Fiscal Services			\$ 198,992

Operation of Plant

Custodial Personnel	\$	362,999	
Social Security		20,455	
State Retirement		19,483	
Life Insurance		2,735	
Medical Insurance		81,501	
Dental Insurance		4,306	
Employer Medicare		4,903	
Laundry Service		2,366	
Electricity		537,833	
Natural Gas		93,346	
Propane Gas		5,581	
Water and Sewer		54,617	
Other Supplies and Materials		30,350	
Other Charges		17,640	
Total Operation of Plant			1,238,115

Maintenance of Plant

Supervisor/Director	\$	35,642	
Maintenance Personnel		106,868	
Other Salaries & Wages		17,587	
Social Security		9,522	
State Retirement		7,927	
Life Insurance		994	
Medical Insurance		21,589	
Dental Insurance		1,458	
Employer Medicare		2,227	
Communication		3,960	
Maintenance & Repair Services- Buildings		9,994	
Maintenance & Repair Services- Equipment		14,697	
Other Contracted Services		2,077	
Other Supplies and Materials		108,758	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance Equipment	\$ 1,380	
Total Maintenance of Plant		\$ 344,680

Transportation

Supervisor/Director	\$ 39,189	
Mechanic(s)	64,655	
Bus Drivers	466,091	
Clerical Personnel	18,752	
Other Salaries & Wages	79,759	
Social Security	40,498	
State Retirement	40,703	
Life Insurance	9,789	
Medical Insurance	226,521	
Dental Insurance	13,639	
Employer Medicare	9,471	
Communication	1,516	
Laundry Service	1,948	
Travel	607	
Diesel Fuel	65,913	
Gasoline	7,592	
Tires and Tubes	12,935	
Utilities	11,327	
Vehicle Parts	53,197	
Other Charges	3,434	
Transportation Equipment	<u>125,600</u>	
Total Transportation		1,293,136

Operation of Non-Instructional Services

Community Services

Teachers	\$ 102,322
Educational Assistants	20,111
Other Salaries & Wages	106,238
Substitute Teachers	1,209
Social Security	13,693
State Retirement	6,116
Life Insurance	1,263
Medical Insurance	20,590
Dental Insurance	2,172
Employer Medicare	3,204

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Communication	\$	2,281	
Travel		3,640	
Other Contracted Services		3,481	
Food Supplies		9,108	
Instructional Supplies and Materials		3,745	
Other Supplies and Materials		8,568	
In Service/Staff Development		1,002	
Other Charges		4,739	
Building Improvements		3,800	
Regular Instruction Equipment		2,822	
Total Community Services			\$ 320,104

Capital Outlay

Regular Capital Outlay

Administration Equipment	\$	1,525	
Building Improvements		114,616	
Other Capital Outlay		42,559	
Total Regular Capital Outlay			158,700

Principal

Education

Principal on Notes	\$	46,524	
Total Education			46,524

Interest

Education

Interest on Notes	\$	2,833	
Total Education			2,833

Total General Purpose School Fund \$ 21,730,597

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	375,334	
Educational Assistants		24,514	
Other Salaries & Wages		4,795	
Substitute Teachers		11,057	
Social Security		25,256	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	14,023	
Life Insurance		2,212	
Medical Insurance		64,781	
Employer Medicare		5,907	
Other Contracted Services		3,711	
Instructional Supplies and Materials		31,108	
Other Charges		143	
Regular Instruction Equipment		1,000	
Total Regular Instruction Program			\$ 563,841

Special Education Program

Teachers	\$	9,780	
Educational Assistants		263,640	
Substitute Teachers		13,334	
Social Security		17,071	
State Retirement		15,481	
Life Insurance		4,671	
Medical Insurance		107,086	
Employer Medicare		3,993	
Maintenance & Repair Services- Equipment		1,849	
Other Contracted Services		83,183	
Instructional Supplies and Materials		33,065	
Textbooks		2,984	
Other Supplies and Materials		9,361	
Other Charges		3,323	
Special Education Equipment		33,667	
Total Special Education Program			602,488

Vocational Education Program

Teachers	\$	16,012	
Substitute Teachers		525	
Social Security		1,031	
State Retirement		543	
Life Insurance		74	
Medical Insurance		2,778	
Employer Medicare		241	
Travel		3,450	
Instructional Supplies and Materials		5,491	
Other Supplies and Materials		500	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 56,268	
Total Vocational Education Program		\$ 86,913

Support Services

Other Student Support

Social Workers	\$ 11,908	
Other Salaries & Wages	21,177	
Social Security	2,051	
State Retirement	1,778	
Life Insurance	180	
Medical Insurance	4,155	
Employer Medicare	480	
Evaluation and Testing	3,970	
Other Charges	101	
Total Other Student Support		45,800

Regular Instruction Program

Supervisor/Director	\$ 17,565	
Secretary(s)	29,472	
Other Salaries & Wages	21,252	
Social Security	3,941	
State Retirement	3,229	
Life Insurance	180	
Medical Insurance	8,906	
Employer Medicare	922	
Travel	3,700	
Other Supplies and Materials	10,900	
In Service/Staff Development	95,322	
Other Charges	682	
Other Equipment	191	
Total Regular Instruction Program		196,262

Special Education Program

Psychological Personnel	\$ 15,989	
Secretary(s)	15,840	
Social Security	1,973	
State Retirement	1,028	
Life Insurance	85	
Medical Insurance	2,077	

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	462	
Travel		149	
Other Contracted Services		9,135	
Other Supplies and Materials		3,255	
In Service/Staff Development		16,980	
Other Charges		1,096	
Other Equipment		15,612	
Total Special Education Program			\$ 83,681

Vocational Education Program

Travel	\$	272	
In Service/Staff Development		3,493	
Total Vocational Education Program			3,765

Office of the Principal

Communication	\$	5,587	
Total Office of the Principal			<u>5,587</u>

Total School Federal Projects Fund \$ 1,588,337

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,088	
Accountants/Bookkeepers		25,479	
Cafeteria Personnel		478,680	
Other Salaries & Wages		28,517	
In-Service Training		1,183	
Social Security		35,251	
State Retirement		32,268	
Life Insurance		6,612	
Medical Insurance		139,022	
Dental Insurance		10,048	
Employer Medicare		8,244	
Accounting Services		465	
Communication		3,926	
Maintenance & Repair Services- Equipment		16,066	
Travel		4,182	
Other Contracted Services		11,676	

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	42,845	
Food Supplies		645,908	
Office Supplies		2,074	
Other Supplies and Materials		117	
Liability Insurance		1,103	
Trustee's Commission		1	
In Service/Staff Development		2,555	
Other Charges		4,078	
Food Service Equipment		16,948	
Total Food Service			\$ 1,573,336

Total Central Cafeteria Fund \$ 1,573,336

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	129,000	
Total Education Capital Projects			\$ 129,000

Total Education Capital Projects Fund 129,000

Total Governmental Funds - Coffee County School Department \$ 25,021,270

**SINGLE AUDIT REPORT**  
**COFFEE COUNTY, TENNESSEE**  
**AND**  
**COFFEE COUNTY SCHOOL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

*DEPARTMENT OF AUDIT:*  
*JOHN G. MORGAN*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT:*  
*RICHARD V. NORMENT*  
*Assistant to the Comptroller*

*ARTHUR L. ALEXANDER*  
*Director*

*CARL LOWE, CGFM*  
*Audit Manager*

*STEVE REEDER, CPA, CGFM, CFE*  
*Auditor 4*

*MELODIE C. WHEELER*  
*AMY HEWITT*  
*KELLEY J. McNEAL, CPA, CGFM*  
*State Auditors*



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841

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

November 3, 2004

Coffee County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Coffee County, Tennessee

To the County Mayor, County Commissioners, Director of Schools, and  
Board of Education:

We have audited the financial statements of Coffee County, Tennessee, and the Coffee County School Department as of and for the year ended June 30, 2004, and have issued our reports thereon dated November 3, 2004. Our reports on the financial statements of Coffee County, Tennessee, and Coffee County School Department express adverse opinions because their government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coffee County's and the Coffee County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grants, 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 eight material instances of noncompliance that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 04.01, 04.02, 04.03, 04.05, 04.07, 04.09, 04.13, and 04.14. We also noted other instances of noncompliance, which are described in the accompanying Schedule of Findings and

Questioned Costs as items 04.04, 04.06(A, B), 04.10, and 04.15. We have also noted certain other, less significant instances of noncompliance that we have reported to management in separate communications.

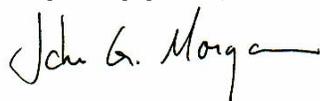
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coffee County's and the Coffee County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Coffee County's and the Coffee County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 04.06(C, D, E, F), 04.08, 04.11, and 04.12.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/atr



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0269  
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 3, 2004

Coffee County Mayor, Board of County Commissioners,  
Director of Schools, and Board of Education  
Coffee County, Tennessee

To the County Mayor, County Commissioners, Director of Schools, and  
Board of Education:

Compliance

We have audited the compliance of Coffee County and the Coffee County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2004. Coffee County's and the Coffee County School Department's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Coffee County's and the Coffee County School Department's management. Our responsibility is to express an opinion on Coffee County's and the Coffee County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing 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 Coffee County's and the Coffee County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coffee County's and the Coffee County School Department's compliance with those requirements.

In our opinion, Coffee County and the Coffee County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2004.

#### Internal Control Over Compliance

The management of Coffee County and the Coffee County School Department are responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Coffee County's and the Coffee County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the financial statements of Coffee County, Tennessee, and the Coffee County School Department as of and for the year ended June 30, 2004, and have issued our reports thereon dated November 3, 2004. Our reports on the financial statements of Coffee County and the Coffee County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/atr

Coffee County, Tennessee, and the Coffee County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2004

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:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 173,473
Passed-through State Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 162,933
National School Lunch Program	10.555	N/A	619,809
Total Passed-through State Department of Education			\$ 782,742
Total U.S. Department of Agriculture			\$ 956,215
U.S. Department of Justice:			
Passed-through State Department of Children's Services:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program	16.580	GG0309771-00	\$ 65,864
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	\$ 555,136
Special Education - Grants to States	84.027	N/A	668,995
Vocational Education - Basic Grants to States	84.048	N/A	90,943
Special Education Preschool - Grants to States	84.173	(2)	32,244
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	31,060 (3)
Safe and Drug Free Schools and Communities - State Grants	84.186	Z-04-019493-00	2,125 (3)
Innovative Education Program Strategies	84.298	(2)	28,227
Education Technology State Grants	84.318	(2)	14,751
English Language Acquisition Grants	84.365	(2)	14,266
Improving Teacher Quality State Grants	84.367	(2)	163,202
Total U.S. Department of Education			\$ 1,600,949
U.S. Department of Health and Human Services:			
Passed-through State Department of Children's Services:			
Dependent Care - School Age Child Care	93.673	(2)	\$ 5,709
U.S. Department of Homeland Security:			
Passed-through State Emergency Management Agency:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-011119-00	\$ 10,000 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-03-014413-00	19,993 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017737-00	11,282 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020082-00	8,550 (4)
State and Local All Hazards Emergency Operations Planning	97.051	Z-03-015150-00	13,288
Community Emergency Response Teams (CERT)	97.054	Z-03-019269-00	6,257
Total U.S. Department of Homeland Security			\$ 69,370
Total Expenditures of Federal Awards			\$ 2,698,107

(Continued)

Coffee County, Tennessee, and the Coffee County School Department  
 Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>State Grants</u>			
Family Resource - TN Department of Health	N/A	Z-04-017556-00	\$ 39,558
Early Childhood Education - TN Department of Education	N/A	Z-04-018325-00	130,000
Safe Schools Act 2000 - TN Department of Education	N/A	(2)	26,494
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	17,204
Rural Local Health - TN Department of Health	N/A	Z-04-015359-00	329,995
Tennessee Industrial Infrastructure Program	NA	GG-04-10679-00	176,578
Litter Program - TN Dept. of Transportation	N/A	(2)	48,306
Juvenile Services Program - TN Children's Services Commission	N/A	(2)	14,984
Recycling Equipment Grant - TN Department of Environment and Community Development	N/A	(2)	7,517
Waste Tire Grant - TN Department of Environment and Community Development	N/A	(2)	34,189
Total State Grants			\$ 824,825

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 Safe and Drug Free Schools and Communities - State Grants (CFDA# 84.186) from the U.S. Department of Education \$33,185.
- (4) Total State Domestic Preparedness Equipment Support Program (CFDA# 97.004) from the U.S. Department of Homeland Security \$49,825.

Coffee County, Tennessee, and the Coffee County School Department  
Schedule of Audit Findings Not Corrected  
June 30, 2004

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Comprehensive Annual Financial Report for Coffee County, Tennessee, and the Coffee County School Department for the year ended June 30, 2003, which have not been corrected.

**COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.01	10	Government-wide Financial Statements Were Not Presented in Accordance With Generally Accepted Accounting Principles

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.02	11	Expenditures and Encumbrances Exceeded Appropriations Approved by the County Commission
03.03	11	Competitive Bids Were Not Solicited in All Applicable Instances

**COFFEE COUNTY LIBRARY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.06	13	The Audit of the Coffee County Library Prepared by an Accounting Firm Disclosed Deficiencies

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.08	17	Inventory Records Were Not Maintained Adequately

## **OFFICE OF SHERIFF**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
03.10	18	The Office Had Deficiencies in the Administration of Drug Control Funds

## **OTHER FINDINGS AND RECOMMENDATIONS**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
03.12	22	A System of Central Accounting, Budgeting, and Purchasing Had Not Been Adopted
03.13	23	Duties Were Not Segregated Adequately in the Offices of Highway Superintendent, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff
03.14	23	The Practice of Paying School Department Workers' Compensation Insurance Premiums From the General Fund Is of Questionable Legality
03.15	24	A Portion of Sales Tax Collected Outside Municipalities Was Not Apportioned With City School Systems

Coffee County, Tennessee, and the Coffee County School Department  
Schedule of Audit Findings Not Corrected  
June 30, 2004

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Comprehensive Annual Financial Report for Coffee County, Tennessee, and the Coffee County School Department for the year ended June 30, 2003, which have not been corrected.

**COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT**

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**COFFEE COUNTY, TENNESSEE, AND THE  
COFFEE COUNTY SCHOOL DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2004**

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

1. Adverse opinions were issued on the financial statements of Coffee County and the Coffee County School Department.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements of Coffee County and the Coffee County School Department. None of these conditions was considered to be a material weakness.
3. The audit disclosed seven instances of noncompliance that are material to the financial statements of Coffee County. The audit disclosed four instances of noncompliance that are material to the financial statements of the Coffee County School Department.
4. No reportable conditions in internal control over major programs were disclosed by the audit.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed no audit findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Nutrition Cluster - School Breakfast Program and National School Lunch Program (CFDA No.'s 10.553 and 10.555), the Title 1 Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education – Grants to States (CFDA No. 84.027) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Coffee County and the Coffee County School Department did not qualify as low-risk auditees.

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

Findings and recommendations as a result of our examination are presented below. We have reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report. The finding and recommendation for the Coffee County Library are paraphrased from the auditor's report for the year ended June 30, 2003.

### **COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT**

**FINDING 04.01      **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES****  
(Material Noncompliance Under Government Auditing Standards)

Coffee County and the Coffee County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Coffee County and the Coffee County School Department were unable to provide the information necessary to prepare government-wide financial statements for all of their activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Coffee County's and the Coffee County School Department's financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued adverse opinions on their financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement 34, established by the Comptroller of the Treasury. Coffee County's and the Coffee County School Department's financial statements are presented in compliance with these requirements.

### **RECOMMENDATION**

Coffee County and the Coffee County School Department should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for their capital assets. These records should document the historical cost of the governments' capital assets and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

**OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, AND DIRECTOR OF ACCOUNTS AND BUDGETS**

**FINDING 04.02      **DEFICIENCIES WERE NOTED IN BUDGET OPERATIONS**  
(Material Noncompliance Under Government Auditing Standards)**

Our examination noted the following deficiencies in budget operations:

- A. The actual beginning fund balance in the Highway/Public Works Fund was \$1,083,397 at July 1, 2003; however, the estimated fund balance reflected in the county’s budget document for that date was only \$708,488. Therefore, the actual fund balance was \$374,909 more than the estimated fund balance presented to the County Commission during the budget approval process.
- B. Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Local Purpose Tax Fund (\$510), the Commissary Fund (\$48,089), the Rural Debt Service Fund (\$17,926), and the Education Debt Service Fund (\$530).
- C. Expenditures and encumbrances exceeded appropriations approved by the County Commission in five of 49 major categories (the legal level of control) in the General Fund and in two of nine major categories of the Highway/Public Works Fund, as follows:

<u>Fund</u>	<u>Major Appropriation Category</u>	<u>Amount</u>
General	Reappraisal Program	\$ 35,742
“	Sheriff’s Department	2,591
“	Traffic Control	868
“	Agricultural Extension Service	511
“	Other Charges	47,184
Highway/Public Works	Quarry Operations	10,978
“	Highway and Streets	4,297

Section 5-9-401, Tennessee Code Annotated, states that “all funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

**RECOMMENDATION**

The estimate of beginning fund balance should be made on a more realistic basis to provide county officials with accurate information on which to base funding decisions. Expenditures and encumbrances should be held within appropriations approved by the County Commission.

**FINDING 04.03      HIGHWAY DEPARTMENT RECEIVABLES WERE NOT DETERMINED AND POSTED TO THE ACCOUNTING RECORDS**

(Material Noncompliance Under Government Auditing Standards)

Receivables for the Highway Department were not determined and recorded on the accounting records, as required by generally accepted accounting principles. We performed additional audit procedures to determine receivables at June 30, 2004. We presented to management audit adjustments totaling \$179,859, which they posted in order to properly present these receivables in the financial statements of this report.

**RECOMMENDATION**

Receivables for all funds administered by the director of accounts and budget should be determined and recorded on the accounting records in accordance with generally accepted accounting principles.

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**FINDING 04.04      DEFICIENCIES WERE NOTED IN THE COUNTY'S PURCHASING PROCEDURES**

(Noncompliance Under Government Auditing Standards)

Coffee County's purchasing procedures are governed by Section 5-14-101, et seq., Tennessee Code Annotated (TCA), the County Purchasing Law of 1957. Purchasing procedures in the Highway Department are also governed by provisions of Chapter 8, Private Acts of 1971, and the Uniform Road Law, Section 54-7-113, TCA. The following purchasing deficiencies violated these statutes:

- A. Purchase orders were not issued in some required instances, and in other instances, purchase orders were issued after purchases were made.
- B. On several occasions, the office issued checks to vendors without invoices or other documentation on file to support the payment. Also, in several instances, invoices were paid without documentation that goods had been received or services had been rendered. Paragraph 1.11 of the Coffee County Purchasing Policy requires department personnel to certify the receipt of goods or services by signing the invoice to authorize payment. We extended our audit procedures and determined that these goods were received and services were rendered.
- C. Competitive bids were not solicited for the purchase of food supplies for the jail (\$7,639), paving (\$5,550) and doors (\$6,500) for the Ambulance Service, liability insurance (\$10,602), and buildings and contents insurance (\$13,731). Statutes and county policy provide for the purchasing agent to make all purchases for these departments with purchases exceeding \$5,000 to be made on the basis of competitive bids solicited through public advertisement. The

director of accounts and budgets serves as purchasing agent for Coffee County.

RECOMMENDATION

Purchase orders should be issued for all applicable purchases before purchases are made, as required by state statute. Invoices signed by personnel certifying receipt of goods or services should be on file to support all purchases, as required by county policy. To further comply with state law, the county should ensure that all purchases estimated to exceed \$5,000 are made on the basis of competitive bids.

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FINDING 04.05      **THE COUNTY DID NOT RETIRE TAX ANTICIPATION NOTES  
IN ACCORDANCE WITH STATE STATUTES**  
(Material Noncompliance Under Government Auditing Standards)

The county did not properly retire an interfund note before year-end. During the year, Coffee County issued an interfund tax anticipation note of \$65,000 from the Rural Debt Service Fund to the Education Debt Service Fund. This note was necessary to meet debt service payments due before current tax collections. However, the office did not retire this tax anticipation note in compliance with Section 9-21-801, Tennessee Code Annotated, which requires that all such notes must mature not later than the close of the fiscal year in which they are issued. This statute further states that if paying the notes before the close of the fiscal year is impossible, the county must apply to the state director of Local Finance within ten days before the close of the fiscal year for permission to extend the note. This note was not retired by June 30, 2004, and the county did not apply to the state director of Local Finance for an extension.

This unpaid note has been reflected as a payable in the Education Debt Service Fund and as a receivable and a reservation of fund balance in the Rural Debt Service Fund in the financial statements of this report.

RECOMMENDATION

Coffee County should retire tax anticipation notes in accordance with state statute. Furthermore, the county should obtain the approval of the state director of Local Finance to extend the maturity of any tax anticipation notes not retired by the close of the fiscal year.

## COFFEE COUNTY LIBRARY

### FINDING 04.06      **THE AUDIT REPORT OF THE COFFEE COUNTY LIBRARY PREPARED BY AN ACCOUNTING FIRM DISCLOSED DEFICIENCIES**

(A., and B. Noncompliance Under Government Auditing Standards  
and C., D., E., and F. Internal Control – Reportable Condition Under  
Government Auditing Standards)

The financial statements of the Coffee County Library (a Special Revenue Fund of the primary government) for the year ended June 30, 2004, were not available from the library's auditor in time for inclusion in this report. The audit of the library for the year ended June 30, 2003, was also not available for inclusion in the county's report for the year ended June 30, 2003. However, the library's audit report for the year ended June 30, 2003, is now available, and it noted several instances of noncompliance and internal control weaknesses that need to be disclosed in the county's report.

A.      Expenditures Exceeded Appropriations

Actual expenditures exceeded the amount appropriated in the budget. This practice is contrary to state statutes, which require all expenditures be authorized by the governing body.

B.      Funds Were Not Deposited Within Three Days of Collection

Funds were held longer than three days before a deposit was made to the bank, violating Section 5-8-207, TCA.

C.      Expenditures and Reimbursements Were Not Documented Adequately

Some expenditures and reimbursements were not documented, and invoices were not validated when paid.

D.      The Library Had Payroll Deficiencies

During the review of payroll expenditures, discrepancies were found between the vacation/sick pay ledger per employee and individual employee time sheets. Also, employee time sheets were not signed, and corrections or changes had not been initialed for approval. Several time sheets did not calculate the actual hours worked.

E. Purchasing Deficiencies Were Noted

During a review of disbursements, the auditor discovered that purchase orders were used inconsistently or not at all, bids were not obtained for major expenditures, and board approvals for some items purchased were given after purchases were made.

F. Receipting Deficiencies Were Noted

Pre-numbered receipts were not used. The computer generated only a batch total of receipts printed for the day. These totals quite often did not agree with actual cash collected. All revenues reported were cash totals only, and a "cash over/short" account was not used for reconciling the difference between the receipt report and the actual cash received.

RECOMMENDATION

The audit recommended the following:

- A. All expenditures should be authorized either in the original budget or an amendment to the budget or in a supplemental appropriation.
- B. State statute requires officials to deposit funds within three days after collection. In order to safeguard public monies, the county should deposit all money promptly.
- C. Invoices, signed receiving reports, and other documents should be obtained for all purchases, including reimbursements. They should be attached together and filed in such a way that they can be easily found for future reference and audit. Each invoice should be stamped paid when each check is written and should include the date and amount of the payment. Statements should be reconciled with invoices when multiple payments are made.
- D. Precise maintenance and centralized control of payroll records are essential because of social and labor legislation and the complex accounting and reporting problems involved. Procedures should be implemented to ensure that records are maintained accurately. A cumulative employee leave record should clearly show all leave of any type earned and taken for each pay period, all paid and unpaid absences, and the current leave balances. It is imperative that records reflect the payments recorded in the time sheets accurately. Hours paid should agree with time cards and other labor records that are processed by inserting and extending pay rates. Time cards should be maintained for all employees to eliminate unauthorized pay and repeated tardiness. Changes made to time sheets should be initialed showing approval of the change. All monies paid to an employee for services performed should be processed in the payroll records.
- E. The governing body should establish a purchasing policy that includes the use of prenumbered purchase orders for purchases over a predetermined

amount, approval of purchase orders, and competitive bids over a stated amount. The use of a purchase order system allows control of expenditures within budget guidelines and ensures the expenditure is in accordance with the purpose of the appropriation. Board approval of expenditures before the actual purchase allows the board to maintain control over remaining funds to be spent. Adequate documentation should be maintained to substantiate bid and quotation requests.

- F. Prenumbered receipts should be issued for each revenue source, as required by Section 9-2-103, TCA. Receipts should be in duplicate form so that one copy is retained for auditors during the auditing process. All unused or voided receipts should be accounted for. When custody of money changes from one employee to another (such as from the library director to the library bookkeeper), the money should be counted by both employees, a receipt should be issued by the recipient of the funds, and both employees should sign the document indicating concurrence with amount transferred. Each daily report should be dated, and the date should agree with the total of the corresponding deposit slip. If totals do not agree, a cash over or cash short amount should be included to balance totals. The daily report should be signed.

#### LIBRARY BOARD'S COMMENTS

- A. The budget will be monitored more closely in the future.
- B. We will correct this problem.
- C. We will address this problem and improve our documentation systems.
- D. We will review the items listed above and try to improve our payroll records next year.
- E. We will review our policies concerning purchases and bid requirements and make sure that our library directors and bookkeepers are aware of our policies regarding these items.
- F. Our new computer software does not generate the type of cash report that had been represented at the time of the software purchase. Upon inquiry to the vendor, we found that most libraries use this in conjunction with a cash register. We are now trying to improve our records for recording cash collections.

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 04.07      REVENUE ANTICIPATION NOTES WERE NOT ISSUED IN ACCORDANCE WITH STATE STATUTES**  
(Material Noncompliance Under Government Auditing Standards)

The General Purpose School Fund issued four separate revenue anticipation notes totaling \$330,000 to the School Federal Projects Fund during the year. Our audit noted the following deficiencies in the issuance of these notes:

- A.     A \$100,000 note was issued on July 1, 2003. This note was not approved by the County Commission or the state director of Local Finance, as required by Section 8-21-801, Tennessee Code Annotated (TCA). The note was retired on August 14, 2003.
  
- B.     A \$110,000 note was issued on October 6, 2003, and a \$40,000 note was issued on October 24, 2003. After the issuance of these notes, in a letter dated November 13, 2003, the state director of Local Finance acknowledged receipt of the county's resolution for the issuance of \$150,000 in revenue anticipation notes and approved notes not to exceed this amount. Section 9-21-871, TCA, requires the state director of Local Finance to approve all notes before they are issued. Both of these notes were retired on December 9, 2003.
  
- C.     An \$80,000 note was issued on December 15, 2003. This note was not approved by the County Commission or the state director of Local Finance, as required by Section 9-21-801, TCA. This note was retired on June 24, 2004.

**RECOMMENDATION**

All revenue anticipation notes should be properly approved by the County Commission and the state director of Local Finance prior to their issuance, as required by state statute.

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**FINDING 04.08      INVENTORY RECORDS WERE NOT MAINTAINED ADEQUATELY**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

School officials maintained inventory records of assets owned by the School Department. However, assets were not labeled as School Department property. Also, these assets were not verified by personnel independent of maintaining the inventory records. Generally accepted accounting principles require accountability for all assets of the School Department, such as equipment, furniture, and fixtures. The failure to properly label assets may result in a loss of control over the assets.

## RECOMMENDATION

All assets should be labeled as property of the School Department and should be periodically verified by personnel who are independent of maintaining the inventory records.

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## OFFICE OF COUNTY CLERK

**FINDING 04.09      THE COUNTY CLERK DID NOT REQUIRE A DEPOSITORY TO COLLATERALIZE FUNDS THAT EXCEEDED FDIC COVERAGE**  
(Material Noncompliance Under Government Auditing Standards)

The county clerk did not require a depository holding county funds to pledge securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage for the year examined. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent. Funds of \$230,818 were not secured on June 30, 2004.

## RECOMMENDATION

The county clerk should require all depositories to pledge securities to protect county funds exceeding FDIC coverage, as required by state statute.

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## OFFICE OF SHERIFF

**FINDING 04.10      THE OFFICE HAD DEFICIENCIES IN THE ADMINISTRATION OF DRUG CONTROL FUNDS**  
(Noncompliance Under Government Auditing Standards)

Section 39-17-420, Tennessee Code Annotated, states that drug control funds can only be expended for the following purposes: (1) the local drug enforcement program, (2) the local drug education program, (3) the local drug treatment program, and (4) nonrecurring general law enforcement expenditures. In addition, Section 39-17-420, TCA, requires all nonconfidential drug control expenditures to be paid by warrants drawn on the Drug Control Fund (Special Revenue Fund). Also, state statutes require that certain forms and reports as directed by the Comptroller of the Treasury be used in the administration of confidential drug funds and to account for cash transactions related to undercover investigative operations.

During the year, questionable expenditures of \$10,116 were disbursed from the Drug Control Fund, and confidential drug funds of \$5,043 were used for nonconfidential and

other questionable purposes. Some of the expenditures were recurring general law enforcement expenditures that should have been paid from the Sheriff's Department budget in the General Fund, while other expenditures were clearly inappropriate and should have not been paid by the county. The following are details of these questionable expenditures:

#### EXPENDITURES MADE FROM THE DRUG CONTROL FUND

Expenditures for travel, ammunition, an air conditioning unit, membership dues for the police chaplain, and other supplies (\$10,116) were made from the Drug Control Fund. These expenditures are not nonrecurring general law enforcement expenditures and therefore should have been paid from the Sheriff's Department budget in the General Fund.

#### EXPENDITURES MADE FROM CONFIDENTIAL FUNDS

- A. The office used confidential funds of \$4,353 for training and related per diem expenses, a digital camera, space rental at the Bonnaroo Festival, and D.A.R.E advertisements in local newspapers. These expenditures are not confidential and should have been paid from appropriations in the Drug Control Fund (Special Revenue Fund) or the General Fund.
- B. The office used confidential funds of \$690 for donations to the high school and for advertising in a local newspaper and on local radio. These do not appear to be legitimate law enforcement expenditures.
- C. We noted expenditures of \$1,605 from confidential funds that were not supported by proper documentation. Instead, only a description and amount of these expenditures were posted in a notebook the chief investigator maintained.

#### RECOMMENDATION

Expenditures from the Drug Control Fund should be made in accordance with state statute. The Drug Control Fund should not be used to pay advertising expenses or to make contributions. The office should use confidential funds only for confidential drug enforcement purposes supported by proper documentation (receipts, informant files, etc.), and the county mayor should make all disbursements of nonconfidential funds through the Drug Control Fund.

## OTHER FINDINGS AND RECOMMENDATIONS

**FINDING 04.11      A SYSTEM OF CENTRAL ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Coffee County and Coffee County School Department officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

### RECOMMENDATION

Coffee County and Coffee County School Department officials should consider adopting the County Financial Management System of 1981 or a private act which would provide for a system of central accounting, budgeting, and purchasing covering all departments.

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**FINDING 04.12      DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF HIGHWAY SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among employees in the Offices of Highway Superintendent, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff. The officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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**FINDING 04.13      THE PRACTICE OF PAYING SCHOOL DEPARTMENT WORKERS' COMPENSATION INSURANCE PREMIUMS FROM THE GENERAL FUND IS OF QUESTIONABLE LEGALITY**  
(Material Noncompliance Under Government Auditing Standards)

During the year, the county expended \$135,772 from the General Fund to pay workers' compensation insurance premiums for the School Department. The Tennessee Attorney General's Office has opined on numerous occasions that taxes collected for the county General Fund may not be diverted for School Department purposes. Therefore, we question the legality of using General Fund monies to pay workers' compensation insurance premiums for the School Department.

RECOMMENDATION

Workers' compensation insurance premiums for the School Department should be appropriated and paid from school funds. General Fund monies should not be used to pay education expenses.

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FINDING 04.14      **A PORTION OF SALES TAXES COLLECTED OUTSIDE MUNICIPALITIES WAS NOT APPORTIONED WITH CITY SCHOOL SYSTEMS**

(Material Noncompliance Under Government Auditing Standards)

During the year, the county placed a designated portion of rural sales tax collections in the General Purpose School Fund. These collections were not apportioned with the city school systems on the basis of "weighted full-time equivalent average daily attendance" (WFTEADA), as required by Section 49-3-315, Tennessee Code Annotated (TCA).

The Board of County Commissioners provided that these designated funds be used to pay the cost of pupil transportation. Section 49-3-315, TCA, does permit a special tax to be levied and placed in a special fund for pupil transportation without those funds being apportioned on the basis of WFTEADA if the special school districts in the county do not operate a pupil transportation system. However, rural sales tax collections are not a special tax, and the General Purpose School Fund is not a special fund. Therefore, these funds are subject to apportionment with the city school systems based on the WFTEADA.

RECOMMENDATION

County officials should apportion the rural sales tax collections, which are placed in the General Purpose School Fund, with the city school systems, as required by state statute.

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FINDING 04.15      **CONTRACTS BETWEEN COUNTY COMMISSIONERS AND THE COFFEE COUNTY/JOINT INDUSTRIAL PARK BOARD CREATED A CONFLICT OF INTEREST AND WERE NOT COMPETITIVELY BID**

(Noncompliance Under Government Auditing Standards)

Coffee County and the Joint Industrial Park Board (lessor) entered into a contract on April 1, 2003, with two county commissioners (lessee) to grow agricultural crops on approximately 120 acres within the joint industrial park during the 2003 year. Terms of the contract provided no monetary compensation to the lessor. The lessee was allowed to retain all proceeds from the sale of agricultural crops grown on the property in exchange for cutting weeds and grasses within the industrial park. Competitive bids were not solicited for this contract. On January 8, 2004, the contract was extended for the 2004 year.

Coffee County operates under provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., Tennessee Code Annotated (TCA). Section 5-14-114, TCA, states, “Neither the county purchasing agent, nor members of the county purchasing commission, nor members of the county legislative body, nor other officials of the county, shall be financially interested, or have any personal beneficial interest, either directly or indirectly, in any contract or purchase order for any supplies, materials, equipment or contractual services used by or furnished to any department or agency of the county government.” Also, Section 5-14-107, TCA, requires all contractual services to be based on competitive bids whenever possible.

These contracts between Coffee County/Joint Industrial Park Board and the two county commissioners appear to violate Section 5-14-114, TCA, and Section 5-14-107, TCA.

On March 18, 2004, Coffee County/Joint Industrial Park Board rescinded the 2004 contract with the two county commissioners. Coffee County/Joint Industrial Park Board then bid the contract for the use and maintenance of the industrial park land.

#### RECOMMENDATION

Coffee County/Joint Industrial Park Board should award all contracts in compliance with provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., TCA.

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

There were no findings and questioned costs for federal awards.

**COFFEE COUNTY, TENNESSEE, AND THE  
COFFEE COUNTY SCHOOL DEPARTMENT  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2004**

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.