

**ANNUAL FINANCIAL REPORT
OF
CROCKETT COUNTY, TENNESSEE
AND
CROCKETT COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2004

**COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
NASHVILLE, TENNESSEE**

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

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

DIVISION OF COUNTY AUDIT:
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Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

NORMAN R. NORMENT, CGFM
Audit Manager

NOLAN R. BRADFORD, CPA, CGFM
Auditor 4

KATHLEEN P. BURRIS, CGFM
NATHAN ABBOTT, CISA, CFE
State Auditors

CROCKETT COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit/Table	Page
Audit Highlights		i
<u>INTRODUCTORY SECTION</u>		
Crockett County Officials		1
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		5
BASIC FINANCIAL STATEMENTS:		
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	12
Fiduciary Funds:		
Statement of Fiduciary Net Assets	C	13
Notes to the Financial Statements		15
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	D-1	35
Highway/Public Works Fund	D-2	38
Notes to the Required Supplementary Information		39
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	E-1	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	E-3	47
Drug Control Fund	E-4	48

	Exhibit/Table	Page
Major Governmental Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund		
Balance – Actual and Budget:		
General Debt Service Fund	F	51
Agency Funds:		
Combining Statement of Fiduciary Net Assets	G-1	55
Combining Statement of Changes in Assets and Liabilities	G-2	56
Miscellaneous Schedules:		
Schedule of Changes in Long-Term Notes, Capitalized		
Leases, and Bonds	H-1	61
Schedule of Bond and Interest Requirements by Year	H-2	62
Schedule of Notes Receivable – All Funds	H-3	63
Schedule of Transfers – All Funds	H-4	64
Schedule of Salaries and Official Bonds of Principal Officials	H-5	65
Schedule of Detailed Revenues – All Governmental Fund Types	H-6	66
Schedule of Detailed Expenditures – All Governmental		
Fund Types	H-7	70
Schedule of Detailed Receipts, Disbursements, and Changes in		
Cash Balances – City Agency Funds	H-8	86

STATISTICAL SECTION

Uncollected Taxes Filed in Chancery Court	1	89
Tax Rates and Assessments – Last Ten Years	2	90

Audit Highlights

Annual Financial Report
Crockett 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 Crockett County as of and for the year ended June 30, 2004.

Results

Our report on Crockett 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 eight findings and recommendations, which we have reviewed with Crockett County management. Detailed findings and recommendations are included in the Single Audit Report.

The following are summaries of the audit findings:

CROCKETT COUNTY:

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

OFFICE OF COUNTY MAYOR:

- ◆ The office did not issue purchase orders.
 - ◆ The county did not maintain written documentation to validate the rejection of the lowest bid received for the purchase of a sport utility vehicle for the sheriff.
-

OFFICE OF ROAD SUPERVISOR:

- ◆ In most instances, purchase orders were completed after the purchases were made.
-

OFFICE OF SHERIFF:

- ◆ Receipts for collections were issued when bank deposits were prepared, rather than when collections were received. Also, \$145 of unreceipted funds were on hand when a cash count was performed on April 6, 2004.
-

OFFICE OF ASSESSOR OF PROPERTY:

- ◆ Assessment records were changed during the year as property transfers were made, violating state statute.
-

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 Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

Crockett County Officials

June 30, 2004

Officials:

Larry Griffin, County Mayor
Billy Wayne Vernon, Road Supervisor
Gary J. Spraggins, Trustee
Gary Reasons, Assessor of Property
Ernest H. Bushart, County Clerk
Kim R. Kail, Circuit and General Sessions Courts Clerk
Betty Johnson, Clerk and Master
Alan Castellaw, Register
Troy N. Klyce, Sheriff
Shannon A. Jones, General Sessions Judge
Jasper Taylor, IV, County Attorney

Board of County Commissioners:

Larry Griffin, Chairman	Carolyn K. Nance
Alpha H. Worrell, Chairman ProTem	Harold Park
John T. Antwine	Donald Prescott
Farrar Apple	John Schwerdt
Pat Branch	Jane Smith
Nixon Brasfield	Edwin M. Tritt
Tony Cole	Gaylon Turnage
Harold C. Craig	Ronnie Turner
Nancy C. Haynes	Richard Walker
Leatha S. Johnson	Charles Paul Ward
Melvin L. Lawson	Jimmy E. Webb
Sam T. Lewis	Gary N. Williams
Phillip N. Lowery	

Budget Committee:

Jimmy E. Webb, Chairman
Tony Cole
Phillip N. Lowery
Carolyn K. Nance
Harold Park
Donald Prescott
Richard Walker
Charles Paul Ward
Gary N. Williams
Alpha H. Worrell

Road Commission:

Terrell Brasfield, Chairman
Paul D. North, Secretary
Thomas B. Haynes

FINANCIAL SECTION



**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

August 27, 2004

Crockett County Mayor and
Board of County Commissioners
Crockett 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 Crockett County, Tennessee, as of and for the year ended June 30, 2004, as shown on pages 11 through 31, 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 Crockett 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, Crockett 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 Crockett County, Tennessee, 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 Crockett 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 35 through 39 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 Crockett 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 fund, 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 fund, and 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, Crockett 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 August 27, 2004, on our consideration of Crockett 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 black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/atr

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds			Nonmajor	Total
	General	Highway/ Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,069	\$ 1,069
Equity in Pooled Cash and Investments	1,017,461	965,754	1,579,283	587,645	4,150,143
Accounts Receivable	14,415	0	4,767	0	19,182
Due from Other Governments	176,488	232,515	69,901	23,885	502,789
Due from Other Funds	46,069	0	20,000	0	66,069
Property Taxes Receivable	2,204,979	0	753,763	0	2,958,742
Allowance for Uncollectible Property Taxes	(77,888)	0	(26,612)	0	(104,500)
Total Assets	\$ 3,381,524	\$ 1,198,269	\$ 2,401,102	\$ 612,599	\$ 7,593,494
LIABILITIES AND FUND BALANCES					
Liabilities					
Payroll Deductions Payable	\$ 0	\$ 78	\$ 0	\$ 0	\$ 78
Due to Other Funds	20,000	0	0	46,069	66,069
Deferred Revenue - Current Property Taxes	1,985,925	0	678,948	0	2,664,873
Deferred Revenue - Delinquent Property Taxes	129,416	0	44,203	0	173,619
Other Deferred Revenues	36,904	116,257	34,951	15,727	203,839
Total Liabilities	\$ 2,172,245	\$ 116,335	\$ 758,102	\$ 61,796	\$ 3,108,478
Fund Balances					
Reserved for Alcohol and Drug Treatment	\$ 11,919	\$ 0	\$ 0	\$ 0	\$ 11,919
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	26,604	0	0	0	26,604
Reserved for Computer System - Register	23,278	0	0	0	23,278
Reserved for Automation Purposes - Circuit Court	176	0	0	0	176
Reserved for Automation Purposes - General Sessions Court	4,170	0	0	0	4,170
Reserved for Automation Purposes - Chancery Court	1,404	0	0	0	1,404
Reserved for Automation Purposes - Sheriff	3,579	0	0	0	3,579
Reserved for Capital Outlay	3,759	0	0	0	3,759
Unreserved, Reported In:					
General Fund	1,134,390	0	0	0	1,134,390
Special Revenue Funds	0	1,081,934	0	223,074	1,305,008
Debt Service Funds	0	0	1,643,000	0	1,643,000
Capital Projects Funds	0	0	0	327,729	327,729
Total Fund Balances	\$ 1,209,279	\$ 1,081,934	\$ 1,643,000	\$ 550,803	\$ 4,485,016
Total Liabilities And Fund Balances	\$ 3,381,524	\$ 1,198,269	\$ 2,401,102	\$ 612,599	\$ 7,593,494

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

Exhibit B

Crockett 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	Highway/ Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,264,832	\$ 327,638	\$ 1,373,876	\$ 166,731	\$ 4,133,077
Licenses and Permits	5,438	0	0	0	5,438
Fines, Forfeitures and Penalties	75,747	0	0	10,121	85,868
Charges for Current Services	529,737	0	0	5,680	535,417
Other Local Revenues	72,280	2,088	147,478	357	222,203
Fees Received from County Officials	548,447	0	0	0	548,447
State of Tennessee	657,445	1,550,784	0	45,051	2,253,280
Federal Government	408,584	0	0	0	408,584
Other Governments and Citizens Groups	0	5,000	150,000	0	155,000
Total Revenues	\$ 4,562,510	\$ 1,885,510	\$ 1,671,354	\$ 227,940	\$ 8,347,314
<u>Expenditures</u>					
Current:					
General Government	\$ 400,052	\$ 0	\$ 0	\$ 0	\$ 400,052
Finance	376,988	0	0	0	376,988
Administration of Justice	337,963	0	0	5,680	343,643
Public Safety	1,760,410	0	0	12,706	1,773,116
Public Health and Welfare	682,823	0	0	195,231	878,054
Social, Cultural, and Recreational Services	214,869	0	0	0	214,869
Agricultural and Natural Resources	114,806	0	0	0	114,806
Other Operations	676,768	0	0	0	676,768
Highways	0	1,807,314	0	0	1,807,314
Debt Service:					
Principal	0	0	846,271	0	846,271
Interest	0	0	1,055,376	0	1,055,376
Other Debt Service	0	0	24,271	0	24,271
Capital Projects	0	0	0	4	4
Total Expenditures	\$ 4,564,679	\$ 1,807,314	\$ 1,925,918	\$ 213,621	\$ 8,511,532
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,169)	\$ 78,196	\$ (254,564)	\$ 14,319	\$ (164,218)
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 71,972	\$ 0	\$ 0	\$ 0	\$ 71,972
Transfers In	0	0	20,000	0	20,000
Transfers Out	(20,000)	0	0	0	(20,000)
Total Other Financing Sources (Uses)	\$ 51,972	\$ 0	\$ 20,000	\$ 0	\$ 71,972
Net Change in Fund Balances	\$ 49,803	\$ 78,196	\$ (234,564)	\$ 14,319	\$ (92,246)
Fund Balance, July 1, 2003	1,159,476	1,003,738	1,877,564	536,484	4,577,262
Fund Balance, June 30, 2004	\$ 1,209,279	\$ 1,081,934	\$ 1,643,000	\$ 550,803	\$ 4,485,016

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

Crockett County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,509
Cash	1,006,918
Accounts Receivable	179
Due from Other Governments	77,529
Taxes Receivable	469,962
Allowance for Uncollectible Taxes	(16,686)
Notes Receivable - Long-Term	<u>7,428</u>
Total Assets	<u>\$ 1,547,839</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 533,409
Due to Litigants, Heirs and Others	<u>1,014,430</u>
Total Liabilities	<u>\$ 1,547,839</u>

The accompanying notes are an integral part of this statement.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crockett 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. In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Some of the significant changes in the statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of a government's overall financial position and results of operations
- Government-wide financial statements prepared using full accrual accounting for all of a government's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds

Crockett 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. Crockett 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 Crockett County's auditor to issue an adverse opinion on the county's financial statements.

Although Crockett 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 that are 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 Crockett County:

A. Reporting Entity

Crockett County is a public municipal corporation governed by an elected 24 - member board. As required by GAAP, these financial statements present Crockett County (the primary government).

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Crockett 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 Crockett County School Department operates the public school system in the county, with the exception of the city school systems of Alamo and Bells, which operate the elementary schools in those cities. The voters of Crockett 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 Crockett County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Crockett County, and the Crockett 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 Crockett County School Department and the Crockett County Emergency Communications District issue separate financial statements from those of the county. The School Department's financial statements are published as a separate report but under this same cover as the county's financial statements. Complete financial statements of the Crockett County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Crockett County Emergency Communications District
140 South Mill
Alamo, TN 38001

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

Fund financial statements of Crockett 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; however, Crockett County has no proprietary funds to report. An emphasis is placed on major funds within the governmental categories.

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 single columns 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. Crockett 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 General Debt Service Fund for payments to be made early in the following year.

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

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

Crockett 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.

Highway Public Works Fund – This fund accounts for transactions of the Crockett County Highway Department. The major sources of funding for the department are the county’s share of state gasoline taxes and special state grants that are legally restricted to the construction and maintenance of county roads and highways.

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

Crockett County reports the following fund types:

Capital Projects Fund – This fund, the General Capital Projects Fund, is used to account for state and local funds to be used for the construction of a county health department.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received from the state to be forwarded to the various cities in the county. The City School ADA – Alamo and City School ADA - Bells Agency Funds were used to account for the city school systems’ share of educational revenues. 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 Crockett County and Crockett 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 General Debt Service Fund. Crockett County and the Crockett 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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable-current/interfund loans payable-current (the current portion of interfund loans) or interfund loans receivable-long-term/interfund loans payable-long-term (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Long-term interfund loans or advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 1.9 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 considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Crockett 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, Crockett County does not present government-wide statements.

4. Compensated Absences

The policy of Crockett County (with the exception of the Highway Department's policy noted below) does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

The policy of Crockett County's Highway Department permits employees to accumulate a limited amount of earned but unused sick leave benefits, which will be paid to employees upon retirement from county service. A liability for sick leave benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee retirements.

5. 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, 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.

6. 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. Designations of fund balance represent tentative management plans that are subject to change. The County Commission has designated \$69,075 from the General Fund for library building construction.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Exhibit A - Governmental Funds	Exhibit C - Fiduciary Funds
Cash	\$ 1,069	\$ 1,006,918
Equity in Pooled Cash and Investments	4,150,143	2,509
Total	<u>\$ 4,151,212</u>	<u>\$ 1,009,427</u>

Crockett County and the Crockett County School Department participate in an internal cash and investment pool through the Office of Trustee. The Crockett County School Department meets the criteria for a discretely presented component unit of Crockett County. Since Crockett County is presenting fund financial statements only, the financial information for the Crockett 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 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 certificates of deposit and is analyzed as follows:

	Exhibit A - Governmental Funds	Exhibit C - Fiduciary Funds
Cash on Hand	\$ 300	\$ 500
Cash in Bank	769	1,006,418
Total	<u>\$ 1,069</u>	<u>\$ 1,006,918</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 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 Crockett County and the discretely presented Crockett County School Department since both pool their deposits and investments through the county trustee. The carrying amount of Crockett County's and the Crockett County School Department's deposits with financial institutions was \$6,527,997, and the bank balance was \$8,224,052. 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 \$8,224,052.

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 Crockett County and the discretely presented Crockett County School Department, as noted for deposits.

Pooled investments with a reported amount and fair value of \$497,726 consisted entirely of funds deposited with the State Treasurer's Investment Pool.

B. Notes Receivable

The notes receivable in the Constitutional Officers – Agency Fund consist of loan notes receivable of \$7,428 in the Clerk and Master's Office.

C. Interfund Receivables and Payables

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 46,069
General Debt Service	General	20,000

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

D. Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u> General Debt Service Fund
General Fund	\$ 20,000
Total Transfers Out	<u>\$ 20,000</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.

E. Capital Leases

On July 24, 2003, Crockett County entered into a two-year lease-purchase agreement for a patrol car for the Sheriff's Department. The terms of the agreement require total lease payments of \$22,136 plus interest of 5.25 percent. Title to the vehicle transfers to Crockett County at the end of the lease period. The General Fund is making the lease payments.

On March 17, 2004, Crockett County entered into a two-year lease-purchase agreement for a vehicle for the Sheriff's Department. The terms of the agreement require total lease payments of \$28,000 plus interest of 5.05

percent. Title to the vehicle transfers to Crockett County at the end of the lease period. The General Fund is making the lease payments.

On June 22, 2004, Crockett County entered into a two-year lease-purchase agreement for a patrol car for the Sheriff's Department. The terms of the agreement require total lease payments of \$21,836 plus interest of 4.5 percent. Title to the vehicle transfers to Crockett County at the end of the lease period. The General Fund is making the lease payments.

Since Crockett County is presenting fund financial statements only, the present value of minimum lease payments under lease agreements has not been 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 the government-wide financial statements, but Crockett County is not presenting government-wide financial statements. Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2004, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2005	\$ 25,158
2006	<u>25,157</u>
Total Minimum Lease Payments	\$ 50,315
Amounts Representing Interest	<u>(3,500)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 46,815</u></u>

F. Long-term Debt

Since Crockett 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 the governmental funds is required to be reported as a liability in government-wide financial statements, but Crockett County is not presenting government-wide financial statements.

General Obligations Bonds, Notes, and Other Loans

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds

and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2004, will be retired from the General Debt Service Fund.

General obligation bonds and notes outstanding as of June 30, 2004, are as follows:

Type	Interest Rate	Amount
General Obligation Bonds	4.5 to 5.0%	\$ 15,541,338
General Obligation Bonds - Refunding	2.50 to 5.0	5,350,000
Capital Outlay Notes	3.95 to 5.1	614,747

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2004, including interest payments of \$10,462,331 (bonds) and \$137,976 (notes), are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2005	\$ 808,723	\$ 998,594	\$ 62,770	\$ 26,721
2006	804,909	964,082	65,640	23,852
2007	851,154	927,550	68,601	20,891
2008	942,462	888,603	71,681	17,810
2009	1,008,834	845,046	74,907	14,584
2010-2014	5,577,296	3,444,644	231,437	32,549
2015-2019	7,411,444	1,989,973	39,711	1,569
2020-2024	3,251,887	306,693	0	0
2025-2029	66,221	52,359	0	0
2030-2034	84,517	34,063	0	0
2035-2038	83,891	10,724	0	0
Total	\$ 20,891,338	\$ 10,462,331	\$ 614,747	\$ 137,976

There is \$1,643,000 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$1,438, based on the 2000 federal census. Total debt per capita, including bonds, notes and capitalized leases payable, amounted to \$1,483, 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	Capitalized Leases
Governmental Activities:			
Balance, July 1, 2003	\$ 21,673,930	\$ 678,426	\$ 0
Additions	0	0	71,972
Deductions	(782,592)	(63,679)	(25,157)
Balance, June 30, 2004	<u>\$ 20,891,338</u>	<u>\$ 614,747</u>	<u>\$ 46,815</u>
Balance Due Within One Year	<u>\$ 808,723</u>	<u>\$ 62,770</u>	<u>\$ 22,843</u>

Defeasance of Prior Debt

In prior years, Crockett County defeased certain outstanding general obligation and refunding bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2004, the following outstanding bonds are considered defeased:

1992 School Refunding Series	\$ 385,000
1994 General Obligation Series	1,485,000

III. OTHER INFORMATION

A. Risk Management

Crockett County participates in the Tennessee School Boards Liability Trust (TSBLT), a public entity risk pool established by the Tennessee School Boards Association, an association of member school systems. The county pays an annual premium to the TSBLT for its general liability, property, and casualty insurance coverage. The creation of the TSBLT provides for it to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Crockett County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, Tennessee Code Annotated (TCA), by the

Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Crockett County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-201, TCA, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

B. Accounting Changes

At the beginning of the year, Crockett County adopted certain provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. As previously discussed in the Summary of Significant Accounting Policies, Crockett County elected to only implement the provisions of Statement 34 that relate to the fund financial statements. These provisions eliminated the general long-term debt account group and narrowed the definition for the fiduciary fund types.

At the beginning of the year, Crockett County also adopted the provisions of GASB Interpretation 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. The provisions of Interpretation 6 are applicable to governmental funds following the modified accrual basis of accounting. Under these provisions, fund liabilities and expenditures are accrued for the matured portion of long-term indebtedness (the portion that has come due). Fund liabilities and expenditures for compensated absences and claims and judgments are recognized to the extent that the liabilities have matured (come due for payment). Crockett County was already following these provisions in governmental fund financial statements. Therefore, Interpretation 6 had no effect on the governmental fund financial statements.

C. Contingent Liabilities

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

D. Retirement Commitments

Plan Description

Employees of Crockett 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, Chapter 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Crockett 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.

Funding Policy

Crockett 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 4.55 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Crockett County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2004, Crockett County's annual pension cost of \$164,975 to TCRS was equal to Crockett 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. Crockett 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 14 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	\$ 164,975	100 %	\$ 0
June 30, 2003	152,607	100	0
June 30, 2002	155,298	100	0

Required Supplementary Information

Schedule of Funding Progress for Crockett 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)
06/30/2003	\$ 7,534	\$ 7,642	\$ 108	98.59 %	\$2,823	3.83%
06/30/2001	6,795	6,958	163	97.66	2,937	5.55
06/30/1999	5,851	6,156	305	95.05	2,603	11.72

E. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated. This act provides all purchases exceeding \$5,000

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

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of Chapter 26, Private Acts of 1933, as amended, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. These statutes vest purchasing responsibilities with the County Road Commission and require all purchases exceeding \$5,000 to be made on the basis of publicly advertised competitive basis.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit D-1

Crockett 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,264,832	\$ 0	\$ 2,264,832	\$ 2,328,827	\$ 2,328,827	\$ (63,995)
Licenses and Permits	5,438	0	5,438	5,250	5,250	188
Fines, Forfeitures and Penalties	75,747	0	75,747	56,400	58,170	17,577
Charges for Current Services	529,737	0	529,737	568,200	569,831	(40,094)
Other Local Revenues	72,280	0	72,280	51,000	66,268	6,012
Fees Received from County Officials	548,447	0	548,447	525,000	525,000	23,447
State of Tennessee	657,445	0	657,445	435,688	573,255	84,190
Federal Government	408,584	0	408,584	301,200	401,902	6,682
Total Revenues	\$ 4,562,510	\$ 0	\$ 4,562,510	\$ 4,271,565	\$ 4,528,503	\$ 34,007
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 12,273	\$ 0	\$ 12,273	\$ 13,700	\$ 13,700	\$ 1,427
Board of Equalization	380	0	380	500	500	120
Beer Board	300	0	300	700	700	400
County Mayor	123,230	0	123,230	121,590	127,039	3,809
County Attorney	820	0	820	3,000	3,000	2,180
Election Commission (Including Voter Registration)	71,432	0	71,432	76,154	76,984	5,552
Register of Deeds	75,547	0	75,547	82,720	83,996	8,449
County Buildings	116,070	0	116,070	145,752	152,152	36,082
<u>Finance</u>						
Accounting and Budgeting	3,975	0	3,975	6,600	6,600	2,625
Property Assessor's Office	101,952	0	101,952	104,417	104,487	2,535
Reappraisal Program	6,473	0	6,473	22,441	22,441	15,968
County Trustee's Office	101,868	0	101,868	101,920	103,479	1,611
County Clerk's Office	162,720	0	162,720	133,137	167,492	4,772
<u>Administration of Justice</u>						
Circuit Court	138,315	0	138,315	145,687	146,927	8,612
General Sessions Judge	69,627	0	69,627	70,168	70,308	681
Chancery Court	74,969	0	74,969	78,280	79,095	4,126

(Continued)

Exhibit D-1

Crockett 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice (Cont.)</u>						
Juvenile Court	\$ 46,054	\$ 0	\$ 46,054	\$ 51,862	\$ 52,319	\$ 6,265
Other Administration of Justice	8,998	0	8,998	9,000	9,000	2
<u>Public Safety</u>						
Sheriff's Department	655,098	0	655,098	593,160	688,867	33,769
Jail	571,501	0	571,501	526,942	587,727	16,226
Fire Prevention and Control	408,872	(353,532)	55,340	408,950	409,192	353,852
Civil Defense	110,424	0	110,424	17,897	114,342	3,918
Rescue Squad	6,000	0	6,000	6,000	6,000	0
County Coroner/Medical Examiner	5,760	0	5,760	5,000	6,000	240
Other Public Safety	2,755	0	2,755	2,755	2,755	0
<u>Public Health and Welfare</u>						
Local Health Center	40,299	0	40,299	44,325	44,860	4,561
Rabies and Animal Control	29,873	0	29,873	28,386	30,366	493
Ambulance/Emergency Medical Services	514,093	0	514,093	536,898	535,835	21,742
Maternal and Child Health Services	4,000	0	4,000	4,000	4,000	0
Alcohol and Drug Programs	10,000	0	10,000	10,000	10,000	0
Crippled Children Services	1,650	0	1,650	1,650	1,650	0
Other Local Health Services	2,000	0	2,000	2,000	2,000	0
Appropriation to State	53,920	0	53,920	53,920	53,920	0
Other Local Welfare Services	250	0	250	2,000	2,000	1,750
Waste Pickup	26,738	0	26,738	31,737	31,737	4,999
<u>Social, Cultural and Recreational Services</u>						
Adult Activities	73,093	0	73,093	75,590	76,410	3,317
Senior Citizens Assistance	56,517	0	56,517	56,825	57,470	953
Libraries	57,876	0	57,876	60,958	60,958	3,082
Parks and Fair Boards	8,873	0	8,873	9,000	9,000	127
Other Social, Cultural and Recreational	18,510	0	18,510	18,510	18,510	0
<u>Agriculture & Natural Resources</u>						
Agriculture Extension Service	32,449	0	32,449	49,085	44,085	11,636

(Continued)

Exhibit D-1

Crockett 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Agriculture & Natural Resources (Cont.)</u>						
Soil Conservation	\$ 74,857	\$ 0	\$ 74,857	\$ 74,711	\$ 74,861	\$ 4
Flood Control	7,500	0	7,500	7,500	7,500	0
<u>Other Operations</u>						
Industrial Development	9,604	0	9,604	9,604	9,604	0
Veterans' Services	15,494	0	15,494	15,728	15,728	234
Other Charges	196,395	0	196,395	194,461	196,804	409
Contributions to Other Agencies	22,000	0	22,000	22,000	22,000	0
Employee Benefits	389,972	0	389,972	402,500	422,800	32,828
Miscellaneous	43,303	0	43,303	48,500	54,160	10,857
Total Expenditures	\$ 4,564,679	\$ (353,532)	\$ 4,211,147	\$ 4,488,220	\$ 4,821,360	\$ 610,213
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (2,169)	\$ 353,532	\$ 351,363	\$ (216,655)	\$ (292,857)	\$ 644,220
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 71,972	\$ 0	\$ 71,972	\$ 0	\$ 71,972	\$ 0
Transfers Out	(20,000)	0	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	\$ 51,972	\$ 0	\$ 51,972	\$ (20,000)	\$ 51,972	\$ 0
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2003	\$ 1,159,476	\$ (353,532)	\$ 805,944	\$ 1,052,016	\$ 1,052,016	\$ (246,072)
Fund Balance, June 30, 2004	\$ 1,209,279	\$ 0	\$ 1,209,279	\$ 815,361	\$ 811,131	\$ 398,148

Exhibit D-2

Crockett 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

	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>						
Local Taxes	\$ 327,638	\$ 0	\$ 327,638	\$ 320,673	\$ 320,673	\$ 6,965
Other Local Revenues	2,088	0	2,088	2,250	2,250	(162)
State of Tennessee	1,550,784	0	1,550,784	1,911,704	1,911,704	(360,920)
Other Governments and Citizens Groups	5,000	0	5,000	0	0	5,000
Total Revenues	<u>\$ 1,885,510</u>	<u>\$ 0</u>	<u>\$ 1,885,510</u>	<u>\$ 2,234,627</u>	<u>\$ 2,234,627</u>	<u>\$ (349,117)</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 137,794	\$ 0	\$ 137,794	\$ 148,251	\$ 148,251	\$ 10,457
Highway and Bridge Maintenance	908,217	0	908,217	1,230,007	1,230,007	321,790
Operation and Maintenance of Equipment	216,828	0	216,828	265,760	265,760	48,932
Other Charges	98,592	0	98,592	119,556	119,556	20,964
Employee Benefits	186,882	0	186,882	208,722	208,722	21,840
Capital Outlay	259,001	(185,606)	73,395	851,610	851,610	778,215
Total Expenditures	<u>\$ 1,807,314</u>	<u>\$ (185,606)</u>	<u>\$ 1,621,708</u>	<u>\$ 2,823,906</u>	<u>\$ 2,823,906</u>	<u>\$ 1,202,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 78,196</u>	<u>\$ 185,606</u>	<u>\$ 263,802</u>	<u>\$ (589,279)</u>	<u>\$ (589,279)</u>	<u>\$ 853,081</u>
Net Change in Fund Balance	\$ 78,196	\$ 185,606	\$ 263,802	\$ (589,279)	\$ (589,279)	\$ 853,081
Fund Balance, July 1, 2003	1,003,738	(185,606)	818,132	994,101	994,101	(175,969)
Fund Balance, June 30, 2004	<u>\$ 1,081,934</u>	<u>\$ 0</u>	<u>\$ 1,081,934</u>	<u>\$ 404,822</u>	<u>\$ 404,822</u>	<u>\$ 677,112</u>

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

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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Crockett County's convenience center operations. The major source of funding for this fund is local taxes.

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

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.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for state and local funds to be used for the construction of a county health department.

Exhibit E-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 1,069	\$ 1,069	\$ 0	\$ 1,069
Equity in Pooled Cash and Investments	246,085	13,831	0	259,916	327,729	587,645
Due from Other Governments	23,885	0	0	23,885	0	23,885
Total Assets	\$ 269,970	\$ 13,831	\$ 1,069	\$ 284,870	\$ 327,729	\$ 612,599
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Due to Other Funds	\$ 45,000	\$ 0	\$ 1,069	\$ 46,069	\$ 0	\$ 46,069
Other Deferred Revenues	15,727	0	0	15,727	0	15,727
Total Liabilities	\$ 60,727	\$ 0	\$ 1,069	\$ 61,796	\$ 0	\$ 61,796
<u>Fund Balances</u>						
Unreserved	\$ 209,243	\$ 13,831	\$ 0	\$ 223,074	\$ 327,729	\$ 550,803
Total Fund Balances	\$ 209,243	\$ 13,831	\$ 0	\$ 223,074	\$ 327,729	\$ 550,803
Total Liabilities And Fund Balances	\$ 269,970	\$ 13,831	\$ 1,069	\$ 284,870	\$ 327,729	\$ 612,599

Exhibit E-2

Crockett 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				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 166,731	\$ 0	\$ 0	\$ 166,731	\$ 0	\$ 166,731
Fines, Forfeitures and Penalties	0	10,121	0	10,121	0	10,121
Charges for Current Services	0	0	5,680	5,680	0	5,680
Other Local Revenues	9	0	0	9	348	357
State of Tennessee	45,051	0	0	45,051	0	45,051
Total Revenues	\$ 211,791	\$ 10,121	\$ 5,680	\$ 227,592	\$ 348	\$ 227,940
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 5,680	\$ 5,680	\$ 0	\$ 5,680
Public Safety	0	12,706	0	12,706	0	12,706
Public Health and Welfare	195,231	0	0	195,231	0	195,231
Capital Projects	0	0	0	0	4	4
Total Expenditures	\$ 195,231	\$ 12,706	\$ 5,680	\$ 213,617	\$ 4	\$ 213,621
Excess (Deficiency) of Revenues Over Expenditures	\$ 16,560	\$ (2,585)	\$ 0	\$ 13,975	\$ 344	\$ 14,319
Net Change in Fund Balances	\$ 16,560	\$ (2,585)	\$ 0	\$ 13,975	\$ 344	\$ 14,319
Fund Balance, July 1, 2003	192,683	16,416	0	209,099	327,385	536,484
Fund Balance, June 30, 2004	\$ 209,243	\$ 13,831	\$ 0	\$ 223,074	\$ 327,729	\$ 550,803

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 166,731	\$ 140,625	\$ 140,625	\$ 26,106
Other Local Revenues	9	0	0	9
State of Tennessee	45,051	45,831	45,831	(780)
Total Revenues	<u>\$ 211,791</u>	<u>\$ 186,456</u>	<u>\$ 186,456</u>	<u>\$ 25,335</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 195,231	\$ 205,841	\$ 205,841	\$ 10,610
Total Expenditures	<u>\$ 195,231</u>	<u>\$ 205,841</u>	<u>\$ 205,841</u>	<u>\$ 10,610</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,560</u>	<u>\$ (19,385)</u>	<u>\$ (19,385)</u>	<u>\$ 35,945</u>
Net Change in Fund Balance	\$ 16,560	\$ (19,385)	\$ (19,385)	\$ 35,945
Fund Balance, July 1, 2003	192,683	171,803	171,803	20,880
Fund Balance, June 30, 2004	<u>\$ 209,243</u>	<u>\$ 152,418</u>	<u>\$ 152,418</u>	<u>\$ 56,825</u>

Exhibit E-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 10,121	\$ 14,000	\$ 14,000	\$ (3,879)
Total Revenues	\$ 10,121	\$ 14,000	\$ 14,000	\$ (3,879)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 12,706	\$ 12,545	\$ 15,396	\$ 2,690
Total Expenditures	\$ 12,706	\$ 12,545	\$ 15,396	\$ 2,690
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,585)	\$ 1,455	\$ (1,396)	\$ (1,189)
Net Change in Fund Balance	\$ (2,585)	\$ 1,455	\$ (1,396)	\$ (1,189)
Fund Balance, July 1, 2003	16,416	19,088	19,088	(2,672)
Fund Balance, June 30, 2004	\$ 13,831	\$ 20,543	\$ 17,692	\$ (3,861)

Major Governmental Funds

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.

Exhibit F

Crockett 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	\$ 1,373,876	\$ 1,345,343	\$ 1,345,343	\$ 28,533
Other Local Revenues	147,478	183,000	183,000	(35,522)
Other Governments and Citizens Groups	150,000	0	150,000	0
Total Revenues	<u>\$ 1,671,354</u>	<u>\$ 1,528,343</u>	<u>\$ 1,678,343</u>	<u>\$ (6,989)</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 557,239	\$ 586,255	\$ 557,239	\$ 0
Education	289,032	259,915	289,032	0
<u>Interest</u>				
General Government	149,757	161,600	149,756	(1)
Education	905,619	893,925	905,619	0
<u>Other Debt Service</u>				
General Government	23,243	24,600	25,871	2,628
Education	1,028	2,250	1,028	0
Total Expenditures	<u>\$ 1,925,918</u>	<u>\$ 1,928,545</u>	<u>\$ 1,928,545</u>	<u>\$ 2,627</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (254,564)</u>	<u>\$ (400,202)</u>	<u>\$ (250,202)</u>	<u>\$ (4,362)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 20,000	\$ 170,000	\$ 20,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 20,000</u>	<u>\$ 170,000</u>	<u>\$ 20,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (234,564)	\$ (230,202)	\$ (230,202)	\$ (4,362)
Fund Balance, July 1, 2003	<u>1,877,564</u>	<u>1,916,689</u>	<u>1,916,689</u>	<u>(39,125)</u>
Fund Balance, June 30, 2004	<u>\$ 1,643,000</u>	<u>\$ 1,686,487</u>	<u>\$ 1,686,487</u>	<u>\$ (43,487)</u>

Agency Funds

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

Agency Funds

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 - Alamo Fund and City School ADA - Bells Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

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

Exhibit G-1

Crockett County, Tennessee
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Alamo	City School ADA - Bells	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 1,367	\$ 1,142	\$ 0	\$ 2,509
Cash	0	0	0	1,006,918	1,006,918
Accounts Receivable	0	50	45	84	179
Due from Other Governments	55,139	12,198	10,192	0	77,529
Taxes Receivable	0	256,021	213,941	0	469,962
Allowance for Uncollectible Taxes	0	(9,090)	(7,596)	0	(16,686)
Notes Receivable - Long-Term	0	0	0	7,428	7,428
Total Assets	<u>\$ 55,139</u>	<u>\$ 260,546</u>	<u>\$ 217,724</u>	<u>\$ 1,014,430</u>	<u>\$ 1,547,839</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 55,139	\$ 260,546	\$ 217,724	\$ 0	\$ 533,409
Due to Litigants, Heirs and Others	0	0	0	1,014,430	1,014,430
Total Liabilities	<u>\$ 55,139</u>	<u>\$ 260,546</u>	<u>\$ 217,724</u>	<u>\$ 1,014,430</u>	<u>\$ 1,547,839</u>

Exhibit G-2

Crockett 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
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 0	\$ 331,954	\$ 331,954	\$ 0
Due From Other Governments	54,483	55,139	54,483	55,139
Total Assets	\$ 54,483	\$ 387,093	\$ 386,437	\$ 55,139
Liabilities				
Due to Other Taxing Units	\$ 54,483	\$ 387,093	\$ 386,437	\$ 55,139
Total Liabilities	\$ 54,483	\$ 387,093	\$ 386,437	\$ 55,139
City School ADA - Alamo Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 1,956	\$ 320,774	\$ 321,363	\$ 1,367
Accounts Receivable	0	50	0	50
Due From Other Governments	12,588	12,198	12,588	12,198
Taxes Receivable	266,480	256,021	266,480	256,021
Allowance for Uncollectible Taxes	(20,625)	(9,090)	(20,625)	(9,090)
Total Assets	\$ 260,399	\$ 579,953	\$ 579,806	\$ 260,546
Liabilities				
Due to Other Taxing Units	\$ 260,399	\$ 579,953	\$ 579,806	\$ 260,546
Total Liabilities	\$ 260,399	\$ 579,953	\$ 579,806	\$ 260,546
City School ADA - Bells Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 1,618	\$ 268,067	\$ 268,543	\$ 1,142
Accounts Receivable	0	45	0	45
Due From Other Governments	10,418	10,192	10,418	10,192
Taxes Receivable	220,552	213,941	220,552	213,941
Allowance for Uncollectible Taxes	(17,070)	(7,596)	(17,070)	(7,596)
Total Assets	\$ 215,518	\$ 484,649	\$ 482,443	\$ 217,724
Liabilities				
Due to Other Taxing Units	\$ 215,518	\$ 484,649	\$ 482,443	\$ 217,724
Total Liabilities	\$ 215,518	\$ 484,649	\$ 482,443	\$ 217,724

Exhibit G-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
Constitutional Officers - Agency Fund				
Assets				
Cash	\$ 506,224	\$ 3,388,879	\$ 2,888,185	\$ 1,006,918
Accounts Receivable	12,337	84	12,337	84
Cash Shortage	842	0	842	0
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	\$ 526,831	\$ 3,388,963	\$ 2,901,364	\$ 1,014,430
Liabilities				
Due to Other Funds	\$ 12,338	\$ 0	\$ 12,338	\$ 0
Due to Litigants, Heirs and Others	514,493	3,388,963	2,889,026	1,014,430
Total Liabilities	\$ 526,831	\$ 3,388,963	\$ 2,901,364	\$ 1,014,430
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	\$ 3,574	\$ 920,795	\$ 921,860	\$ 2,509
Cash	506,224	3,388,879	2,888,185	1,006,918
Accounts Receivable	12,337	179	12,337	179
Due From Other Governments	77,489	77,529	77,489	77,529
Taxes Receivable	487,032	469,962	487,032	469,962
Allowance for Uncollectible Taxes	(37,695)	(16,686)	(37,695)	(16,686)
Cash Shortage	842	0	842	0
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	\$ 1,057,231	\$ 4,840,658	\$ 4,350,050	\$ 1,547,839
Liabilities				
Due to Other Funds	\$ 12,338	\$ 0	\$ 12,338	\$ 0
Due to Other Taxing Units	530,400	1,451,695	1,448,686	533,409
Due to Litigants, Heirs and Others	514,493	3,388,963	2,889,026	1,014,430
Total Liabilities	\$ 1,057,231	\$ 4,840,658	\$ 4,350,050	\$ 1,547,839

MISCELLANEOUS SCHEDULES

Exhibit H-1

Crockett County, Tennessee
Schedule of Changes in Long-Term Notes, Capitalized Leases and Bonds
Primary Government
For the Year Ended June 30, 2004

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2003	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2004
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Classrooms and Fieldhouse	\$ 360,000	5.10 %	6/22/98	6/30/10	\$ 235,775	\$ 0	\$ 29,118	\$ 206,657
Trash Compactors and Site Preparation	60,000	3.974	Various	4/15/11	42,651	0	4,647	38,004
School Construction	400,000	3.95	3/6/03	12/15/14	400,000	0	29,914	370,086
Total Notes Payable					<u>\$ 678,426</u>	<u>\$ 0</u>	<u>\$ 63,679</u>	<u>\$ 614,747</u>
CAPITALIZED LEASE PURCHASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Patrol Car	22,136	5.25	7/24/03	7/24/05	\$ 0	\$ 22,136	\$ 7,759	\$ 14,377
Sheriff's Vehicle	28,000	5.05	3/17/04	3/17/06	0	28,000	9,797	18,203
Sheriff's Patrol Car	21,836	4.5	6/22/04	6/22/06	0	21,836	7,601	14,235
Total Capitalized Lease Purchases Payable					<u>\$ 0</u>	<u>\$ 71,972</u>	<u>\$ 25,157</u>	<u>\$ 46,815</u>
GENERAL BONDED DEBT								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Library (General Motors Acceptance Corp.)	200,000	5	1/28/76	1/1/16	\$ 110,746	\$ 0	\$ 6,319	\$ 104,427
Courthouse and Library (General Motors Acceptance Corp.)	50,000	5	12/30/76	12/1/16	27,635	0	1,583	26,052
Nursing Home (General Motors Acceptance Corp.)	300,000	5	10/26/77	1/1/17	175,215	0	9,026	166,189
Nursing Home (General Motors Acceptance Corp.)	50,000	5	2/9/79	1/1/19	32,049	0	1,362	30,687
Nursing Home (General Motors Acceptance Corp.)	500,000	5	8/9/82	1/1/11	215,000	0	20,000	195,000
General Obligation Public Improvement Bonds	2,300,000	5.2 to 6	11/1/94	5/1/04	110,000	0	110,000	0
School Refunding 1997 Series	3,595,000	4 to 5	11/1/97	4/1/12	3,455,000	0	30,000	3,425,000
Courthouse and Senior Citizens' Buildings Renovations	400,000	5	10/14/99	10/14/37	388,285	0	4,302	383,983
General Obligation School Bonds	9,850,000	4.5 to 5	8/9/01	4/1/21	9,850,000	0	100,000	9,750,000
General Obligation Refunding Bonds	2,710,000	2.5 to 4.875	4/17/02	4/1/14	2,325,000	0	400,000	1,925,000
General Obligation School Bonds	5,085,000	4.55 to 5	4/17/02	4/1/17	4,985,000	0	100,000	4,885,000
Total General Bonded Debt					<u>\$ 21,673,930</u>	<u>\$ 0</u>	<u>\$ 782,592</u>	<u>\$ 20,891,338</u>

Exhibit H-2

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

Year	General Motors		Acceptance Corporation		Total Requirements
	Bond Requirements	Interest Requirements	Bond Requirements	Interest Requirements	
7-1-04 to 6-30-05	\$ 764,517	\$ 972,477	\$ 44,206	\$ 26,117	\$ 1,807,317
7-1-05 6-30-06	759,743	940,175	45,166	23,907	1,768,991
7-1-06 6-30-07	804,980	905,901	46,174	21,649	1,778,704
7-1-07 6-30-08	890,229	869,263	52,233	19,340	1,831,065
7-1-08 6-30-09	955,490	828,317	53,344	16,729	1,853,880
7-1-09 6-30-10	1,045,765	783,783	54,512	14,061	1,898,121
7-1-10 6-30-11	1,121,053	733,364	55,737	11,336	1,921,490
7-1-11 6-30-12	1,181,356	679,301	27,024	8,549	1,896,230
7-1-12 6-30-13	981,673	622,960	28,375	7,198	1,640,206
7-1-13 6-30-14	1,052,007	578,313	29,794	5,779	1,665,893
7-1-14 6-30-15	1,257,357	529,497	31,824	3,749	1,822,427
7-1-15 6-30-16	1,417,725	469,991	30,721	2,638	1,921,075
7-1-16 6-30-17	1,533,112	402,354	18,098	964	1,954,528
7-1-17 6-30-18	1,558,517	328,262	2,836	129	1,889,744
7-1-18 6-30-19	1,558,943	252,273	2,311	116	1,813,643
7-1-19 6-30-20	1,609,390	174,326	0	0	1,783,716
7-1-20 6-30-21	1,609,860	93,856	0	0	1,703,716
7-1-21 6-30-22	10,353	13,363	0	0	23,716
7-1-22 6-30-23	10,870	12,846	0	0	23,716
7-1-23 6-30-24	11,414	12,302	0	0	23,716
7-1-24 6-30-25	11,984	11,732	0	0	23,716
7-1-25 6-30-26	12,584	11,132	0	0	23,716
7-1-26 6-30-27	13,213	10,503	0	0	23,716
7-1-27 6-30-28	13,873	9,843	0	0	23,716
7-1-28 6-30-29	14,567	9,149	0	0	23,716
7-1-29 6-30-30	15,296	8,420	0	0	23,716
7-1-30 6-30-31	16,060	7,656	0	0	23,716
7-1-31 6-30-32	16,863	6,853	0	0	23,716
7-1-32 6-30-33	17,707	6,009	0	0	23,716
7-1-33 6-30-34	18,591	5,125	0	0	23,716
7-1-34 6-30-35	19,521	4,195	0	0	23,716
7-1-35 6-30-36	20,498	3,218	0	0	23,716
7-1-36 6-30-37	21,522	2,194	0	0	23,716
7-1-37 6-30-38	22,350	1,117	0	0	23,467
Total	\$ 20,368,983	\$ 10,300,070	\$ 522,355	\$ 162,261	\$ 31,353,669

Exhibit H-3

Crockett County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2004

<u>Description</u>	<u>Amount</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Clerk and Master</u>	
Loan Notes	\$ <u>7,428</u>
Total Notes Receivable	\$ <u><u>7,428</u></u>

Exhibit H-4

Crockett 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>
<u>Operating Transfers</u>			
General	General Debt Service	Litigation Tax for Debt Retirement	\$ 20,000
Total Transfers			<u>\$ 20,000</u>

Exhibit H-5

Crockett 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>	\$ 55,403	\$ 50,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	52,765	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	47,969	410,700	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	47,969	10,000	United States Fidelity & Guaranty Company
County Clerk	Section 8-24-102, <u>TCA</u>	47,969	25,000	Auto Owners Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	47,969	25,000	Auto Owners Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	53,649 ¹	30,000	Auto Owners Insurance Company
Register	Section 8-24-102, <u>TCA</u>	47,969	15,000	Auto Owners Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	53,365 ²	25,000	Auto Owners Insurance Company
Employee Bonds:				
General Fund Employees	-----	-----	150,000	Tennessee School Boards Liability Trust
Road Supervisor's Bookkeeper	-----	-----	10,000	Western Surety Company

¹ The clerk and master's salary listed above includes special commissioner fees of \$5,680.

² The sheriff's salary listed above includes law enforcement training supplement of \$600.

Exhibit H-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste/Sanitation	Drug Control	Constitutional Officers - Fees	Highway/Public Works	General Debt Service	General Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,896,198	\$ 0	\$ 0	\$ 0	\$ 0	\$ 647,472	\$ 0	\$ 2,543,670
Discount on Property Taxes	(12,496)	0	0	0	0	(4,267)	0	(16,763)
Trustee's Collections - Prior Year	96,310	0	0	0	0	32,894	0	129,204
Circuit/Clerk & Master Collections - Prior Years	39,356	0	0	0	0	4,821	0	44,177
Interest and Penalty	16,460	0	0	0	0	5,622	0	22,082
Payments in Lieu of Taxes - T.V.A.	96	0	0	0	0	7	0	103
Payments in Lieu of Taxes - Other	2,376	0	0	0	0	0	0	2,376
<u>County Local Option Taxes</u>								
Local Option Sales Tax	45,000	49,299	0	0	0	426,240	0	520,539
Hotel/Motel Tax	11,211	0	0	0	0	0	0	11,211
Wheel Tax	0	0	0	0	327,638	261,087	0	588,725
Litigation Tax - General	52,851	0	0	0	0	0	0	52,851
Litigation Tax - Jail, Workhouse, or Courthouse	20,000	0	0	0	0	0	0	20,000
Business Tax	49,472	0	0	0	0	0	0	49,472
<u>Statutory Local Taxes</u>								
Bank Excise Tax	47,998	0	0	0	0	0	0	47,998
Wholesale Beer Tax	0	116,672	0	0	0	0	0	116,672
Interstate Telecommunications Tax	0	760	0	0	0	0	0	760
Total Local Taxes	\$ 2,264,832	\$ 166,731	\$ 0	\$ 0	\$ 327,638	\$ 1,373,876	\$ 0	\$ 4,133,077
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Vaccination	\$ 1,707	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,707
Cable TV Franchise	2,322	0	0	0	0	0	0	2,322
<u>Permits</u>								
Beer Permits	1,409	0	0	0	0	0	0	1,409
Total Licenses and Permits	\$ 5,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,438
<u>Fines, Forfeitures and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 519	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 519
Officers Costs	3,716	0	0	0	0	0	0	3,716
Drug Control Fines	1,385	0	2,229	0	0	0	0	3,614

Exhibit H-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Jail Fees	\$ 164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	164
Data Entry Fee - Circuit Court	176	0	0	0	0	0	0	176
<u>General Sessions Court</u>								
Fines	19,040	0	0	0	0	0	0	19,040
Fines for Littering	190	0	0	0	0	0	0	190
Officers Costs	21,559	0	0	0	0	0	0	21,559
Drug Control Fines	981	0	2,919	0	0	0	0	3,900
Drug Court Fees	67	0	0	0	0	0	0	67
Jail Fees	4,439	0	0	0	0	0	0	4,439
DUI Treatment Fines	2,577	0	0	0	0	0	0	2,577
Data Entry Fee - General Sessions Court	4,170	0	0	0	0	0	0	4,170
<u>Juvenile Court</u>								
Fines	57	0	0	0	0	0	0	57
Officers Costs	11,067	0	0	0	0	0	0	11,067
<u>Chancery Court</u>								
Officers Costs	4,392	0	0	0	0	0	0	4,392
Data Entry Fee - Chancery Court	1,058	0	0	0	0	0	0	1,058
<u>Other Courts - In-county</u>								
Fines for Littering	190	0	0	0	0	0	0	190
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	4,973	0	0	0	0	4,973
Total Fines, Forfeitures and Penalties	\$ 75,747	\$ 0	\$ 10,121	\$ 0	\$ 0	\$ 0	\$ 0	85,868
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 513,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	513,095
<u>Fees</u>								
Telephone Commissions	8,182	0	0	0	0	0	0	8,182
Vending Machine Collections	559	0	0	0	0	0	0	559
Special Commissioner Fees/Special Master Fees	0	0	0	5,680	0	0	0	5,680
Data Processing Fee - Register	6,069	0	0	0	0	0	0	6,069
Data Processing Fee - Sheriff	1,832	0	0	0	0	0	0	1,832
Total Charges for Current Services	\$ 529,737	\$ 0	\$ 0	\$ 5,680	\$ 0	\$ 0	\$ 0	535,417

(Continued)

Exhibit H-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway/ Public Works	General Debt Service	General Capital Projects	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 1,021	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,095	\$ 348	\$ 38,464
Lease/Rentals	41,820	0	0	0	0	110,383	0	152,203
Sale of Materials and Supplies	0	0	0	0	132	0	0	132
Miscellaneous Refunds	9,758	9	0	0	1,956	0	0	11,723
<u>Nonrecurring Items</u>								
Insurance Recovery	1,446	0	0	0	0	0	0	1,446
Sale of Property	700	0	0	0	0	0	0	700
Contributions & Gifts	15,635	0	0	0	0	0	0	15,635
Performance Bond Forfeitures	1,900	0	0	0	0	0	0	1,900
Total Other Local Revenues	\$ 72,280	\$ 9	\$ 0	\$ 0	\$ 2,088	\$ 147,478	\$ 348	\$ 222,203
<u>Fees Received from County Officials</u>								
<u>Fees In Lieu of Salary</u>								
County Clerk	\$ 139,048	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 139,048
Circuit Court Clerk	18,966	0	0	0	0	0	0	18,966
General Sessions Court Clerk	93,780	0	0	0	0	0	0	93,780
Clerk and Master	67,428	0	0	0	0	0	0	67,428
Register	69,857	0	0	0	0	0	0	69,857
Sheriff	6,564	0	0	0	0	0	0	6,564
Trustee	152,804	0	0	0	0	0	0	152,804
Total Fees Received from County Officials	\$ 548,447	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 548,447
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,990
Aging Programs	71,960	0	0	0	0	0	0	71,960
State Reappraisal Grant	9,588	0	0	0	0	0	0	9,588
Solid Waste Grants	0	8,561	0	0	0	0	0	8,561
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	6,006	0	0	0	0	0	0	6,006
<u>Health and Welfare Grants</u>								
Health Department Programs	23,644	0	0	0	0	0	0	23,644

(Continued)

Exhibit H-6

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste/Sanitation	Drug Control	Constitutional Officers - Fees	Highway/Public Works	General Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>								
<u>Public Works Grants</u>								
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 172,575	\$ 0	\$ 0	\$ 172,575
Litter Program	26,737	0	0	0	0	0	0	26,737
<u>Other State Revenues</u>								
Income Tax	8,212	0	0	0	0	0	0	8,212
Beer Tax	0	16,881	0	0	0	0	0	16,881
Alcoholic Beverage Tax	0	19,609	0	0	0	0	0	19,609
Mixed Drink Tax	753	0	0	0	0	0	0	753
State Revenue Sharing - T.V.A.	142,611	0	0	0	0	0	0	142,611
Contracted Prisoner Boarding	316,398	0	0	0	0	0	0	316,398
Gasoline and Motor Fuel Tax	0	0	0	0	1,366,519	0	0	1,366,519
Petroleum Special Tax	0	0	0	0	11,690	0	0	11,690
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	1,200	0	0	0	0	0	0	1,200
Other State Revenues	23,966	0	0	0	0	0	0	23,966
Total State of Tennessee	\$ 657,445	\$ 45,051	\$ 0	\$ 0	\$ 1,550,784	\$ 0	\$ 0	\$ 2,253,280
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 291,448	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 291,448
Homeland Security Grants	112,440	0	0	0	0	0	0	112,440
Law Enforcement Grants	4,696	0	0	0	0	0	0	4,696
Total Federal Government	\$ 408,584	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 408,584
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 150,000
Contracted Services	0	0	0	0	5,000	0	0	5,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 150,000	\$ 0	\$ 155,000
Total	\$ 4,562,510	\$ 211,791	\$ 10,121	\$ 5,680	\$ 1,885,510	\$ 1,671,354	\$ 348	\$ 8,347,314

Exhibit H-7

Crockett 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	\$ 11,123	
Dues and Memberships	<u>1,150</u>	
Total County Commission		\$ 12,273

Board of Equalization

Board and Committee Members Fees	\$ 380	
Total Board of Equalization		380

Beer Board

Board and Committee Members Fees	\$ 300	
Total Beer Board		300

County Mayor

County Official/Administrative Officer	\$ 55,403	
Accountants/Bookkeepers	25,336	
Secretary(s)	21,051	
Longevity Pay	300	
Contracts with Private Agencies	4,555	
Dues and Memberships	1,859	
Postal Charges	1,350	
Printing, Stationery and Forms	660	
Travel	2,757	
Office Supplies	2,306	
Other Charges	4	
Office Equipment	<u>7,649</u>	
Total County Mayor		123,230

County Attorney

County Official/Administrative Officer	\$ 820	
Total County Attorney		820

Election Commission (Including

Voter Registration)

County Official/Administrative Officer	\$ 38,375	
Temporary Personnel	7,921	
Election Commission	3,954	
Election Workers	6,750	
Contracts with Private Agencies	3,514	
Data Processing Services	3,825	
Dues and Memberships	150	
Legal Notices, Recording and Court Costs	1,253	

(Continued)

Exhibit H-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Including
Voter Registration) (Cont.)

Postal Charges	\$	379	
Printing, Stationery and Forms		992	
Travel		1,651	
Office Supplies		1,609	
Office Equipment		<u>1,059</u>	
Total Election Commission (Including			
Voter Registration)	\$		71,432

Register of Deeds

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		17,916	
Longevity Pay		50	
Data Processing Services		2,397	
Dues and Memberships		428	
Postal Charges		448	
Printing, Stationery and Forms		254	
Other Contracted Services		2,295	
Office Supplies		2,334	
Office Equipment		<u>1,456</u>	
Total Register of Deeds			75,547

County Buildings

Custodial Personnel	\$	3,461	
Other Salaries & Wages		1,842	
Communication		30,563	
Maintenance & Repair Services- Buildings		20,987	
Maintenance & Repair Services- Equipment		8,624	
Pest Control		1,420	
Rentals		1,064	
Other Contracted Services		617	
Custodial Supplies		8,736	
Electricity		14,590	
Natural Gas		5,900	
Water and Sewer		4,266	
Building and Contents Insurance		<u>14,000</u>	
Total County Buildings			116,070

Finance

Accounting and Budgeting

Accounting Services	\$	551	
Audit Services		<u>3,424</u>	
Total Accounting and Budgeting			3,975

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		36,776	
Longevity Pay		450	
Contracts with Private Agencies		8,635	
Data Processing Services		4,353	
Dues and Memberships		999	
Legal Notices, Recording and Court Costs		55	
Postal Charges		497	
Travel		928	
Office Supplies		260	
Premiums on Corporate Surety Bonds		12	
Office Equipment		1,018	
Total Property Assessor's Office			\$ 101,952

Reappraisal Program

Data Processing Personnel	\$	1,544	
Data Processing Services		1,672	
Postal Charges		2,014	
Travel		493	
Other Charges		750	
Total Reappraisal Program			6,473

County Trustee's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		38,802	
Longevity Pay		950	
Data Processing Services		2,611	
Dues and Memberships		313	
Maintenance Agreements		2,200	
Postal Charges		2,386	
Printing, Stationery and Forms		1,174	
Travel		851	
Other Contracted Services		1,953	
Office Supplies		1,338	
Other Charges		92	
Office Equipment		1,229	
Total County Trustee's Office			101,868

County Clerk's Office

County Official/Administrative Officer	\$	47,969	
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(Continued)

Exhibit H-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	56,902	
Longevity Pay		1,800	
Other Salaries & Wages		7,674	
Dues and Memberships		313	
Maintenance & Repair Services- Buildings		4,630	
Postal Charges		2,250	
Printing, Stationery and Forms		355	
Travel		1,112	
Office Supplies		4,535	
Other Charges		781	
Office Equipment		34,399	
Total County Clerk's Office			\$ 162,720

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		59,328	
Part-time Personnel		7,365	
Longevity Pay		1,500	
Board and Committee Members Fees		300	
Jury and Witness Fees		3,829	
Data Processing Services		6,698	
Dues and Memberships		478	
Postal Charges		1,332	
Printing, Stationery and Forms		149	
Travel		1,494	
Office Supplies		7,483	
Other Charges		390	
Total Circuit Court			138,315

General Sessions Judge

Judge(s)	\$	59,608	
Dues and Memberships		135	
Travel		1,113	
Other Contracted Services		8,414	
Office Supplies		357	
Total General Sessions Judge			69,627

Chancery Court

County Official/Administrative Officer	\$	47,969	
--	----	--------	--

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	20,423	
Longevity Pay		600	
Dues and Memberships		378	
Maintenance & Repair Services- Office Equipment		1,242	
Postal Charges		2,004	
Printing, Stationery and Forms		458	
Office Supplies		1,895	
Total Chancery Court			\$ 74,969

Juvenile Court

Supervisor/Director	\$	24,070	
Probation Officer(s)		13,714	
Longevity Pay		800	
Communication		418	
Maintenance & Repair Services- Vehicles		857	
Travel		310	
Other Contracted Services		1,483	
Office Supplies		262	
Other Charges		4,140	
Total Juvenile Court			46,054

Other Administration of Justice

Other Salaries & Wages	\$	7,751	
In-Service Training		450	
Other Charges		797	
Total Other Administration of Justice			8,998

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	52,765	
Assistant(s)		29,227	
Deputy(ies)		311,585	
Guards		10,235	
Secretary(s)		17,285	
Longevity Pay		4,400	
Other Salaries & Wages		26,747	
In-Service Training		12,193	
Communication		18,351	
Contracts with Private Agencies		10,291	
Data Processing Services		4,470	

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	1,544	
Legal Notices, Recording and Court Costs		210	
Maintenance & Repair Services- Vehicles		18,034	
Postal Charges		2,425	
Travel		549	
Other Contracted Services		840	
Food Supplies		726	
Gasoline		31,224	
Instructional Supplies and Materials		166	
Law Enforcement Supplies		1,412	
Office Supplies		5,700	
Tires and Tubes		4,645	
Uniforms		5,908	
Other Supplies and Materials		758	
Other Charges		458	
Principal on Capitalized Leases		25,157	
Law Enforcement Equipment		339	
Motor Vehicles		55,398	
Office Equipment		1,016	
Other Equipment		1,040	
Total Sheriff's Department			\$ 655,098

Jail

Medical Personnel	\$	3,195
Dispatchers/Radio Operators		99,591
Guards		182,066
Cafeteria Personnel		14,777
Longevity Pay		3,050
Other Salaries & Wages		19,671
In-Service Training		77
Contracts with Public Carriers		1,412
Medical and Dental Services		32,122
Travel		642
Custodial Supplies		11,138
Drugs and Medical Supplies		63,964
Electricity		20,218
Food Supplies		91,599
Law Enforcement Supplies		456
Natural Gas		9,000
Uniforms		8,340

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Water and Sewer	\$	8,000	
Other Supplies and Materials		2,173	
Office Equipment		10	
Total Jail			\$ 571,501

Fire Prevention and Control

Contributions	\$	52,000	
Other Contracted Services		9,150	
Other Charges		930	
Other Equipment		346,792	
Total Fire Prevention and Control			408,872

Civil Defense

Assistant(s)	\$	2,999	
Supervisor/Director		13,796	
Communication		803	
Travel		552	
Other Contracted Services		6,637	
Other Supplies and Materials		41,240	
Other Charges		1,500	
Motor Vehicles		36,396	
Office Equipment		6,501	
Total Civil Defense			110,424

Rescue Squad

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

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	5,760	
Total County Coroner/Medical Examiner			5,760

Other Public Safety

Other Salaries & Wages	\$	2,755	
Total Other Public Safety			2,755

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	4,839	
Longevity Pay		200	

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	2,875	
Contracts with Other Public Agencies		18,867	
Postal Charges		2,663	
Printing, Stationery and Forms		500	
Travel		463	
Drugs and Medical Supplies		1,385	
Office Supplies		1,900	
Utilities		5,996	
Other Charges		611	
Total Local Health Center			\$ 40,299

Rabies and Animal Control

Supervisor/Director	\$	21,786	
Longevity Pay		700	
Communication		584	
Travel		3,518	
Other Contracted Services		1,755	
Other Supplies and Materials		1,530	
Total Rabies and Animal Control			29,873

Ambulance/Emergency Medical Services

Assistant(s)	\$	2,326	
Supervisor/Director		41,200	
Medical Personnel		264,292	
Secretary(s)		19,483	
Longevity Pay		4,500	
Other Salaries & Wages		56,073	
In-Service Training		1,625	
Communication		5,869	
Contracts with Private Agencies		6,027	
Dues and Memberships		165	
Evaluation and Testing		105	
Licenses		968	
Maintenance & Repair Services- Vehicles		11,549	
Postal Charges		1,439	
Travel		197	
Other Contracted Services		1,000	
Custodial Supplies		73	
Diesel Fuel		19,078	
Drugs and Medical Supplies		24,124	

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Office Supplies	\$	4,139	
Uniforms		2,646	
Other Supplies and Materials		2,564	
Other Charges		1	
Motor Vehicles		43,764	
Other Equipment		886	
Total Ambulance/Emergency Medical Services			\$ 514,093

Maternal and Child Health Services

Contributions	\$	4,000	
Total Maternal and Child Health Services			4,000

Alcohol and Drug Programs

Contributions	\$	10,000	
Total Alcohol and Drug Programs			10,000

Crippled Children Services

Contributions	\$	1,650	
Total Crippled Children Services			1,650

Other Local Health Services

Contributions	\$	2,000	
Total Other Local Health Services			2,000

Appropriation to State

Contracts with Government Agencies	\$	45,920	
Contracts with Other Public Agencies		6,000	
Contributions		2,000	
Total Appropriation to State			53,920

Other Local Welfare Services

Contributions	\$	250	
Total Other Local Welfare Services			250

Waste Pickup

Other Salaries & Wages	\$	13,609	
Equipment and Machinery Parts		134	
Gasoline		647	
Instructional Supplies and Materials		7,454	
Other Charges		4,894	
Total Waste Pickup			26,738

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services

Adult Activities

Supervisor/Director	\$	28,594	
Part-time Personnel		23,204	
Longevity Pay		1,350	
Other Salaries & Wages		910	
Maintenance & Repair Services- Vehicles		312	
Postal Charges		333	
Travel		3,485	
Other Contracted Services		7,650	
Custodial Supplies		1,236	
Gasoline		691	
Office Supplies		1,095	
Other Charges		2,577	
Office Equipment		1,656	
Total Adult Activities			\$ 73,093

Senior Citizens Assistance

Assistant(s)	\$	14,967	
Investigator(s)		12,219	
Educational Assistants		14,654	
Part-time Personnel		4,591	
Travel		796	
Utilities		9,290	
Total Senior Citizens Assistance			56,517

Libraries

Librarians	\$	17,050	
Custodial Personnel		880	
Longevity Pay		1,700	
Other Salaries & Wages		22,440	
Communication		970	
Postal Charges		111	
Travel		597	
Library Books/Media		5,882	
Utilities		5,909	
Other Supplies and Materials		90	
Data Processing Equipment		771	
Office Equipment		1,476	
Total Libraries			57,876

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$	3,000	
Other Contracted Services		2,300	
Electricity		2,500	
Other Charges		1,073	
Total Parks and Fair Boards			\$ 8,873

Other Social, Cultural and Recreational

Supervisor/Director	\$	17,510	
Travel		1,000	
Total Other Social, Cultural and Recreational			18,510

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	13,017	
Assistant(s)		11,233	
Clerical Personnel		3,916	
Communication		4,041	
Other Charges		137	
Maintenance Equipment		105	
Total Agriculture Extension Service			32,449

Soil Conservation

Supervisor/Director	\$	27,733	
Secretary(s)		20,906	
Longevity Pay		2,450	
Other Salaries & Wages		18,268	
Other Charges		5,500	
Total Soil Conservation			74,857

Flood Control

Dues and Memberships	\$	7,500	
Total Flood Control			7,500

Other Operations

Industrial Development

Other Charges	\$	9,604	
Total Industrial Development			9,604

Veterans' Services

Supervisor/Director	\$	9,538	
---------------------	----	-------	--

(Continued)

Exhibit H-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Postal Charges	\$	504	
Travel		120	
Office Supplies		37	
Other Charges		5,295	
Total Veterans' Services			\$ 15,494

Other Charges

Liability Insurance	\$	64,557	
Trustee's Commission		51,091	
Vehicle and Equipment Insurance		20,880	
Worker's Compensation Insurance		57,470	
Liability Claims		2,397	
Total Other Charges			196,395

Contributions to Other Agencies

Contributions	\$	22,000	
Total Contributions to Other Agencies			22,000

Employee Benefits

Social Security	\$	171,144	
State Retirement		93,924	
Medical Insurance		120,593	
Unemployment Compensation		4,311	
Total Employee Benefits			389,972

Miscellaneous

Contracts with Government Agencies	\$	8,838	
Legal Notices, Recording and Court Costs		985	
Pauper Burials		500	
Postal Charges		1,349	
Other Contracted Services		4,180	
Instructional Supplies and Materials		156	
Office Supplies		2,781	
Other Supplies and Materials		3,474	
Premiums on Corporate Surety Bonds		2,635	
Other Charges		15,021	
Office Equipment		3,384	
Total Miscellaneous			43,303

Total General Fund \$ 4,564,679

(Continued)

Exhibit H-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Attendants	\$	31,497	
Social Security		2,409	
Communication		1,744	
Contracts with Private Agencies		147,645	
Maintenance & Repair Services- Equipment		482	
Other Contracted Services		6,545	
Utilities		2,278	
Trustee's Commission		2,593	
Other Charges		38	
Total Convenience Centers			\$ 195,231

Total Solid Waste/Sanitation Fund \$ 195,231

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	226	
Confidential Drug Enforcement Payments		100	
Maintenance & Repair Services- Vehicles		22	
Rentals		32	
Travel		355	
Veterinary Services		154	
Animal Food and Supplies		673	
Instructional Supplies and Materials		1,058	
Law Enforcement Supplies		10,033	
Trustee's Commission		53	
Total Drug Enforcement			\$ 12,706

Total Drug Control Fund 12,706

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	5,680	
Total Chancery Court			\$ 5,680

Total Constitutional Officers - Fees Fund 5,680

(Continued)

Exhibit H-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	52,765	
Accountants/Bookkeepers		46,816	
Board and Committee Members Fees		14,220	
Communication		2,635	
Data Processing Services		4,176	
Dues and Memberships		2,682	
Legal Notices, Recording and Court Costs		675	
Maintenance & Repair Services- Buildings		317	
Maintenance & Repair Services- Office Equipment		255	
Postal Charges		395	
Printing, Stationery and Forms		122	
Travel		3,836	
Custodial Supplies		675	
Data Processing Supplies		373	
Drugs and Medical Supplies		494	
Electricity		3,611	
Natural Gas		692	
Office Supplies		515	
Water and Sewer		1,128	
Other Charges		1,412	
Total Administration			\$ 137,794

Highway and Bridge Maintenance

Foremen	\$	74,190	
Equipment Operators		116,279	
Truck Drivers		56,550	
Laborers		148,767	
Engineering Services		16,987	
Other Contracted Services		770	
Asphalt - Cold Mix		1,569	
Asphalt - Hot Mix		289,340	
Asphalt - Liquid		44,649	
Crushed Stone		121,134	
Fertilizer, Lime and Seed		516	
Pipe		22,241	
Road Signs		3,378	
Sand		1,240	
Wood Products		9,879	
Other Supplies and Materials		728	
Total Highway and Bridge Maintenance			908,217

(Continued)

Exhibit H-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	43,411	
Laborers		42,552	
Laundry Service		2,168	
Maintenance & Repair Services- Equipment		10,463	
Diesel Fuel		56,445	
Equipment and Machinery Parts		28,228	
Garage Supplies		1,510	
Gasoline		11,802	
Lubricants		3,483	
Propane Gas		42	
Small Tools		1,168	
Tires and Tubes		15,278	
Other Supplies and Materials		278	
Total Operation and Maintenance of Equipment			\$ 216,828

Other Charges

Premiums on Corporate Surety Bonds	\$	400	
Trustee's Commission		17,068	
Vehicle and Equipment Insurance		44,409	
Worker's Compensation Insurance		36,340	
Other Charges		375	
Total Other Charges			98,592

Employee Benefits

Social Security	\$	36,924	
State Retirement		22,456	
Employee and Dependent Insurance		112,273	
Unemployment Compensation		6,594	
Employer Medicare		8,635	
Total Employee Benefits			186,882

Capital Outlay

Bridge Construction	\$	185,606	
Building Construction		2,935	
Communication Equipment		2,317	
Highway Equipment		40,130	
Maintenance Equipment		849	
Motor Vehicles		25,746	
Office Equipment		1,418	
Total Capital Outlay			259,001

Total Highway/Public Works Fund \$ 1,807,314

(Continued)

Exhibit H-7

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

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$ 552,592	
Principal on Notes	<u>4,647</u>	
Total General Government		\$ 557,239

Education

Principal on Bonds	\$ 230,000	
Principal on Notes	<u>59,032</u>	
Total Education		289,032

Interest

General Government

Interest on Bonds	\$ 148,019	
Interest on Notes	<u>1,738</u>	
Total General Government		149,757

Education

Interest on Bonds	\$ 881,631	
Interest on Notes	<u>23,988</u>	
Total Education		905,619

Other Debt Service

General Government

Bank Charges	\$ 117	
Fiscal Agent Charges	593	
Trustee's Commission	<u>22,533</u>	
Total General Government		23,243

Education

Fiscal Agent Charges	\$ 1,028	
Total Education		<u>1,028</u>

Total General Debt Service Fund \$ 1,925,918

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Trustee's Commission	\$ 4	
Total Public Health and Welfare Projects		<u>\$ 4</u>

Total General Capital Projects Fund 4

Total Governmental Funds - Primary Government \$ 8,511,532

Exhibit H-8

Crockett 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 - Alamo Fund	City School ADA - Bells Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 219,861	\$ 183,725	\$ 403,586
Discount on Property Taxes	0	(1,458)	(1,218)	(2,676)
Trustee's Collections - Prior Years	0	12,124	10,131	22,255
Circuit/Clerk and Master Collections - Prior Years	0	4,772	3,998	8,770
Interest and Penalty	0	1,938	1,619	3,557
Payments in Lieu of Taxes - T.V.A.	0	12	10	22
Local Option Sales Tax	331,954	73,844	61,707	467,505
Wheel Tax	0	8,833	7,387	16,220
Interstate Telecommunications Tax	0	536	448	984
Marriage Licenses	0	179	149	328
Mixed Drink Tax	0	133	111	244
Total Cash Receipts	<u>\$ 331,954</u>	<u>\$ 320,774</u>	<u>\$ 268,067</u>	<u>\$ 920,795</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 328,635	\$ 315,816	\$ 263,908	\$ 908,359
Trustee's Commission	3,319	5,547	4,635	13,501
Total Cash Disbursements	<u>\$ 331,954</u>	<u>\$ 321,363</u>	<u>\$ 268,543</u>	<u>\$ 921,860</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (589)	\$ (476)	\$ (1,065)
Cash Balance, July 1, 2003	0	1,956	1,618	3,574
Cash Balance, June 30, 2004	<u>\$ 0</u>	<u>\$ 1,367</u>	<u>\$ 1,142</u>	<u>\$ 2,509</u>

STATISTICAL SECTION

Table 1

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

<u>Year</u>	<u>Amount</u>
1993	\$ 146
1994	2,673
1995	3,958
1996	3,430
1997	3,513
1998	3,655
1999	6,126
2000	12,715
2001	27,784
2002	<u>77,989</u>
Total	<u>\$ 141,989</u>

Table 2

Crockett County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
General	\$ 1.05	\$ 1.05	\$ 1.08	\$ 1.24	\$ 1.17	\$ 1.19	\$ 1.23	\$ 1.23	\$ 1.23	\$ 1.23
Solid Waste/Sanitation	0.08	0.12	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Debt Service	0.21	0.12	0.14	0.14	0.11	0.09	0.09	0.42	0.42	0.42
General Purpose School	0.95	1.00	0.95	0.95	0.83	0.83	0.83	0.83	0.83	0.83
School Transportation	0.15	0.15	0.15	0.15	0.12	0.12	0.12	0.12	0.12	0.12
Total Tax Rates	\$ 2.44	\$ 2.44	\$ 2.44	\$ 2.48	\$ 2.23	\$ 2.23	\$ 2.27	\$ 2.60	\$ 2.60	\$ 2.60
<u>Assessed Valuation</u>										
Real and Personal	\$ 101,230,412	\$ 104,386,817	\$ 107,542,411	\$ 109,873,580	\$ 139,631,079	\$ 144,479,112	\$ 147,440,469	\$ 153,250,477	\$ 156,561,871	\$ 156,934,008
Public Utilities	9,744,662	9,956,603	9,924,822	9,017,699	9,002,831	11,396,768	11,928,639	10,819,569	11,655,931	10,855,272
Total Assessed Valuation	\$ 110,975,074	\$ 114,343,420	\$ 117,467,233	\$ 118,891,279	\$ 148,633,910	\$ 155,875,880	\$ 159,369,108	\$ 164,070,046	\$ 168,217,802	\$ 167,789,280

ANNUAL FINANCIAL REPORT
CROCKETT COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CROCKETT 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

ARTHUR L. ALEXANDER
Director

NORMAN R. NORMENT, CGFM
Audit Manager

NOLAN R. BRADFORD, CPA, CGFM
Auditor 4

KATHLEEN P. BURRISS, CGFM
NATHAN ABBOTT, CISA, CFE
State Auditors

**CROCKETT COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CROCKETT COUNTY, TENNESSEE
TABLE OF CONTENTS**

	Exhibit	Page
Audit Highlights		i
 <u>INTRODUCTORY SECTION</u>		
Crockett County School Officials		1
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report		5
BASIC FINANCIAL STATEMENTS:		
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	12
Notes to the Financial Statements		13
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	C-1	27
School Transportation Fund	C-2	29
Notes to the Required Supplementary Information		31
 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	D-1	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	38
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
School Federal Projects Fund	D-3	39
Central Cafeteria Fund	D-4	40

	Exhibit	Page
Miscellaneous Schedules:		
Schedule of Transfers – All Funds	E-1	43
Schedule of Salaries and Official Bonds of Principal Officials	E-2	44
Schedule of Detailed Revenues – All Governmental Fund Types	E-3	45
Schedule of Detailed Expenditures – All Governmental Fund Types	E-4	47

Audit Highlights

Annual Financial Report
Crockett 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 Crockett County School Department as of and for the year ended June 30, 2004.

Results

Our report on Crockett 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 two findings and recommendations, which we have reviewed with the Crockett County School Department's management. Detailed findings and recommendations are included in the Single Audit Report.

The following are summaries of the audit findings:

CROCKETT COUNTY SCHOOL DEPARTMENT:

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing covering all county departments.

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

INTRODUCTORY SECTION

Crockett County School Officials
June 30, 2004

Officials:

Stan Black, Director of Schools

Board of Education:

Jasper Taylor, IV, Chairman

David L. Bushart

Tony R. Emison

David G. Eubanks

William Mark Faulkner

Randy E. Keel

Frankie G. McCord

FINANCIAL SECTION



**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

August 27, 2004

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Crockett County School Department, a component unit of Crockett County, Tennessee, as of and for the year ended June 30, 2004, as shown on pages 11 through 23, which collectively comprise a portion of the Crockett 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 the Crockett 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 Crockett 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 Crockett 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 Crockett 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.

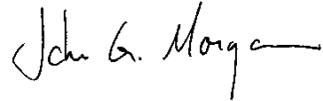
The budgetary comparison information on pages 27 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally 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 Crockett 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 miscellaneous schedules have been subjected to the auditing procedures applied by us 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 Crockett 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 August 27, 2004, on our consideration of the Crockett 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 cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/atr

BASIC FINANCIAL STATEMENTS

Exhibit A

Crockett County, Tennessee
Balance Sheet - Governmental Funds
Crockett County School Department
June 30, 2004

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,595,263	\$ 7,514	\$ 396,604	\$ 1,999,381
Accounts Receivable	1,618	12	0	1,630
Due from Other Governments	155,810	0	0	155,810
Due from Other Funds	330	0	0	330
Property Taxes Receivable	1,016,255	225,250	0	1,241,505
Allowance for Uncollectible Property Taxes	(35,889)	(7,794)	0	(43,683)
Total Assets	<u>\$ 2,733,387</u>	<u>\$ 224,982</u>	<u>\$ 396,604</u>	<u>\$ 3,354,973</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 15,364	\$ 0	\$ 2,152	\$ 17,516
Contracts Payable	0	0	10,959	10,959
Deferred Revenue - Current Property Taxes	915,341	203,684	0	1,119,025
Deferred Revenue - Delinquent Property Taxes	59,564	12,622	0	72,186
Other Deferred Revenues	24,031	0	0	24,031
Total Liabilities	<u>\$ 1,014,300</u>	<u>\$ 216,306</u>	<u>\$ 13,111</u>	<u>\$ 1,243,717</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 226,250	\$ 0	\$ 0	\$ 226,250
Reserved for Career Ladder - Extended Contract	11,981	0	0	11,981
Reserved for Title I Grants to Local Education Agencies	0	0	52,941	52,941
Reserved for Special Education - Grants to States	0	0	72,207	72,207
Other Federal Reserves	0	0	15,287	15,287
Unreserved, Reported In:				
General Fund	1,480,856	0	0	1,480,856
Special Revenue Funds	0	8,676	179,864	188,540
Capital Projects Funds	0	0	63,194	63,194
Total Fund Balances	<u>\$ 1,719,087</u>	<u>\$ 8,676</u>	<u>\$ 383,493</u>	<u>\$ 2,111,256</u>
Total Liabilities And Fund Balances	<u>\$ 2,733,387</u>	<u>\$ 224,982</u>	<u>\$ 396,604</u>	<u>\$ 3,354,973</u>

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

Exhibit B

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,264,792	\$ 275,129	\$ 0	\$ 1,539,921
Licenses and Permits	707	0	0	707
Charges for Current Services	46,396	0	328,564	374,960
Other Local Revenues	121,534	0	10,958	132,492
State of Tennessee	6,920,062	0	10,094	6,930,156
Federal Government	242,290	0	1,295,689	1,537,979
Total Revenues	<u>\$ 8,595,781</u>	<u>\$ 275,129</u>	<u>\$ 1,645,305</u>	<u>\$ 10,516,215</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 5,029,396	\$ 0	\$ 724,062	\$ 5,753,458
Support Services	3,463,170	4,724	132,411	3,600,305
Operation of Non-Instructional Services	101,790	0	748,963	850,753
Capital Outlay	43,752	0	0	43,752
Debt Service:				
Other Debt Service	150,000	0	0	150,000
Capital Projects	0	0	458,760	458,760
Total Expenditures	<u>\$ 8,788,108</u>	<u>\$ 4,724</u>	<u>\$ 2,064,196</u>	<u>\$ 10,857,028</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (192,327)</u>	<u>\$ 270,405</u>	<u>\$ (418,891)</u>	<u>\$ (340,813)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 442,923	\$ 0	\$ 0	\$ 442,923
Transfers Out	0	(270,469)	(172,454)	(442,923)
Total Other Financing Sources (Uses)	<u>\$ 442,923</u>	<u>\$ (270,469)</u>	<u>\$ (172,454)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 250,596	\$ (64)	\$ (591,345)	\$ (340,813)
Fund Balance, July 1, 2003	1,468,491	8,740	974,838	2,452,069
Fund Balance, June 30, 2004	<u>\$ 1,719,087</u>	<u>\$ 8,676</u>	<u>\$ 383,493</u>	<u>\$ 2,111,256</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Crockett 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. In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Some of the significant changes in the statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of a government's overall financial position and results of operations
- Government-wide financial statements prepared using full accrual accounting for all of a government's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds

The 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 that are 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 School Department:

A. Reporting Entity

The School Department operates the public school system in the county, with the exception of the city school systems of Alamo and Bells, which operate the elementary schools in those cities. The voters of Crockett County elect its seven-member board. The School Department is a component unit of Crockett County. The School Department is fiscally dependent on Crockett County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Crockett County Commission's approval. The School Department's taxes are levied under the taxing authority of Crockett County and are included as part of Crockett 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. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, the School Department has no proprietary or fiduciary funds to report. An emphasis is placed on major funds within the governmental categories.

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.

Property taxes for the period levied, in-lieu-of-tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. 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 is the primary operating fund of the School Department. It is used to account for general operations of the School Department.

School Transportation Fund – This fund is used to account for a local tax levy used to fund the transportation of all students in the county.

Additionally, the School Department reports the following fund type:

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

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 Crockett County primary government funds and the School Department. Each fund's portion of this pool is displayed on its balance sheet as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Debt Service Fund, with the exception of the earnings generated by the funds invested separately for the Crockett County Memorial Library and the School Department's Central Cafeteria Fund. Interest income for the Central Cafeteria Fund is based upon its pro rata share of funds maintained in the pool. Crockett County and the Crockett 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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable-current/interfund loans payable-current (the current portion of interfund loans) or interfund loans receivable-long-term/interfund loans payable-long-term (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Long-term interfund loans or advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 1.9 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 considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital asset 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

The policy of the Crockett County School Department does not provide for employees to receive compensation for unused accumulated vacation or sick leave days.

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.

II. 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

Equity in Pooled Cash and Investments	\$ 1,999,381
Total	<u>\$ 1,999,381</u>

Crockett County and the School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheet as Equity in Pooled Cash and Investments.

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 Crockett County and the School Department since both pool their deposits and investments through the county trustee. The carrying amount of Crockett County's and the Crockett County School Department's deposits with financial institutions was \$6,527,997, and the bank balance was \$8,224,052. 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 \$8,224,052.

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 Crockett County and the Crockett County School Department, as previously noted for deposits.

Pooled investments with a reported amount and fair value of \$497,726 consisted entirely of funds deposited with the State Treasurer's Investment Pool.

B. Construction Commitments

At June 30, 2004, the General Purpose School had uncompleted construction contracts of approximately \$220,000 for paving at the high school and elementary schools. Funding has been received for these future expenditures.

C. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor government	\$ 330

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

Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>
	General Purpose School Fund
School Transportation Fund	\$ 270,469
Nonmajor governmental funds	<u>172,454</u>
Total Transfers Out	<u><u>\$ 442,923</u></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.

III. OTHER INFORMATION

A. Risk Management

The Crockett County School Department participates in the Tennessee School Boards Liability Trust (TSBLT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school systems. The School Department pays an annual premium to the TSBLT for its general liability, and property, and casualty insurance coverage. The creation of the TSBLT provides for it to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims exceeding \$100,000.

The Crockett County School Department participates in the Tennessee School Boards Workers' Compensation Trust (TSB-WCT), which is a public

entity risk pool established by the Tennessee School Boards Association, an association of member school systems. The School Department pays an annual premium to the TSB-WCT for its workers' compensation insurance coverage. The creation of the TSB-WCT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

At the beginning of the year, the School Department adopted certain provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. As previously discussed in the Summary of Significant Accounting Policies, the School Department elected to only implement the provisions of Statement 34 that relate to the fund financial statements. These provisions eliminated the general long-term debt account group and narrowed the definition for the fiduciary fund types.

At the beginning of the year, the School Department also adopted the provisions of GASB Interpretation 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. The provisions of Interpretation 6 are applicable to governmental funds following the modified accrual basis of accounting. Under these provisions, fund liabilities and expenditures are accrued for the matured portion of long-term indebtedness (the portion that has come due). Fund liabilities and expenditures for compensated absences and claim and judgments are recognized to the extent that the liabilities have matured (come due for payment). The School Department was already following these provisions in governmental fund financial statements. Therefore, Interpretation 6 had no effect on the governmental fund financial statements.

C. Contingent Liabilities

The School Department attorney estimates that there was no pending litigation or unasserted claims or assessments that would materially affect the financial statements of the School Department.

D. Retirement Commitments

Plan Description

Employees of Crockett 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, Chapter 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Crockett 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.

Since the Crockett County School Department participates in Crockett County's plan, retirement information for the Crockett 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 III.(D) of the Annual Financial Report of Crockett County, Tennessee.

SCHOOL TEACHERS

Plan Description

The Crockett 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.

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 Crockett 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 Crockett 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 \$170,104, \$155,405, and \$166,249, respectively, equal to the required contributions for each year.

E. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the 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 that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$5,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-1

Crockett County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Crockett County School Department
General Purpose School 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	\$ 1,264,792	\$ 0	\$ 0	\$ 1,264,792	\$ 1,256,935	\$ 1,256,675	\$ 8,117
Licenses and Permits	707	0	0	707	700	700	7
Charges for Current Services	46,396	0	0	46,396	54,750	54,750	(8,354)
Other Local Revenues	121,534	0	0	121,534	106,240	106,240	15,294
State of Tennessee	6,920,062	0	0	6,920,062	6,869,805	6,898,805	21,257
Federal Government	242,290	0	0	242,290	244,000	244,000	(1,710)
Total Revenues	\$ 8,595,781	\$ 0	\$ 0	\$ 8,595,781	\$ 8,532,430	\$ 8,561,170	\$ 34,611
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,843,490	\$ (26,588)	\$ 0	\$ 3,816,902	\$ 3,951,305	\$ 3,905,205	\$ 88,303
Alternative Instruction Program	75,736	0	0	75,736	77,810	78,010	2,274
Special Education Program	432,717	0	0	432,717	433,545	461,545	28,828
Vocational Education Program	603,332	0	0	603,332	620,400	622,600	19,268
Adult Education Program	74,121	0	284	74,405	72,183	76,193	1,788
<u>Support Services</u>							
Attendance	35,136	0	0	35,136	35,535	35,735	599
Health Services	1,421	0	0	1,421	2,500	2,500	1,079
Other Student Support	380,724	0	543	381,267	399,645	396,245	14,978
Regular Instruction Program	337,311	0	0	337,311	341,865	347,565	10,254
Special Education Program	32,647	0	0	32,647	32,725	32,845	198
Vocational Education Program	8,899	0	0	8,899	7,000	10,000	1,101
Adult Programs	87,303	0	0	87,303	83,910	88,450	1,147
Board of Education	158,760	0	550	159,310	166,390	171,110	11,800
Director of Schools	151,767	0	0	151,767	152,815	154,715	2,948
Office of the Principal	675,052	0	0	675,052	688,275	695,225	20,173
Fiscal Services	91,060	0	187	91,247	93,410	94,810	3,563
Operation of Plant	784,410	0	0	784,410	817,590	829,090	44,680
Maintenance of Plant	229,402	0	4,454	233,856	282,185	267,285	33,429

(Continued)

Exhibit C-1

Crockett County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Crockett County School Department
General Purpose School 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>Support Services (Cont.)</u>							
Transportation	\$ 489,278	\$ 0	\$ 0	\$ 489,278	\$ 501,135	\$ 514,685	\$ 25,407
<u>Operation of Non-Instructional Services</u>							
Community Services	101,790	0	232	102,022	115,861	113,361	11,339
<u>Capital Outlay</u>							
Regular Capital Outlay	43,752	(24,700)	220,000	239,052	110,000	240,000	948
<u>Other Debt Service</u>							
Education	150,000	0	0	150,000	0	150,000	0
Total Expenditures	\$ 8,788,108	\$ (51,288)	\$ 226,250	\$ 8,963,070	\$ 8,986,084	\$ 9,287,174	\$ 324,104
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (192,327)	\$ 51,288	\$ (226,250)	\$ (367,289)	\$ (453,654)	\$ (726,004)	\$ 358,715
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 442,923	\$ 0	\$ 0	\$ 442,923	\$ 268,920	\$ 389,535	\$ 53,388
Transfers Out	0	0	0	0	(150,000)	0	0
Total Other Financing Sources (Uses)	\$ 442,923	\$ 0	\$ 0	\$ 442,923	\$ 118,920	\$ 389,535	\$ 53,388
Net Change in Fund Balance							
Fund Balance, July 1, 2003	\$ 1,468,491	\$ (51,288)	\$ 0	\$ 1,417,203	\$ 1,279,235	\$ 1,279,235	\$ 137,968
Fund Balance, June 30, 2004	\$ 1,719,087	\$ 0	\$ (226,250)	\$ 1,492,837	\$ 944,501	\$ 942,766	\$ 550,071

Exhibit C-2

Crockett County, Tennessee
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Actual and Budget
Crockett County School Department
School Transportation Fund
For the Year Ended June 30, 2004

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 275,129	\$ 273,920	\$ 277,920	\$ (2,791)
Total Revenues	\$ 275,129	\$ 273,920	\$ 277,920	\$ (2,791)
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 4,724	\$ 5,000	\$ 5,000	\$ 276
Total Expenditures	\$ 4,724	\$ 5,000	\$ 5,000	\$ 276
Excess (Deficiency) of Revenues Over Expenditures	\$ 270,405	\$ 268,920	\$ 272,920	\$ (2,515)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (270,469)	\$ (268,920)	\$ (272,920)	\$ 2,451
Total Other Financing Sources (Uses)	\$ (270,469)	\$ (268,920)	\$ (272,920)	\$ 2,451
Net Change in Fund Balance	\$ (64)	\$ 0	\$ 0	\$ (64)
Fund Balance, July 1, 2003	8,740	6,973	6,973	1,767
Fund Balance, June 30, 2004	\$ 8,676	\$ 6,973	\$ 6,973	\$ 1,703

**CROCKETT COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CROCKETT 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 Crockett 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 Program, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). The Crockett County Board of Education may make revisions within major categories, but only the Crockett 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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools. The primary sources of funding are federal revenues for the school lunch program and sales to students and adults.

Capital Projects Funds

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department. Major funding was provided in a prior year through the issuance of general obligation bonds and capital outlay notes.

Exhibit D-1

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 141,235	\$ 179,864	\$ 321,099	\$ 75,505	\$ 396,604
Total Assets	\$ 141,235	\$ 179,864	\$ 321,099	\$ 75,505	\$ 396,604
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 800	\$ 0	\$ 800	\$ 1,352	\$ 2,152
Contracts Payable	0	0	0	10,959	10,959
Total Liabilities	\$ 800	\$ 0	\$ 800	\$ 12,311	\$ 13,111
<u>Fund Balances</u>					
Reserved for Title I Grants to Local Education Agencies	\$ 52,941	\$ 0	\$ 52,941	\$ 0	\$ 52,941
Reserved for Special Education - Grants to States	72,207	0	72,207	0	72,207
Other Federal Reserves	15,287	0	15,287	0	15,287
Unreserved	0	179,864	179,864	63,194	243,058
Total Fund Balances	\$ 140,435	\$ 179,864	\$ 320,299	\$ 63,194	\$ 383,493
Total Liabilities And Fund Balances	\$ 141,235	\$ 179,864	\$ 321,099	\$ 75,505	\$ 396,604

Exhibit D-2

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 328,564	\$ 328,564	\$ 0	\$ 328,564
Other Local Revenues	0	3,190	3,190	7,768	10,958
State of Tennessee	0	10,094	10,094	0	10,094
Federal Government	883,571	412,118	1,295,689	0	1,295,689
Total Revenues	\$ 883,571	\$ 753,966	\$ 1,637,537	\$ 7,768	\$ 1,645,305
<u>Expenditures</u>					
Current:					
Instruction	\$ 724,062	\$ 0	\$ 724,062	\$ 0	\$ 724,062
Support Services	132,411	0	132,411	0	132,411
Operation of Non-Instructional Services	0	748,963	748,963	0	748,963
Capital Projects	0	0	0	458,760	458,760
Total Expenditures	\$ 856,473	\$ 748,963	\$ 1,605,436	\$ 458,760	\$ 2,064,196
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,098	\$ 5,003	\$ 32,101	\$ (450,992)	\$ (418,891)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (330)	\$ 0	\$ (330)	\$ (172,124)	\$ (172,454)
Total Other Financing Sources (Uses)	\$ (330)	\$ 0	\$ (330)	\$ (172,124)	\$ (172,454)
Net Change in Fund Balances	\$ 26,768	\$ 5,003	\$ 31,771	\$ (623,116)	\$ (591,345)
Fund Balance, July 1, 2003	113,667	174,861	288,528	686,310	974,838
Fund Balance, June 30, 2004	\$ 140,435	\$ 179,864	\$ 320,299	\$ 63,194	\$ 383,493

Exhibit D-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 883,571	\$ 865,187	\$ 883,591	\$ (20)
Total Revenues	\$ 883,571	\$ 865,187	\$ 883,591	\$ (20)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 426,768	\$ 456,482	\$ 480,755	\$ 53,987
Special Education Program	249,431	276,138	292,011	42,580
Vocational Education Program	47,863	47,883	47,883	20
<u>Support Services</u>				
Other Student Support	11,978	17,456	14,456	2,478
Regular Instruction Program	69,672	90,450	100,268	30,596
Special Education Program	20,096	43,287	34,186	14,090
Transportation	30,665	47,159	46,200	15,535
Total Expenditures	\$ 856,473	\$ 978,855	\$ 1,015,759	\$ 159,286
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,098	\$ (113,668)	\$ (132,168)	\$ 159,266
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (330)	\$ 0	\$ (376)	\$ 46
Total Other Financing Sources (Uses)	\$ (330)	\$ 0	\$ (376)	\$ 46
Net Change in Fund Balance	\$ 26,768	\$ (113,668)	\$ (132,544)	\$ 159,312
Fund Balance, July 1, 2003	113,667	113,668	132,544	(18,877)
Fund Balance, June 30, 2004	\$ 140,435	\$ 0	\$ 0	\$ 140,435

Exhibit D-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 328,564	\$ 323,640	\$ 322,630	\$ 5,934
Other Local Revenues	3,190	1,935	3,173	17
State of Tennessee	10,094	9,224	10,094	0
Federal Government	412,118	423,541	412,118	0
Total Revenues	<u>\$ 753,966</u>	<u>\$ 758,340</u>	<u>\$ 748,015</u>	<u>\$ 5,951</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 748,963	\$ 720,176	\$ 747,467	\$ (1,496)
Total Expenditures	<u>\$ 748,963</u>	<u>\$ 720,176</u>	<u>\$ 747,467</u>	<u>\$ (1,496)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,003	\$ 38,164	\$ 548	\$ 4,455
Net Change in Fund Balance	\$ 5,003	\$ 38,164	\$ 548	\$ 4,455
Fund Balance, July 1, 2003	174,861	160,062	160,062	14,799
Fund Balance, June 30, 2004	<u>\$ 179,864</u>	<u>\$ 198,226</u>	<u>\$ 160,610</u>	<u>\$ 19,254</u>

MISCELLANEOUS SCHEDULES

Exhibit E-1

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Operating Transfers</u>			
School Federal Projects	General Purpose School	Indirect Costs	\$ 330
School Transportation	General Purpose School	To Provide Funds for School Transportation	270,469
Education Capital Projects	General Purpose School	Reimburse for Furniture and Equipment Purchases	<u>172,124</u>
Total Transfers			<u>\$ 442,923</u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Commission	\$ 82,285 ¹	\$ 50,000	Auto Owners Insurance Company
Employee Bonds:				
Director of School's Employees	-----	-----	150,000	Tennessee School Boards Liability Trust

¹ The salary listed above includes chief executive officer training supplement of \$1,000.

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 872,724	\$ 0	\$ 0	\$ 184,834	\$ 0	\$ 1,057,558
Discount on Property Taxes	(5,756)	0	0	(1,219)	0	(6,975)
Trustee's Collections - Prior Year	43,229	0	0	9,154	0	52,383
Circuit/Clerk & Master Collections - Prior Years	18,992	0	0	4,014	0	23,006
Interest and Penalty	7,336	0	0	1,546	0	8,882
Payments in Lieu of Taxes - T.V.A.	46	0	0	10	0	56
<u>County Local Option Taxes</u>						
Local Option Sales Tax	291,185	0	0	0	0	291,185
Wheel Tax	34,973	0	0	76,790	0	111,763
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,063	0	0	0	0	2,063
Total Local Taxes	\$ 1,264,792	\$ 0	\$ 0	\$ 275,129	\$ 0	\$ 1,539,921
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 707	\$ 0	\$ 0	\$ 0	\$ 0	\$ 707
Total Licenses and Permits	\$ 707	\$ 0	\$ 0	\$ 0	\$ 0	\$ 707
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Adult Education	\$ 1,215	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,215
Lunch Payments - Children	0	0	150,050	0	0	150,050
Lunch Payments - Adults	0	0	19,639	0	0	19,639
Income from Breakfast	0	0	21,995	0	0	21,995
Contract for Instructional Services with Other LEA's	11,034	0	0	0	0	11,034
Receipts from Individual Schools	30,708	0	0	0	0	30,708
TBI Criminal Background Fee	2,305	0	0	0	0	2,305
<u>Other Charges for Services</u>						
Other Charges for Services	1,134	0	136,880	0	0	138,014
Total Charges for Current Services	\$ 46,396	\$ 0	\$ 328,564	\$ 0	\$ 0	\$ 374,960
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 45,000	\$ 0	\$ 2,020	\$ 0	\$ 5,236	\$ 52,256
Lease/Rentals	13,182	0	0	0	0	13,182
Miscellaneous Refunds	19,809	0	1,170	0	0	20,979

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Insurance Recovery	\$ 17,642	\$ 0	\$ 0	\$ 0	\$ 2,532	\$ 20,174
Sale of Equipment	20,672	0	0	0	0	20,672
Damages Recovered from Individuals	25	0	0	0	0	25
Contributions & Gifts	4,863	0	0	0	0	4,863
<u>Other Local Revenues</u>						
Other Local Revenues	341	0	0	0	0	341
Total Other Local Revenues	\$ 121,534	\$ 0	\$ 3,190	\$ 0	\$ 7,768	\$ 132,492
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 5,917,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,917,996
School Food Service	0	0	10,094	0	0	10,094
Driver Education	11,755	0	0	0	0	11,755
Other State Education Funds	659,730	0	0	0	0	659,730
Career Ladder Program	85,190	0	0	0	0	85,190
Career Ladder - Extended Contract	68,386	0	0	0	0	68,386
Other Vocational	18,476	0	0	0	0	18,476
<u>Other State Revenues</u>						
Mixed Drink Tax	514	0	0	0	0	514
State Revenue Sharing - T.V.A.	50,000	0	0	0	0	50,000
Other State Grants	108,015	0	0	0	0	108,015
Total State of Tennessee	\$ 6,920,062	\$ 0	\$ 10,094	\$ 0	\$ 0	\$ 6,930,156
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 299,988	\$ 0	\$ 0	\$ 299,988
Breakfast	0	0	112,130	0	0	112,130
Adult Education State Grant Program	89,077	0	0	0	0	89,077
Vocational Education - Basic Grants to States	0	56,863	0	0	0	56,863
Other Vocational	12,500	0	0	0	0	12,500
Title I Grants to Local Education Agencies	0	386,441	0	0	0	386,441
Innovative Education Program Strategies	0	11,612	0	0	0	11,612
Special Education - Grants to States	719	288,412	0	0	0	289,131
Special Education Preschool Grants	0	10,037	0	0	0	10,037
Eisenhower Professional Development State Grants	0	108,684	0	0	0	108,684
Other Federal through State	139,994	21,522	0	0	0	161,516
Total Federal Government	\$ 242,290	\$ 883,571	\$ 412,118	\$ 0	\$ 0	\$ 1,537,979
Total	\$ 47,859,781	\$ 883,571	\$ 753,966	\$ 275,129	\$ 7,768	\$ 10,516,215

Exhibit E-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,824,572	
Career Ladder Program		42,500	
Career Ladder Extended Contracts		29,500	
Homebound Teachers		4,981	
Educational Assistants		100,185	
Other Salaries & Wages		3,500	
Substitute Teachers		66,553	
Social Security		174,682	
State Retirement		100,846	
Medical Insurance		217,108	
Unemployment Compensation		2,970	
Employer Medicare		40,853	
Maintenance & Repair Services- Equipment		28,368	
Other Contracted Services		4,681	
Instructional Supplies and Materials		59,351	
Textbooks		99,623	
Other Charges		310	
Regular Instruction Equipment		42,907	
Total Regular Instruction Program			\$ 3,843,490

Alternative Instruction Program

Teachers	\$	64,410	
Social Security		3,769	
State Retirement		2,184	
Medical Insurance		4,425	
Unemployment Compensation		66	
Employer Medicare		882	
Total Alternative Instruction Program			75,736

Special Education Program

Teachers	\$	283,499
Career Ladder Program		3,000
Career Ladder Extended Contracts		1,000
Homebound Teachers		975
Educational Assistants		61,518
Social Security		19,296
State Retirement		11,903
Medical Insurance		42,136
Unemployment Compensation		526

Exhibit E-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	4,554	
Other Contracted Services		3,431	
Instructional Supplies and Materials		170	
Other Supplies and Materials		410	
Other Charges		299	
Total Special Education Program			\$ 432,717

Vocational Education Program

Teachers	\$	469,505	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		500	
Clerical Personnel		9,875	
Substitute Teachers		10,098	
Social Security		28,060	
State Retirement		15,186	
Medical Insurance		35,092	
Unemployment Compensation		484	
Employer Medicare		6,562	
Maintenance & Repair Services- Equipment		1,691	
Instructional Supplies and Materials		15,484	
Other Supplies and Materials		1,964	
Other Charges		1,831	
Total Vocational Education Program			603,332

Adult Education Program

Teachers	\$	39,210	
Social Security		2,407	
State Retirement		621	
Unemployment Compensation		78	
Employer Medicare		563	
Instructional Supplies and Materials		30,320	
Other Equipment		922	
Total Adult Education Program			74,121

Support Services

Attendance

Supervisor/Director	\$	27,778	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,000	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	1,789	
State Retirement		1,010	
Medical Insurance		1,134	
Unemployment Compensation		16	
Employer Medicare		418	
Travel		991	
Total Attendance			\$ 35,136

Health Services

Other Supplies and Materials	\$	281	
Other Charges		1,140	
Total Health Services			1,421

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		108,500	
Career Ladder Extended Contracts		3,000	
Social Workers		21,744	
Secretary(s)		23,781	
School Resource Officer		2,200	
Other Salaries & Wages		101,186	
Social Security		15,517	
State Retirement		9,262	
Medical Insurance		15,395	
Unemployment Compensation		307	
Employer Medicare		3,629	
Evaluation and Testing		6,632	
Travel		1,408	
Other Contracted Services		3,257	
Other Supplies and Materials		15,458	
Other Charges		43,928	
Other Equipment		2,520	
Total Other Student Support			380,724

Regular Instruction Program

Supervisor/Director	\$	76,858	
Career Ladder Program		3,500	
Career Ladder Extended Contracts		1,000	
Librarians		75,790	

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Secretary(s)	\$	12,773	
Other Salaries & Wages		72,795	
Social Security		14,106	
State Retirement		9,076	
Medical Insurance		13,650	
Unemployment Compensation		212	
Employer Medicare		3,299	
Travel		8,719	
Library Books/Media		31,125	
In Service/Staff Development		14,408	
Total Regular Instruction Program			\$ 337,311

Special Education Program

Supervisor/Director	\$	26,498	
Career Ladder Program		500	
Social Security		1,530	
State Retirement		915	
Medical Insurance		2,829	
Unemployment Compensation		17	
Employer Medicare		358	
Total Special Education Program			32,647

Vocational Education Program

Travel	\$	1,917	
In Service/Staff Development		6,982	
Total Vocational Education Program			8,899

Adult Programs

Supervisor/Director	\$	46,575	
Career Ladder Program		1,000	
Other Salaries & Wages		18,369	
Social Security		3,808	
State Retirement		2,350	
Medical Insurance		5,292	
Unemployment Compensation		53	
Employer Medicare		891	
Travel		1,723	
In Service/Staff Development		7,242	
Total Adult Programs			87,303

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	1,900	
Social Security		118	
Unemployment Compensation		9	
Employer Medicare		28	
Audit Services		3,400	
Dues and Memberships		6,216	
Legal Services		1,547	
Travel		396	
Other Contracted Services		1,000	
Liability Insurance		16,606	
Premiums on Corporate Surety Bonds		135	
Trustee's Commission		41,237	
Worker's Compensation Insurance		60,866	
Criminal Investigation of Applicants - TBI		2,400	
Refund to Applicant for Criminal Investigation		1,921	
Other Charges		20,981	
Total Board of Education			\$ 158,760

Director of Schools

County Official/Administrative Officer	\$	81,285	
Career Ladder Program		2,500	
Career Ladder Extended Contracts		1,500	
Secretary(s)		23,856	
Social Security		6,293	
State Retirement		3,834	
Medical Insurance		15,580	
Unemployment Compensation		64	
Employer Medicare		1,472	
Communication		3,462	
Postal Charges		1,983	
Travel		4,877	
Other Contracted Services		4,201	
Other Charges		860	
Total Director of Schools			151,767

Office of the Principal

Principals	\$	272,886
Career Ladder Program		16,000
Career Ladder Extended Contracts		18,000

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	131,648	
Secretary(s)		71,902	
Clerical Personnel		9,875	
Social Security		29,159	
State Retirement		18,448	
Medical Insurance		27,440	
Unemployment Compensation		453	
Employer Medicare		7,062	
Communication		33,762	
Dues and Memberships		1,385	
Postal Charges		3,970	
Other Contracted Services		28,538	
Office Supplies		4,524	
Total Office of the Principal			\$ 675,052

Fiscal Services

Accountants/Bookkeepers	\$	36,485	
Clerical Personnel		26,056	
Social Security		3,256	
State Retirement		2,739	
Medical Insurance		10,827	
Unemployment Compensation		65	
Employer Medicare		762	
Data Processing Services		2,993	
Office Supplies		2,309	
In Service/Staff Development		165	
Administration Equipment		5,403	
Total Fiscal Services			91,060

Operation of Plant

Custodial Personnel	\$	167,969
Social Security		9,600
State Retirement		7,068
Medical Insurance		12,948
Unemployment Compensation		369
Employer Medicare		2,245
Other Contracted Services		31,624
Electricity		300,769
Natural Gas		97,440

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	22,322	
Other Supplies and Materials		25,742	
Boiler Insurance		3,796	
Building and Contents Insurance		69,156	
Other Charges		7,987	
Plant Operation Equipment		25,375	
Total Operation of Plant			\$ 784,410

Maintenance of Plant

Maintenance Personnel	\$	91,166	
Social Security		5,028	
State Retirement		3,840	
Medical Insurance		14,295	
Unemployment Compensation		133	
Employer Medicare		1,176	
Communication		1,304	
Maintenance & Repair Services- Buildings		25,295	
Maintenance & Repair Services- Equipment		17,999	
Maintenance & Repair Services- Vehicles		2,632	
Travel		593	
Other Supplies and Materials		40,454	
Other Charges		2,433	
Maintenance Equipment		23,054	
Total Maintenance of Plant			229,402

Transportation

Supervisor/Director	\$	29,638	
Mechanic(s)		27,875	
Bus Drivers		172,423	
Other Salaries & Wages		2,238	
Social Security		14,090	
State Retirement		3,293	
Medical Insurance		10,950	
Unemployment Compensation		546	
Employer Medicare		3,295	
Communication		142	
Maintenance & Repair Services- Vehicles		731	
Medical and Dental Services		2,646	
Diesel Fuel		36,713	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	7,756	
Lubricants		3,013	
Tires and Tubes		4,642	
Vehicle Parts		11,895	
Other Supplies and Materials		318	
Vehicle and Equipment Insurance		21,352	
Other Charges		2,494	
Transportation Equipment		<u>133,228</u>	
Total Transportation	\$		489,278

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	32,735	
Teachers		32,235	
Other Salaries & Wages		2,693	
Social Security		3,831	
State Retirement		2,220	
Medical Insurance		4,388	
Unemployment Compensation		68	
Employer Medicare		896	
Travel		3,710	
Other Contracted Services		3,000	
Other Supplies and Materials		8,727	
In Service/Staff Development		1,976	
Other Charges		3,766	
Other Equipment		<u>1,545</u>	
Total Community Services			101,790

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	<u>43,752</u>	
Total Regular Capital Outlay			43,752

Other Debt Service

Education

Contributions	\$	<u>150,000</u>	
Total Education			<u>150,000</u>

Total General Purpose School Fund \$ 8,788,108

(Continued)

Exhibit E-4

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	295,885	
Educational Assistants		52,848	
Substitute Teachers		1,408	
Social Security		19,981	
State Retirement		10,322	
Medical Insurance		27,950	
Unemployment Compensation		416	
Employer Medicare		4,673	
Other Contracted Services		3,431	
Instructional Supplies and Materials		9,854	
Total Regular Instruction Program	\$		426,768

Special Education Program

Teachers	\$	71,424	
Educational Assistants		92,962	
Social Security		9,590	
State Retirement		5,402	
Unemployment Compensation		359	
Employer Medicare		2,243	
Other Contracted Services		12,186	
Instructional Supplies and Materials		40,362	
Special Education Equipment		14,903	
Total Special Education Program			249,431

Vocational Education Program

Travel	\$	2,000	
Instructional Supplies and Materials		17,083	
Vocational Instruction Equipment		28,780	
Total Vocational Education Program			47,863

Support Services

Other Student Support

Travel	\$	7,555	
In Service/Staff Development		1,445	
Other Charges		2,978	
Total Other Student Support			11,978

Regular Instruction Program

Supervisor/Director	\$	25,478	
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(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	1,448	
State Retirement		864	
Medical Insurance		1,955	
Unemployment Compensation		13	
Employer Medicare		339	
Travel		4,442	
Library Books/Media		11,737	
In Service/Staff Development		22,233	
Other Equipment		1,163	
Total Regular Instruction Program			\$ 69,672

Special Education Program

Travel	\$	4,532	
Other Contracted Services		12,580	
In Service/Staff Development		2,286	
Other Charges		698	
Total Special Education Program			20,096

Transportation

Bus Drivers	\$	23,969	
Social Security		1,431	
State Retirement		254	
Unemployment Compensation		64	
Employer Medicare		335	
Gasoline		4,612	
Total Transportation			30,665

Total School Federal Projects Fund \$ 856,473

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	36,486
Accountants/Bookkeepers		24,929
Cafeteria Personnel		196,656
Other Salaries & Wages		3,336
Social Security		15,355
State Retirement		9,382
Medical Insurance		13,793

(Continued)

Exhibit E-4

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	780	
Employer Medicare		3,600	
Maintenance & Repair Services- Equipment		7,108	
Travel		1,315	
Other Contracted Services		5,822	
Food Supplies		302,525	
Other Supplies and Materials		27,478	
Other Charges		21,900	
Food Service Equipment		78,498	
Total Food Service			\$ 748,963

Total Central Cafeteria Fund \$ 748,963

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	4,724	
Total Board of Education			\$ 4,724

Total School Transportation Fund 4,724

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Foremen	\$	5,451	
Laborers		8,088	
Social Security		839	
Medical Insurance		602	
Unemployment Compensation		64	
Employer Medicare		196	
Architects		7,723	
Building Construction		364,474	
Regular Instruction Equipment		57,399	
Other Capital Outlay		13,924	
Total Education Capital Projects			\$ 458,760

Total Education Capital Projects Fund 458,760

Total Governmental Funds - Crockett County School Department \$ 10,857,028

SINGLE AUDIT REPORT
CROCKETT COUNTY, TENNESSEE
AND
CROCKETT 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

NORMAN R. NORMENT, CGFM
Audit Manager

NOLAN R. BRADFORD, CPA, CGFM
Auditor 4

KATHLEEN P. BURRISS, CGFM
NATHAN ABBOTT, CISA, CFE
State Auditors

SINGLE AUDIT REPORT TABLE OF CONTENTS

	Page
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>	3
Schedule of Expenditures of Federal Awards and State Grants	7
Schedule of Audit Findings Not Corrected	11
Schedule of Findings and Questioned Costs	13
Auditee Reporting Responsibilities	19



**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**

August 27, 2004

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

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

We have audited the financial statements of Crockett County, Tennessee, and the Crockett County School Department as of and for the year ended June 30, 2004, and have issued our reports thereon dated August 27, 2004. Our reports on the financial statements of Crockett County and the Crockett 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. 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 Crockett County's and the Crockett 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 one material instance of noncompliance that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 04.01. We also noted certain other reportable instances of

noncompliance that are described in the accompanying Schedule of Findings and Questioned Costs as items 04.03, 04.05, and 04.06. In addition, we noted 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 Crockett County's and the Crockett 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 Crockett County's and the Crockett 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 04.02, 04.04, 04.07, and 04.08.

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 the management of Crockett County and the Crockett County School Department 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

August 27, 2004

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

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

Compliance

We have audited the compliance of Crockett County and the Crockett 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. Crockett County's and the Crockett 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 Crockett County's and the Crockett County School Department's management. Our responsibility is to express an opinion on Crockett County's and the Crockett 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 Crockett County's and the Crockett 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 Crockett County's and the Crockett County School Department's compliance with those requirements.

In our opinion, Crockett County and the Crockett 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 Crockett County and the Crockett County School Department is 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 Crockett County's and the Crockett 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 basic financial statements of Crockett County, Tennessee, and the Crockett County School Department, as of and for the year ended June 30, 2004, and have issued our reports thereon dated August 27, 2004. Our reports on the financial statements of Crockett County and the Crockett 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 these 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 these financial statements. Such information has been subjected to the auditing procedures applied in the audit of these financial statements and, in our opinion, is fairly stated, in all material respects, in relation to these 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,

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/atr

Crockett County, Tennessee, and Crockett 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 Tennessee Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	\$ 45,821
Passed-through Tennessee Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 112,130
National School Lunch Program	10.555	N/A	299,988
Total Passed-through Tennessee Department of Education			\$ 412,118
Total U.S. Department of Agriculture			\$ 457,939
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-03-09992-00	\$ 291,448
Total U.S. Department of Housing and Urban Development			\$ 291,448
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	1121-0235	\$ 3,696
Passed through Tennessee Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-03-010049-00	\$ 720 (3)
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-04-015536-00	9,270 (3)
Total Passed through Tennessee Commission on Children and Youth			\$ 9,990
Total U.S. Department of Justice			\$ 13,686
U.S. Department of Labor:			
Passed through Dyersburg State Community College:			
WIA Youth Activities	17.259	03-12-205-999-YOUTH	\$ 13,928
Total U.S. Department of Labor			\$ 13,928
U. S. Department of Education:			
Passed through University of Tennessee:			
Adult Education - State Grant Program	84.002	ED-04-01198-00	\$ 10,000 (4)
Passed through Tennessee Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04-016657-00	\$ 84,158 (4)
Adult Education - State Grant Program	84.002	Z-03-010313-00	4,919 (4)
Adult Education - State Grant Program (Jobs for Tennessee Graduates)	84.002	Z-04-017558-00	27,878 (4)
Total Passed through Tennessee Department of Labor and Workforce Development			\$ 116,955

(Continued)

Crockett County, Tennessee, and Crockett 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. S. Department of Education: (Cont.)			
Passed through Tennessee Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 362,260
Special Education - Grants to States	84.027	(2)	290,872
Vocational Education - Basic Grants to States	84.048	(2)	56,863
Special Education - Preschool Grants	84.173	N/A	10,037
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	8,742
Eisenhower Professional Development State Grants	84.281	N/A	110,483
Innovative Education Program Strategies	84.298	N/A	11,737
Even Start - Statewide Family Literacy Program	84.314	Z-04-018558-00	100,000
Teacher Quality Enhancement Grants	84.336A	N/A	6,528
Total Passed through Tennessee Department of Education			\$ 957,522
Passed through Jackson State Community College:			
Tech-Prep Education	84.243	(2)	\$ 675
Total U.S. Department of Education			\$ 1,085,152
U. S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 71,960
Passed through Tennessee Department of Education:			
Promoting Safe and Stable Families	93.556	Z-04-017558-00	\$ 13,186
Temporary Assistance for Needy Families	93.558	Z-04-016500-00	15,391
Total Passed through the Tennessee Department of Education			\$ 28,577
Total U. S. Department of Health and Human Services			\$ 100,537
U. S. Department of Homeland Security:			
Passed-through Tennessee Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017738-00	\$ 30,000 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020083-00	43,596 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z-03-014414-00	38 (5)
Emergency Management Performance Grants	97.042	Z-04-020251-00	7,774 (6)
Emergency Management Performance Grants	97.042	Z-03-015863-00	11,183 (6)
State and Local All Hazards Emergency Operations Planning	97.051	Z-03-015151-01	10,475
Community Emergency Response Teams	97.054	Z-03-019257-00	9,374
Total U.S. Department of Homeland Security			\$ 112,440
Total Expenditures of Federal Awards			\$ 2,075,130

(Continued)

Crockett County, Tennessee, and Crockett 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
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A		\$ 9,588
Waste Tire Options Grant - Tennessee Department of Environment and Conservation	N/A	Z-03-011310-00	8,561
Local Health Services - Tennessee Department of Health	N/A	Z-03-009538	2,670
Local Health Services - Tennessee Department of Health	N/A	Z-04-015395	20,974
Litter Grant - Tennessee Department of Transportation	N/A	GG-04-10775-00	26,737
Safe Schools Act - Tennessee Department of Education	N/A		10,011
Adult Education (Families First) - Tennessee Department of Education	N/A	Z-04-016500-00	7,243
Adult Education - Tennessee Department of Education	N/A	Z-04-016657-00	22,140
Adult Education - Tennessee Department of Education	N/A	Z-03-010313-00	1,536
High Schools That Work - Tennessee Department of Education	N/A	Z-04-020197-00	3,098
2004 Library Services and Technology Act and Gates Foundation			
Technology Grant - Tennessee State Library and Archives	N/A	Z-04-021857-00	1,200
Crockett Academy - Tennessee Department of Children's Services	N/A	GG-04-01022-00	94,829
Total State Grants			<u>\$ 208,587</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Pass-through entity identifying number not available.
- (3) Total Juvenile Justice and Delinquency Prevention - Allocation to States (CFDA No. 16.540) from the U.S. Department of Justice \$9,990.
- (4) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U. S. Department of Education \$126,955.
- (5) Total State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) from the U. S. Department of Homeland Security \$73,634.
- (6) Total Emergency Management Performance Grants (CFDA No. 97.042) from the U. S. Department of Homeland Security \$18,957.

Crockett County, Tennessee, and the Crockett 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 Crockett County, Tennessee, for the year ended June 30, 2003, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.01	126	Purchase Orders Were Not Issued

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.03	127	Deficiencies Were Noted in the Issuance of Purchase Orders

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
03.15	135	Records Were Not Maintained for General Fixed Assets
03.16	135	A System of Central Accounting, Budgeting, and Purchasing Had Not Been Adopted
03.17	136	Duties Were Not Segregated Adequately in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Crockett County and the Crockett County School Department for failure to present government-wide financial statements, as required by generally accepted accounting principles.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements of Crockett County and the Crockett County School Department. None of these conditions were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance which is material to the financial statements of Crockett County and the Crockett 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 which 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and 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. Crockett County and the Crockett 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. Management offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

CROCKETT COUNTY AND CROCKETT 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)

Crockett County and the Crockett County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Crockett County and the Crockett 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, Crockett County’s and the Crockett County School Department’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the county’s financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires counties 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. Crockett County’s and the Crockett County School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Crockett County and the Crockett 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 their 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.

OFFICE OF COUNTY MAYOR

FINDING 04.02 PURCHASE ORDERS WERE NOT ISSUED
(Internal Control – Reportable Condition Under Government Auditing Standards)

The County Mayor’s Office did not issue purchase orders. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

The county mayor should ensure that purchase orders are issued for all applicable purchases.

FINDING 04.03 DOCUMENTATION WAS NOT ON FILE TO VALIDATE THE REJECTION OF THE LOWEST BID RECEIVED
(Noncompliance Under Government Auditing Standards)

The county did not maintain written documentation to validate the rejection of the lowest bid received for a sport utility vehicle for the sheriff. The bid that was accepted was \$28,000, while the lowest bid was \$24,674. In *Owen of Georgia, Inc., versus Shelby County*, 442F. Supp. 314 (w. b. Tenn. 1997), the court stated that “to reject the bid of the lowest bidder there must be such evidence of the irresponsibility of the bidder as would cause fair-minded and reasonable men to believe that it was not for the best interest of the municipality to award the contract to the lowest bidder.”

RECOMMENDATION

The county should maintain written documentation to validate its decision to reject the lowest bid received.

OFFICE OF ROAD SUPERVISOR

FINDING 04.04 DEFICIENCIES WERE NOTED IN THE ISSUANCE OF PURCHASE ORDERS
(Internal Control – Reportable Condition Under Government Auditing Standards)

In most instances, dollar amounts were not assigned to purchase orders until after purchases were made and the invoices were received. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment.

RECOMMENDATION

The office should ensure that purchase orders are completed properly before purchases are made.

OFFICE OF SHERIFF

FINDING 04.05

RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION

(Noncompliance Under Government Auditing Standards)

Receipts were not issued at the time collections were received. Instead, receipts were issued for collections at the time bank deposits were prepared. As a result of this practice, we could not determine if funds were deposited to the office bank account within three days of collection, as required by Section 5-8-207, Tennessee Code Annotated. Also, on April 6, 2004, a cash count revealed six checks totaling \$145 that were in the office but had not been receipted. Dates on the checks ranged from March 25, 2004, to April 2, 2004.

RECOMMENDATION

Receipts should be issued for collections at the time funds are received, and collections should be deposited to the office bank account within three days of receipt, as required by state statute.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 04.06

ASSESSMENT RECORDS WERE CHANGED DURING THE YEAR AS PROPERTY TRANSFERS WERE MADE

(Noncompliance Under Government Auditing Standards)

The assessor updated the assessment records as property transfers were made during the year to reflect the current property owners. Section 67-5-502, Tennessee Code Annotated, requires all property to be assessed “in the person or persons owning or claiming to own the same on January 1 for the year for which the assessment is made.”

RECOMMENDATION

Property should be assessed to the person owning the property as of January 1 in compliance with state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 04.07 A SYSTEM OF CENTRAL ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Reportable Condition Under Government Auditing Standards)

Crockett County 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

Crockett County 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 county departments.

FINDING 04.08 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in issuing receipts, preparing bank deposits, taking deposits to the bank, posting receipts to the cash journal, and/or reconciling bank statements. These same employees also performed the daily reconciliation of receipts with cash. 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.

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

There were no findings and questioned costs for federal awards.

**CROCKETT COUNTY, TENNESSEE, AND THE
CROCKETT 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.