

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

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
CAMPBELL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor 4

ANDREW WAY, CPA
CHRIS SIZEMORE
AMY M. MOORE, CFGM
DOUG SANDIDGE, CISA
State Auditors

This financial report is available at www.comptroller.state.tn.us

CAMPBELL COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Campbell County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Campbell County as of and for the year ended June 30, 2005.

Results

Our report on Campbell 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 three findings and recommendations, which we have reviewed with Campbell County's management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

CAMPBELL COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The clerk did not reconcile the general ledger control accounts with the docket trial balance in Circuit Court, as well as subsidiary records of short-term accounts in both Circuit and General Sessions Courts.

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

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

INTRODUCTORY SECTION

Campbell County Officials
June 30, 2005

Officials:

Jerry Cross, County Mayor
Dennis Potter, Road Superintendent
Monty Bullock, Trustee
Bill Hicks, Assessor of Property
Don L. Nance, County Clerk
Bobby Vann, Circuit and General Sessions Courts Clerk
William F. Archer, Clerk and Master
Dormas Miller, Register
Ron McClellan, Sheriff
Jeff D. Marlow, Director of Finance

Board of County Commissioners:

Adrion W. Baird
Carl Baird
Forster Baird
John E. Bond
Johnny Bruce
Johnny J. Dower
Michael Freeman
Whit S. Goins

Walter Henegar
John Lynn Letner
Gary R. Lindsay
Roy M. Pierce
Terry Singley
Bobby L. White
Ray Wilson

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

November 4, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Campbell County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 32, 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 Campbell County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, Campbell 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 Campbell County, Tennessee, as of June 30, 2005, 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 Campbell County, Tennessee, as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2005, on our consideration of Campbell County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note IV.B., Campbell County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 35 through 44 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 Campbell County's basic financial statements. The introductory section; combining and individual nonmajor fund financial statements; budgetary comparison schedules of the nonmajor governmental fund, the General Debt Service Fund, and the General Capital Projects 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 the nonmajor governmental fund, the General Debt Service Fund, and the General Capital Projects Fund, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Campbell County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<u>ASSETS</u>							
Cash	\$ 125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,731	\$ 2,856
Equity in Pooled Cash and Investments	3,719,691	800,083	1,041,779	2,427,902	863,185	83,136	8,935,776
Accounts Receivable	168,986	9,108	530	0	0	0	178,624
Due from Other Governments	257,672	0	460,350	229,152	165,031	0	1,112,205
Due from Other Funds	2,731	0	0	0	0	0	2,731
Property Taxes Receivable	4,737,959	1,973,541	488,553	669,947	428,087	111,263	8,409,350
Allowance for Uncollectible Property Taxes	(384,627)	(161,690)	(38,450)	(52,129)	(33,890)	(5,174)	(675,960)
Total Assets	\$ 8,502,537	\$ 2,621,042	\$ 1,952,762	\$ 3,274,872	\$ 1,422,413	\$ 191,956	\$ 17,965,582
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 67,624	\$ 29,601	\$ 26,303	\$ 2,500	\$ 0	\$ 210	\$ 126,238
Payroll Deductions Payable	79,808	12,761	13,263	0	0	236	106,068
Contracts Payable	0	0	92,946	0	109,701	0	202,647
Retainage Payable	0	13,400	0	0	33,340	0	46,740
Due to Other Funds	0	0	0	0	0	2,731	2,731
Due to State of Tennessee	34	0	0	0	0	0	34
Deferred Revenue - Current Property Taxes	4,084,452	1,697,434	424,359	583,493	371,314	106,089	7,267,141
Deferred Revenue - Delinquent Property Taxes	226,966	96,581	21,731	28,974	19,316	0	393,568
Other Deferred Revenues	36,264	0	748,662	126,355	0	19,680	930,961
Health Insurance Payments	3,231	438	0	0	0	0	3,669
Total Liabilities	\$ 4,498,379	\$ 1,850,215	\$ 1,327,264	\$ 741,322	\$ 533,671	\$ 128,946	\$ 9,079,797
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 764,757	\$ 54,061	\$ 119,610	\$ 0	\$ 4,519,196	\$ 3,132	\$ 5,460,756
Reserved for Alcohol and Drug Treatment	15,011	0	0	0	0	0	15,011
Reserved for Drug Court	18,718	0	0	0	0	0	18,718
Reserved for Sexual Offender Registration	960	0	0	0	0	0	960
Reserved for Computer System - Register	54,585	0	0	0	0	0	54,585
Reserved for Automation Purposes - Circuit Court	948	0	0	0	0	0	948
Reserved for Automation Purposes - Criminal Court	873	0	0	0	0	0	873

(Continued)

Exhibit A

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

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>							
<u>Fund Balances (Cont.)</u>							
Reserved for Automation Purposes - General Sessions Court	\$ 4,036	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,036
Reserved for Automation Purposes - Sheriff	2,462	0	0	0	0	0	2,462
Unreserved, Reported In:							
General Fund	3,141,808	0	0	0	0	0	3,141,808
Special Revenue Funds	0	716,766	505,888	0	0	59,878	1,282,532
Debt Service Funds	0	0	0	2,533,550	0	0	2,533,550
Capital Projects Funds (Deficit)	0	0	0	0	(3,630,454)	0	(3,630,454)
Total Fund Balances	\$ 4,004,158	\$ 770,827	\$ 625,498	\$ 2,533,550	\$ 888,742	\$ 63,010	\$ 8,885,785
Total Liabilities and Fund Balances	\$ 8,502,537	\$ 2,621,042	\$ 1,952,762	\$ 3,274,872	\$ 1,422,413	\$ 191,956	\$ 17,965,582

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

Exhibit B

Campbell County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds					Nonmajor Funds Other	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 5,197,307	\$ 1,801,194	\$ 581,915	\$ 1,463,182	\$ 434,738	\$ 0	\$ 9,478,336
Licenses and Permits	108,769	1,300	200	0	0	0	110,269
Fines, Forfeitures, and Penalties	215,391	0	0	0	0	114,500	329,891
Charges for Current Services	1,787,977	0	0	0	0	25	1,788,002
Other Local Revenues	98,945	178,396	147,841	301,219	0	0	726,401
Fees Received from County Officials	1,485,973	0	0	0	0	0	1,485,973
State of Tennessee	1,506,966	23,528	2,403,158	0	98,950	0	4,032,602
Federal Government	230,784	0	144,547	0	1,165,325	0	1,540,656
Other Governments and Citizens Groups	126,240	0	0	1,000,000	206	0	1,126,446
Total Revenues	\$ 10,758,352	\$ 2,004,418	\$ 3,277,661	\$ 2,764,401	\$ 1,699,219	\$ 114,525	\$ 20,618,576
<u>Expenditures</u>							
Current:							
General Government	\$ 1,128,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,128,345
Finance	1,964,831	0	0	0	0	25	1,964,856
Administration of Justice	895,905	0	0	0	0	0	895,905
Public Safety	3,684,499	0	0	0	0	75,918	3,760,417
Public Health and Welfare	2,014,510	2,628,625	0	0	0	0	4,643,135
Social, Cultural, and Recreational Services	67,879	0	0	0	0	0	67,879
Agricultural and Natural Resources	30,375	0	0	0	0	0	30,375
Other Operations	452,027	0	0	0	0	0	452,027
Highways	0	0	2,948,548	0	0	0	2,948,548
Debt Service:							
Principal	0	0	0	2,150,000	0	0	2,150,000
Interest	0	0	0	752,501	0	0	752,501
Other Debt Service	0	0	0	121,827	0	0	121,827
Capital Projects	0	0	0	0	2,734,798	0	2,734,798
Total Expenditures	\$ 10,238,371	\$ 2,628,625	\$ 2,948,548	\$ 3,024,328	\$ 2,734,798	\$ 75,943	\$ 21,650,613
Excess (Deficiency) of Revenues Over Expenditures	\$ 519,981	\$ (624,207)	\$ 329,113	\$ (259,927)	\$ (1,035,579)	\$ 38,582	\$ (1,032,037)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750,000	\$ 0	\$ 750,000
Refunding Debt Issued	0	0	0	8,605,681	0	0	8,605,681

(Continued)

Exhibit B

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

	Major Funds					Nonmajor Funds Other	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Premiums on Debt Issued	\$ 0	\$ 0	\$ 0	\$ 534,065	\$ 0	\$ 0	\$ 534,065
Transfers In	29,216	0	0	55,000	0	0	84,216
Transfers Out	0	(29,216)	0	0	(55,000)	0	(84,216)
Payments to Refunded Debt Escrow Agent	0	0	0	(9,051,246)	0	0	(9,051,246)
Total Other Financing Sources (Uses)	\$ 29,216	\$ (29,216)	\$ 0	\$ 143,500	\$ 695,000	\$ 0	\$ 838,500
Net Change in Fund Balances	\$ 549,197	\$ (653,423)	\$ 329,113	\$ (116,427)	\$ (340,579)	\$ 38,582	\$ (193,537)
Fund Balance, July 1, 2004	3,454,961	1,424,250	296,385	2,649,977	1,229,321	24,428	9,079,322
Fund Balance, June 30, 2005	\$ 4,004,158	\$ 770,827	\$ 625,498	\$ 2,533,550	\$ 888,742	\$ 63,010	\$ 8,885,785

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

Exhibit C

Campbell County, Tennessee
Statement of Fiduciary Assets and Liabilities
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 13,932,737
Due from Other Governments	356,317
Accounts Receivable	<u>146</u>
Total Assets	<u><u>\$ 14,289,200</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 356,317
Due to Litigants, Heirs, and Others	<u>13,932,883</u>
Total Liabilities	<u><u>\$ 14,289,200</u></u>

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

CAMPBELL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Campbell 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.

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

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

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

A. Reporting Entity

Campbell County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Campbell County (the primary government).

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

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Campbell County is presenting fund financial statements only, financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements. If Campbell County had presented government-wide 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 Campbell County School Department operates the public school system in the county, and the voters of Campbell 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 Campbell County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Campbell County, and the 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 Campbell County Commission approved the incorporation of the Olde Colony Development Corporation to fund, develop, construct, and operate a public golf course in Campbell County, and the County Commission appointed its eight-member Board of Directors. In February 2002, the County Commission authorized the corporation to issue revenue bonds not to exceed \$17,500,000; however, these bonds have not been issued as of the date of this report. Management now believes that these bonds, as approved, will not be issued. Furthermore, there has been no financial activity conducted by the corporation since its creation.

The Campbell County School Department and the Campbell County Emergency Communications District issue separate financial statements from those of the county. The Campbell County School Department's financial statements are published as a separate report, but under the same cover as the county's financial statements. The Campbell County Emergency Communications District's financial statements are published as a separate report. Complete financial statements of the Campbell County Emergency Communications District can be obtained from its administrative office at the following address:

Campbell County Emergency Communications District
P. O. Box 344
1111 Jacksboro Pike
Lafollette, Tennessee 37766

Related Organization – The county's officials are also responsible for appointing the members of the Campbell County Industrial Action Association; however, the county's accountability for the organization does not extend beyond making the appointments.

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

Fund financial statements of Campbell 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. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Campbell County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Campbell County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund is used to account for transactions related to the garbage pickup services.

Highway/Public Works Fund – This fund is used to account for transactions of the county Highway Department.

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.

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

Additionally, Campbell County reports the following fund type:

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

C. Assets, Liabilities, and 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 Campbell County and Campbell County School Department funds. Each fund's portion of this pool is displayed on its balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Campbell County has 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 Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 4.7 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. Campbell 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, Campbell County does not present government-wide statements.

4. Compensated Absences

It is the county's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Campbell County does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation benefits is reported in governmental funds only if they have matured, for example, as a result of employee resignations and 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, 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. 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. Management has designated \$38,994 of the unreserved fund balance of the General Fund for the Geographic Information Systems Program at June 30, 2005.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

The General Capital Projects Fund had a fund deficit of \$3,630,454 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction projects being reserved as encumbrances. Funding for these future expenditures is expected to be received from the undrawn portion of loan proceeds.

B. Falsification of Asphalt Purchase Dates

During the previous fiscal year, improprieties were reported regarding the prior road superintendent's falsification of the dates on invoices for asphalt purchases. Purchase dates had been falsified in the current and prior years to inappropriately charge purchases to subsequent fiscal years and thereby circumvent appropriation limits set by County Commission. Road Superintendent Michael Leach left the office on August 31, 2004. At that time, asphalt purchases for the first two months of the 2004-05 year exceeded the entire year's appropriation for asphalt by \$90,566. After these improprieties were known, the operations of the Highway/Public Works Fund were adjusted to a spending level necessary to ensure that expenditures were held within available funding.

Further details of the falsification of asphalt purchase dates are presented in the Schedule of Findings and Questioned Costs in the Single Audit Report for Campbell County for the year ended June 30, 2004.

C. Actual Fund Balances Differed From Estimated Beginning Fund Balances By Significant Amounts in The Highway/Public Works and General Capital Projects Fund

The actual fund balance in the Highway/Public Works Fund was a deficit of \$54,866 at July 1, 2004; however, the estimated fund balance reflected in the county's budget was \$624,197. Therefore, the actual fund balance was \$679,063 more than the estimated fund balance presented to the County

Commission. This variance was primarily attributable to the adjustments made due to the falsifications of asphalt invoices as noted above. An accurate estimate of beginning fund balance was reflected in the budget adopted for the 2005-06 year.

The actual fund balance in the General Capital Projects Fund was a deficit of \$147,598 at July 1, 2004; however, the estimated fund balance reflected in the county's budget was \$842,204. a variance of \$989,802. Therefore, the actual fund balance was \$989,802 more than the estimated fund balance presented to the County Commission. The budget estimate of the beginning fund balance included the recognition of certain funding sources (grants or debt) used to offset encumbrances recognized in the prior year; however, the grants and debt associated with some of those encumbrances were actually recognized as revenues or proceeds in the subsequent year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Campbell County and the Campbell County School Department participate in an internal cash and investment pool through the Office of Trustee. The Campbell County School Department meets the criteria for a discretely presented component unit of Campbell County. Since Campbell County is presenting fund financial statements only, financial information for the Campbell 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 its balance sheets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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. The county had no pooled and nonpooled investments as of June 30, 2005.

B. Construction Commitments

At June 30, 2005, the General Capital Projects Fund had uncompleted construction projects of approximately \$4,044,235 for various construction projects, and the Solid Waste/Sanitation Fund had uncompleted construction projects of approximately \$46,722. Funding has been authorized and/or provided for these future expenditures.

During the year, Campbell County was notified by the State of Tennessee to cap a landfill previously closed by the county. Subsequent to June 30, 2005, the county paid \$30,000 in engineering costs related to this project. An additional \$160,000 is estimated for related construction costs for the 2005-2006 year to be performed by the Campbell County Sanitation Department.

C. Interfund Receivables and Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 2,731</u>
Total		<u><u>\$ 2,731</u></u>

The balances resulted from the time lag between the dates the 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, 2005, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General Fund</u>	<u>General Debt Service Fund</u>
Solid Waste/Sanitation Fund	\$ 29,216	\$ 0
General Capital Projects Fund	0	55,000
Total	<u><u>\$ 29,216</u></u>	<u><u>\$ 55,000</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.

D. Retainage Payable

Retainage payable in the Solid Waste/Sanitation and General Capital Projects Funds represents amounts withheld from payments made to contractors on construction projects to ensure contract performance.

E. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition,

general obligation bonds and other loans have been issued to refund debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 11 years for bonds and 15 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Amount of Issue	Balance 6-30-05
General Obligation Bonds - Refunding	2 to 4.1%	\$8,470,000	\$6,165,000
Other Loans	4 to 5	12,550,000	8,605,681

In a prior year, Campbell County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$10,673,366 available for loan to Campbell County on an as-needed basis to finance various construction and renovation projects for the Campbell County School Department. Campbell County had borrowed \$9,051,246 of this loan when it was refunded with a new loan agreement during the year.

During the year, Campbell County entered into a loan agreement with the Blount County Building Authority to refund the above loan agreement and to finance various public improvement construction projects. Under this loan agreement, the authority issued fixed rate bonds and will forward the proceeds to Campbell County on an as-needed basis. The following table summarizes the loan agreement outstanding at June 30, 2005:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rate as of 6-30-05
<u>Blount County</u> <u>Public Building</u> <u>Authority</u>				
Public Improvement and Refunding	\$ 12,550,000	\$ 8,605,681	(1) Fixed	4%

(1) \$3,944,319 remains available for future draws under this loan agreement at June 30, 2005.

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table. Amounts reflected for other loans are based on the outstanding principal.

Year Ending June 30	Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2006	\$ 1,440,000	\$ 187,613	\$ 0	\$ 599,938
2007	1,480,000	149,503	0	599,938
2008	1,530,000	105,035	0	599,938
2009	1,585,000	58,760	0	599,938
2010	130,000	5,330	1,000,000	599,938
2011-2015	0	0	6,050,000	2,267,440
2016-2017	0	0	1,555,681	276,222
Total	\$ 6,165,000	\$ 506,241	\$ 8,605,681	\$ 5,543,352

There is \$2,533,550 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$155, based on the 2000 federal census. Total debt per capita, including bonds and other loans outstanding, amounted to \$371, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Bonds		Notes	
Balance, July 1, 2004	\$ 7,565,000	\$ 0		
Additions	0	750,000		
Deductions	(1,400,000)	(750,000)		
Balance, June 30, 2005	\$ 6,165,000	\$ 0		
Balance Due Within One Year	\$ 1,440,000	\$ 0		
	Other Loans		Compensated Absences	
Balance, July 1, 2004	\$ 9,051,246	\$ 401,005		
Additions	8,605,681	75,064		
Refunded	(9,051,246)	0		
Balance, June 30, 2005	\$ 8,605,681	\$ 476,069		
Balance Due Within One Year	\$ 0	\$ 428,462		

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

Current Refunding

During the year, Campbell County used \$8,605,681 of proceeds from the \$12,550,000 loan agreement and \$445,565 of county funds for the current refunding of a 2001 loan agreement with outstanding principal of \$9,051,246. As a result, the refunded loan agreement is considered redeemed and the liability has been removed from the county's long-term debt. The purpose of the refunding is to reduce the county's current variable rate exposure on its outstanding indebtedness and to restructure the current debt amortization by creating a more level debt scenario.

IV. OTHER INFORMATION

A. Risk Management

The county joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county pays an annual premium to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The county also carries commercial health insurance for its employees.

B. Accounting Change

During the year, Campbell County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

There are several pending lawsuits in which the county is involved. Management has purchased insurance to provide for potential claims and judgments that may arise. Based on a letter from the county attorney, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. Change in Administration

On August 31, 2004, Michael Leach left the Office of Road Superintendent and was succeeded by Dennis Potter.

E. Joint Ventures

The Campbell County Library Board is a joint venture in which the county is a participant with the cities of Lafollette, Jacksboro, Caryville, and Jellico to operate the library system within the county. Representatives from the four cities and the county comprise the Campbell County Library Board and have equal representation on the board. Campbell County contributed \$32,000 to the operation of the Library Board during the year ended June 30, 2005. Financial statements for the Library Board can be obtained at the Library Board's administrative office at the following address:

Campbell County Library Board
P. O. Box 75
Jacksboro, Tennessee 37757

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the District Attorney General of the Eighth Judicial District; Scott, Campbell, Fentress, Claiborne, and Union Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Campbell County made no contributions to the DTF for the year ended June 30, 2005, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General's Office
Eighth Judicial District
P. O. Box 10
Huntsville, Tennessee 37756

F. Retirement Commitments

Plan Description

Employees of Campbell County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment.

There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Campbell 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. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Campbell County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 5.87 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Campbell County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Campbell County's annual pension cost of \$558,656 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, 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 three 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. Campbell County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$558,656	100%	\$0
6-30-04	272,664	100	0
6-30-03	257,104	100	0

Required Supplementary Information
Schedule of Funding Progress for Campbell County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$19,564	\$19,564	\$0	100%	\$8,200	0%
6-30-01	18,169	18,169	0	100	7,174	0
6-30-99	16,097	16,097	0	100	6,650	0

G. Office of Central Accounting

Campbell County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

H. Purchasing Laws

Purchasing procedures for the Offices of County Mayor, Road Superintendent, and Director of Schools are governed by provisions of the County Financial Management System of 1981, which provide for purchases to be made by the purchasing agent under the supervision of the Financial Management Committee. The committee established a policy that purchases exceeding \$5,000 for the Office of County Mayor and \$10,000 for the Office of Road Superintendent are to be made on a competitive bid basis. Section 5-21-118, Tennessee Code Annotated, provides for the director of finance to serve as the purchasing agent for the county.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,197,307	\$ 0	\$ 0	\$ 5,197,307	\$ 5,120,187	\$ 5,130,624	\$ 66,683
Licenses and Permits	108,769	0	0	108,769	112,350	112,350	(3,581)
Fines, Forfeitures, and Penalties	215,391	0	0	215,391	239,962	229,297	(13,906)
Charges for Current Services	1,787,977	0	0	1,787,977	1,319,729	1,575,479	212,498
Other Local Revenues	98,945	0	0	98,945	109,907	92,888	6,057
Fees Received from County Officials	1,485,973	0	0	1,485,973	1,499,265	1,514,967	(28,994)
State of Tennessee	1,506,966	0	0	1,506,966	1,609,763	1,603,166	(96,200)
Federal Government	230,784	0	0	230,784	33,657	317,394	(86,610)
Other Governments and Citizens Groups	126,240	0	0	126,240	134,084	130,939	(4,699)
Total Revenues	\$ 10,758,352	\$ 0	\$ 0	\$ 10,758,352	\$ 10,178,904	\$ 10,707,104	\$ 51,248
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 177,341	\$ (1,350)	\$ 1,421	\$ 177,412	\$ 193,507	\$ 195,068	\$ 17,656
Board of Equalization	7,153	0	0	7,153	8,353	8,353	1,200
County Mayor	205,765	(1,638)	1,790	205,917	208,497	233,497	27,580
County Attorney	39,917	0	0	39,917	40,845	40,845	928
Election Commission	272,128	(45,851)	57,071	283,348	264,872	304,697	21,349
Register of Deeds	210,169	(9,721)	4,350	204,798	233,639	208,404	3,606
Development	3,925	0	0	3,925	20,000	68,411	64,486
Planning	19,685	0	1,000	20,685	27,442	27,442	6,757
County Buildings	152,304	(7,563)	24,227	168,968	197,444	183,444	14,476
Other Facilities	39,958	(200)	10,914	50,672	2,000	60,940	10,268
Other General Administration	0	0	0	0	3,000	3,000	3,000
<u>Finance</u>							
Accounting and Budgeting	590,588	(38,622)	8,615	560,581	586,353	590,853	30,272
Property Assessor's Office	341,673	(220,505)	224,430	345,598	424,509	429,229	83,631

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 56,601	\$ 0	\$ 500	\$ 57,101	\$ 57,100	\$ 57,101	\$ 0
County Trustee's Office	206,999	(1,551)	20,454	225,902	219,347	228,447	2,545
County Clerk's Office	436,893	(5,250)	3,131	434,774	423,267	438,267	3,493
Other Finance	332,077	(15,697)	29,978	346,358	284,775	357,769	11,411
<u>Administration of Justice</u>							
Circuit Court	450,868	(10,373)	8,672	449,167	436,253	463,198	14,031
General Sessions Court	142,440	(455)	502	142,487	143,294	143,294	807
Drug Court	61,312	0	0	61,312	78,170	78,170	16,858
Chancery Court	193,228	(723)	2,213	194,718	246,416	246,416	51,698
District Attorney General	46,667	0	6,500	53,167	41,513	54,473	1,306
Other Administration of Justice	1,390	0	0	1,390	1,600	1,600	210
<u>Public Safety</u>							
Sheriff's Department	1,459,863	(3,844)	10,565	1,466,584	1,379,378	1,496,046	29,462
Traffic Control	722	0	0	722	12,600	1,600	878
Wheel Tax Officer	38,704	(200)	519	39,023	43,515	43,515	4,492
Administration of the Sexual Offender Registry	0	0	0	0	0	1,000	1,000
Jail	1,490,568	(23,158)	29,454	1,496,864	1,660,288	1,541,987	45,123
Juvenile Services	32,071	(417)	137	31,791	43,664	35,029	3,238
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Civil Defense	133,901	(111,473)	22,961	45,389	16,588	213,262	167,873
Rescue Squad	34,683	0	0	34,683	32,055	35,245	562
Other Emergency Management	337,227	0	0	337,227	257,253	340,679	3,452
County Coroner/Medical Examiner	12,774	0	226	13,000	15,156	15,656	2,656
Other Public Safety	141,986	(1,000)	35,782	176,768	192,015	189,823	13,055
<u>Public Health and Welfare</u>							
Local Health Center	59,741	(909)	1,236	60,068	76,277	76,277	16,209

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Rabies and Animal Control	\$ 4,667	\$ (4,667)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Ambulance/Emergency Medical Services	1,456,502	(5,128)	161,169	1,612,543	1,416,329	1,669,079	56,536
Dental Health Program	6,384	0	113	6,497	7,740	7,740	1,243
Alcohol and Drug Programs	0	0	0	0	0	16,000	16,000
Crippled Children Services	0	0	2,764	2,764	2,764	2,764	0
Other Local Health Services	401,510	(303)	259	401,466	407,752	446,200	44,734
Appropriation to State	13,230	0	12,166	25,396	24,500	28,581	3,185
General Welfare Assistance	72,476	(7,476)	0	65,000	103,725	65,600	600
Postclosure Care Costs	0	0	30,000	30,000	0	190,000	160,000
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	28,329	0	26	28,355	29,316	29,316	961
Libraries	32,000	0	0	32,000	32,000	32,000	0
Other Social, Cultural, and Recreational	7,550	(3,300)	20,800	25,050	0	74,702	49,652
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	30,125	0	0	30,125	39,592	39,592	9,467
Soil Conservation	250	0	0	250	250	250	0
<u>Other Operations</u>							
Industrial Development	107,488	(665)	29,325	136,148	94,456	555,580	419,432
Other Economic and Community Development	0	0	0	0	0	120,000	120,000
Airport	45,543	0	150	45,693	48,547	48,467	2,774
Veterans' Services	86,586	(124)	0	86,462	86,589	91,426	4,964
Contributions to Other Agencies	100,036	0	0	100,036	20,000	101,225	1,189
Employee Benefits	85,301	(296)	1,183	86,188	112,365	87,691	1,503
Miscellaneous	27,073	0	154	27,227	39,877	39,877	12,650
Total Expenditures	\$ 10,238,371	\$ (522,459)	\$ 764,757	\$ 10,480,669	\$ 10,338,787	\$ 12,061,127	\$ 1,580,458

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 519,981	\$ 522,459	\$ (764,757)	\$ 277,683	\$ (159,883)	\$ (1,354,023)	\$ 1,631,706
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 29,216	\$ 0	\$ 0	\$ 29,216	\$ 29,216	\$ 29,216	\$ 0
Total Other Financing Sources (Uses)	\$ 29,216	\$ 0	\$ 0	\$ 29,216	\$ 29,216	\$ 29,216	\$ 0
Net Change in Fund Balance	\$ 549,197	\$ 522,459	\$ (764,757)	\$ 306,899	\$ (130,667)	\$ (1,324,807)	\$ 1,631,706
Fund Balance, July 1, 2004	3,454,961	(522,459)	0	2,932,502	2,823,988	2,823,988	108,514
Fund Balance, June 30, 2005	\$ 4,004,158	\$ 0	\$ (764,757)	\$ 3,239,401	\$ 2,693,321	\$ 1,499,181	\$ 1,740,220

Exhibit D-2

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,801,194	\$ 0	\$ 0	\$ 1,801,194	\$ 1,776,199	\$ 1,776,199	\$ 24,995
Licenses and Permits	1,300	0	0	1,300	22,500	22,500	(21,200)
Charges for Current Services	0	0	0	0	1,000	1,000	(1,000)
Other Local Revenues	178,396	0	0	178,396	98,323	172,813	5,583
State of Tennessee	23,528	0	0	23,528	85,668	190,033	(166,505)
Other Governments and Citizens Groups	0	0	0	0	32,500	32,500	(32,500)
Total Revenues	\$ 2,004,418	\$ 0	\$ 0	\$ 2,004,418	\$ 2,016,190	\$ 2,195,045	\$ (190,627)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Rabies and Animal Control	\$ 524,269	\$ (538,708)	\$ 48,946	\$ 34,507	\$ 138,321	\$ 138,821	\$ 104,314
Sanitation Management	278,477	(202)	0	278,275	288,632	293,749	15,474
Sanitation Education/Information	82,123	(908)	91	81,306	87,327	84,332	3,026
Convenience Centers	1,159,945	(1,752)	1,602	1,159,795	1,081,675	1,178,621	18,826
Transfer Stations	213,704	(9,750)	0	203,954	200,000	204,476	522
Recycling Center	286,540	(3,408)	3,422	286,554	299,303	425,212	138,658
Other Waste Disposal	83,567	0	0	83,567	91,716	89,018	5,451
Total Expenditures	\$ 2,628,625	\$ (554,728)	\$ 54,061	\$ 2,127,958	\$ 2,186,974	\$ 2,414,229	\$ 286,271
Excess (Deficiency) of Revenues Over Expenditures	\$ (624,207)	\$ 554,728	\$ (54,061)	\$ (123,540)	\$ (170,784)	\$ (219,184)	\$ 95,644
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (29,216)	\$ 0	\$ 0	\$ (29,216)	\$ (29,216)	\$ (29,216)	\$ 0
Total Other Financing Sources (Uses)	\$ (29,216)	\$ 0	\$ 0	\$ (29,216)	\$ (29,216)	\$ (29,216)	\$ 0

(Continued)

Exhibit D-2

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (653,423)	\$ 554,728	\$ (54,061)	\$ (152,756)	\$ (200,000)	\$ (248,400)	\$ 95,644
Fund Balance, July 1, 2004	1,424,250	(554,728)	0	869,522	817,099	817,099	52,423
Fund Balance, June 30, 2005	\$ 770,827	\$ 0	\$ (54,061)	\$ 716,766	\$ 617,099	\$ 568,699	\$ 148,067

Exhibit D-3

Campbell 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, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 581,915	\$ 0	\$ 0	\$ 581,915	\$ 556,803	\$ 556,803	\$ 25,112
Licenses and Permits	200	0	0	200	200	200	0
Other Local Revenues	147,841	0	0	147,841	88,935	132,935	14,906
State of Tennessee	2,403,158	0	0	2,403,158	2,270,066	2,253,790	149,368
Federal Government	144,547	0	0	144,547	0	280,743	(136,196)
Other Governments and Citizens Groups	0	0	0	0	0	126,500	(126,500)
Total Revenues	\$ 3,277,661	\$ 0	\$ 0	\$ 3,277,661	\$ 2,916,004	\$ 3,350,971	\$ (73,310)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 120,427	\$ (97)	\$ 219	\$ 120,549	\$ 120,524	\$ 128,408	\$ 7,859
Highway and Bridge Maintenance	1,151,334	(13,376)	76,849	1,214,807	1,296,453	1,357,570	142,763
Operation and Maintenance of Equipment	567,693	(2,827)	13,264	578,130	528,320	610,563	32,433
Quarry Operations	194,672	0	0	194,672	203,756	201,906	7,234
Traffic Control	0	0	0	0	0	114,000	114,000
Other Charges	124,512	0	3,286	127,798	133,900	132,735	4,937
Employee Benefits	136,025	0	0	136,025	97,360	138,460	2,435
Capital Outlay	653,885	(334,951)	25,992	344,926	666,028	682,631	337,705
Total Expenditures	\$ 2,948,548	\$ (351,251)	\$ 119,610	\$ 2,716,907	\$ 3,046,341	\$ 3,366,273	\$ 649,366
Excess (Deficiency) of Revenues Over Expenditures	\$ 329,113	\$ 351,251	\$ (119,610)	\$ 560,754	\$ (130,337)	\$ (15,302)	\$ 576,056

(Continued)

Exhibit D-3

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 329,113	\$ 351,251	\$ (119,610)	\$ 560,754	\$ (130,337)	\$ (15,302)	\$ 576,056
Fund Balance, July 1, 2004	296,385	(351,251)	0	(54,866)	624,197	624,197	(679,063)
Fund Balance, June 30, 2005	\$ 625,498	\$ 0	\$ (119,610)	\$ 505,888	\$ 493,860	\$ 608,895	\$ (103,007)

CAMPBELL COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

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

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

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

B. FALSIFICATION OF ASPHALT PURCHASE DATES

During the previous fiscal year, improprieties were reported regarding the prior road superintendent's falsification of the dates on invoices for asphalt purchases. Purchase dates had been falsified in the current and prior years to inappropriately charge purchases to subsequent fiscal years and thereby circumvent appropriation limits set by the County Commission. Road Superintendent Michael Leach left the office on August 31, 2004. At that time, asphalt purchases for the first two months of the 2004-05 year exceeded the entire year's appropriation for asphalt by \$90,566. After these improprieties were known, the operations of the Highway/Public Works Fund were adjusted to a spending level necessary to ensure that expenditures were held within available funding.

Further details of the falsification of asphalt purchase dates are presented in the Schedule of Findings and Questioned Costs in the Single Audit Report for Campbell County for the year ended June 30, 2004.

C. **THE ACTUAL FUND BALANCE DIFFERED FROM THE ESTIMATED BEGINNING FUND BALANCE BY A SIGNIFICANT AMOUNT IN THE HIGHWAY/PUBLIC WORKS FUND**

The actual fund balance in the Highway/Public Works Fund was a deficit of \$54,866 at July 1, 2004; however, the estimated fund balance reflected in the county's budget was \$624,197. Therefore, the actual fund balance was \$679,063 less than the estimated fund balance presented to the County Commission. This variance was primarily attributable to the adjustments made due to the falsifications of asphalt invoices as noted above. An accurate estimate of the beginning fund balance was reflected in the budget adopted for the 2005-06 year.

**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 major capital projects) that are legally restricted to expenditures for specific purposes.

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions of the county ambulance service. This fund reflects only taxes receivable on June 30, 2005, since it did not begin full operations until July 2005.

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 operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Exhibit E-1

Campbell County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Ambulance Service</u>	<u>Drug Control</u>	<u>Constitu- tional Officers - Fees</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,731	\$ 2,731
Equity in Pooled Cash and Investments	0	83,136	0	83,136
Property Taxes Receivable	111,263	0	0	111,263
Allowance for Uncollectible Property Taxes	(5,174)	0	0	(5,174)
Total Assets	\$ 106,089	\$ 83,136	\$ 2,731	\$ 191,956
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 210	\$ 0	\$ 210
Payroll Deductions Payable	0	236	0	236
Due to Other Funds	0	0	2,731	2,731
Deferred Revenue - Current Property Taxes	106,089	0	0	106,089
Other Deferred Revenues	0	19,680	0	19,680
Total Liabilities	\$ 106,089	\$ 20,126	\$ 2,731	\$ 128,946
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 3,132	\$ 0	\$ 3,132
Unreserved	0	59,878	0	59,878
Total Fund Balances	\$ 0	\$ 63,010	\$ 0	\$ 63,010
Total Liabilities and Fund Balances	\$ 106,089	\$ 83,136	\$ 2,731	\$ 191,956

Campbell County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 114,500	\$ 0	\$ 114,500
Charges for Current Services	0	25	25
Total Revenues	<u>\$ 114,500</u>	<u>\$ 25</u>	<u>\$ 114,525</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 25	\$ 25
Public Safety	75,918	0	75,918
Total Expenditures	<u>\$ 75,918</u>	<u>\$ 25</u>	<u>\$ 75,943</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,582</u>	<u>\$ 0</u>	<u>\$ 38,582</u>
Net Change in Fund Balances	\$ 38,582	\$ 0	\$ 38,582
Fund Balance, July 1, 2004	<u>24,428</u>	<u>0</u>	<u>24,428</u>
Fund Balance, June 30, 2005	<u>\$ 63,010</u>	<u>\$ 0</u>	<u>\$ 63,010</u>

Exhibit E-3

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 114,500	\$ 0	\$ 0	\$ 114,500	\$ 92,133	\$ 97,318	\$ 17,182
Total Revenues	\$ 114,500	\$ 0	\$ 0	\$ 114,500	\$ 92,133	\$ 97,318	\$ 17,182
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 75,918	\$ (1,965)	\$ 3,132	\$ 77,085	\$ 102,958	\$ 108,143	\$ 31,058
Total Expenditures	\$ 75,918	\$ (1,965)	\$ 3,132	\$ 77,085	\$ 102,958	\$ 108,143	\$ 31,058
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,582	\$ 1,965	\$ (3,132)	\$ 37,415	\$ (10,825)	\$ (10,825)	\$ 48,240
Net Change in Fund Balance	\$ 38,582	\$ 1,965	\$ (3,132)	\$ 37,415	\$ (10,825)	\$ (10,825)	\$ 48,240
Fund Balance, July 1, 2004	24,428	(1,965)	0	22,463	10,825	10,825	11,638
Fund Balance, June 30, 2005	\$ 63,010	\$ 0	\$ (3,132)	\$ 59,878	\$ 0	\$ 0	\$ 59,878

Major Governmental Funds

Debt Service Fund

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

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

Capital Projects Fund

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 transactions relating to various construction projects in the county.

Exhibit F-1

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,463,182	\$ 1,438,958	\$ 1,438,958	\$ 24,224
Other Local Revenues	301,219	208,000	208,000	93,219
Other Governments and Citizens Groups	1,000,000	1,000,000	1,000,000	0
Total Revenues	<u>\$ 2,764,401</u>	<u>\$ 2,646,958</u>	<u>\$ 2,646,958</u>	<u>\$ 117,443</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 2,150,000	\$ 1,400,000	\$ 3,150,000	\$ 1,000,000
<u>Interest</u>				
General Government	752,501	1,222,958	759,845	7,344
<u>Other Debt Service</u>				
General Government	121,827	79,000	140,613	18,786
Total Expenditures	<u>\$ 3,024,328</u>	<u>\$ 2,701,958</u>	<u>\$ 4,050,458</u>	<u>\$ 1,026,130</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (259,927)</u>	<u>\$ (55,000)</u>	<u>\$ (1,403,500)</u>	<u>\$ 1,143,573</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 8,605,682	\$ 0	\$ 8,605,682	\$ 0
Premiums on Debt Issued	534,064	0	534,064	0
Transfers In	55,000	55,000	55,000	0
Payments to Refunded Debt Escrow Agent	(9,051,246)	0	(9,051,246)	0
Total Other Financing Sources (Uses)	<u>\$ 143,500</u>	<u>\$ 55,000</u>	<u>\$ 143,500</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (116,427)	\$ 0	\$ (1,260,000)	\$ 1,143,573
Fund Balance, July 1, 2004	<u>2,649,977</u>	<u>2,655,746</u>	<u>2,655,746</u>	<u>(5,769)</u>
Fund Balance, June 30, 2005	<u>\$ 2,533,550</u>	<u>\$ 2,655,746</u>	<u>\$ 1,395,746</u>	<u>\$ 1,137,804</u>

Exhibit F-2

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 434,738	\$ 0	\$ 0	\$ 434,738	\$ 426,154	\$ 426,154	\$ 8,584
State of Tennessee	98,950	0	0	98,950	1,187,800	1,066,750	(967,800)
Federal Government	1,165,325	0	0	1,165,325	1,174,168	1,095,809	69,516
Other Governments and Citizens Groups	206	0	0	206	0	0	206
Total Revenues	\$ 1,699,219	\$ 0	\$ 0	\$ 1,699,219	\$ 2,788,122	\$ 2,588,713	\$ (889,494)
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 25,030	\$ (10,740)	\$ 1,479	\$ 15,769	\$ 135,050	\$ 18,108	\$ 2,339
Public Safety Projects	1,331,465	(711,277)	3,903,943	4,524,131	5,618,062	6,849,808	2,325,677
Public Health and Welfare Projects	953,494	(555,235)	315,624	713,883	913,793	819,261	105,378
Highway & Street Capital Projects	424,809	(99,667)	298,150	623,292	152,718	933,058	309,766
Total Expenditures	\$ 2,734,798	\$ (1,376,919)	\$ 4,519,196	\$ 5,877,075	\$ 6,819,623	\$ 8,620,235	\$ 2,743,160
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,035,579)	\$ 1,376,919	\$ (4,519,196)	\$ (4,177,856)	\$ (4,031,501)	\$ (6,031,522)	\$ 1,853,666
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000,000	\$ 3,860,254	\$ (3,860,254)
Notes Issued	750,000	0	0	750,000	0	850,000	(100,000)
Premiums on Debt Issued	0	0	0	0	329,665	534,064	(534,064)
Transfers Out	(55,000)	0	0	(55,000)	(55,000)	(55,000)	0
Total Other Financing Sources (Uses)	\$ 695,000	\$ 0	\$ 0	\$ 695,000	\$ 3,274,665	\$ 5,189,318	\$ (4,494,318)

(Continued)

Exhibit F-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (340,579)	\$ 1,376,919	\$ (4,519,196)	\$ (3,482,856)	\$ (756,836)	\$ (842,204)	\$ (2,640,652)
Fund Balance, July 1, 2004	1,229,321	(1,376,919)	0	(147,598)	756,836	842,204	(989,802)
Fund Balance, June 30, 2005	\$ 888,742	\$ 0	\$ (4,519,196)	\$ (3,630,454)	\$ 0	\$ 0	\$ (3,630,454)

Fiduciary Funds

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

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

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

Campbell County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 13,932,737	\$ 13,932,737
Due from Other Governments	356,317	0	356,317
Accounts Receivable	0	146	146
Total Assets	<u>\$ 356,317</u>	<u>\$ 13,932,883</u>	<u>\$ 14,289,200</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 356,317	\$ 0	\$ 356,317
Due to Litigants, Heirs, and Others	0	13,932,883	13,932,883
Total Liabilities	<u>\$ 356,317</u>	<u>\$ 13,932,883</u>	<u>\$ 14,289,200</u>

Campbell County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,819,355	\$ 2,819,355	\$ 0
Due From Other Governments	494,638	356,317	494,638	356,317
Total Assets	\$ 494,638	\$ 3,175,672	\$ 3,313,993	\$ 356,317
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 494,638	\$ 3,175,672	\$ 3,313,993	\$ 356,317
Total Liabilities	\$ 494,638	\$ 3,175,672	\$ 3,313,993	\$ 356,317
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 12,551,548	\$ 10,088,744	\$ 8,707,555	\$ 13,932,737
Accounts Receivable	0	146	0	146
Cash Shortage	5,000	0	5,000	0
Total Assets	\$ 12,556,548	\$ 10,088,890	\$ 8,712,555	\$ 13,932,883
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 12,556,548	\$ 10,088,890	\$ 8,712,555	\$ 13,932,883
Total Liabilities	\$ 12,556,548	\$ 10,088,890	\$ 8,712,555	\$ 13,932,883
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,819,355	\$ 2,819,355	\$ 0
Cash	12,551,548	10,088,744	8,707,555	13,932,737
Accounts Receivable	0	146	0	146
Due From Other Governments	494,638	356,317	494,638	356,317
Cash Shortage	5,000	0	5,000	0
Total Assets	\$ 13,051,186	\$ 13,264,562	\$ 12,026,548	\$ 14,289,200
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 494,638	\$ 3,175,672	\$ 3,313,993	\$ 356,317
Due to Litigants, Heirs, and Others	12,556,548	10,088,890	8,712,555	13,932,883
Total Liabilities	\$ 13,051,186	\$ 13,264,562	\$ 12,026,548	\$ 14,289,200

MISCELLANEOUS SCHEDULES

Exhibit H-1

Campbell County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, and Other Loans
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Capital Outlay Note - Various projects	\$ 750,000	3.25 %	4-18-05	5-24-05	\$ 0	\$ 750,000	\$ 750,000	\$ 0	\$ 0
Total Notes Payable					\$ 0	\$ 750,000	\$ 750,000	\$ 0	\$ 0
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Refunding	3,595,000	3.5 to 4.1	1-6-1999	4-1-10	\$ 2,705,000	\$ 0	\$ 475,000	\$ 0	\$ 2,230,000
Refunding	4,875,000	2 to 3	10-6-03	4-1-09	4,860,000	0	925,000	0	3,935,000
Total Bonds Payable					\$ 7,565,000	\$ 0	\$ 1,400,000	\$ 0	\$ 6,165,000
<u>OTHER LOANS PAYABLE</u>									
<u>Public Building Authority Loan Agreement</u>									
<u>Payable through General Debt Service Fund</u>									
Capital Outlay - School Project	9,051,246	Varies	5-25-01	7-27-04	\$ 9,051,246	\$ 0	\$ 0	\$ 9,051,246	\$ 0
Public Improvement & Refunding, Series B-6-A	(1)	4 to 5	7-27-04	6-1-19	0	8,605,681	0	0	8,605,681
Total Other Loans Payable					\$ 9,051,246	\$ 8,605,681	\$ 0	\$ 9,051,246	\$ 8,605,681

(1) The total amount approved for draws under this loan agreement is \$12,550,000 of which \$3,944,319 had not been drawn as of June 30, 2005.

Exhibit H-2

Campbell County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 1,440,000	\$ 187,613	\$ 1,627,613
2007	1,480,000	149,503	1,629,503
2008	1,530,000	105,035	1,635,035
2009	1,585,000	58,760	1,643,760
2010	130,000	5,330	135,330
Total	<u>\$ 6,165,000</u>	<u>\$ 506,241</u>	<u>\$ 6,671,241</u>

Exhibit H-3

Campbell County, Tennessee
Schedule of Transfers - All Funds
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Solid Waste/Sanitation	General	Indirect costs - financial management system	\$ 29,216
General Capital Projects	General Debt Service	To provide funds for retirement of debt	<u>55,000</u>
Total Transfers			<u>\$ 84,216</u>

Exhibit H-4

Campbell County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 62,333	\$ 50,000	Western Surety Company
Road Superintendent:				
Michael Leach (7-1-04 through 8-31-04)	Section 8-24-102, TCA	9,894	100,000	"
Dennis Potter (9-1-04 through 6-30-05)	Section 8-24-102, TCA	49,471	100,000	Auto Owners (Mutual) Insurance Company
Trustee	Section 8-24-102, TCA	53,969	866,400	U.S.F.& G. Insurance Company
Assessor of Property	Section 8-24-102, TCA	53,969	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	53,969	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	53,969	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	71,272 (1)	60,000	"
Register	Section 8-24-102, TCA	53,969	25,000	The Travelers Insurance Company
Sheriff	Section 8-24-102, TCA	59,910 (2)	25,000	Western Surety Company
Director of Finance	County Commission	58,391	50,000	"
General County Employees' Blanket Bond			100,000	American States Insurance Company

(1) Includes special commissioner fees of \$17,303.

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

Exhibit H-5

Campbell County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	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	\$ 3,751,075	\$ 1,596,202	\$ 0	\$ 0	\$ 359,146	\$ 478,861	\$ 319,240	\$ 6,504,524
Discount on Property Taxes	(30,494)	(12,976)	0	0	(2,920)	(3,893)	(2,595)	(52,878)
Trustee's Collections - Prior Year	240,965	108,235	0	0	24,914	35,258	13,923	423,295
Circuit/Clerk & Master Collections - Prior Years	201,597	90,388	0	0	20,875	40,866	11,549	365,275
Interest and Penalty	43,507	19,345	0	0	4,447	7,190	2,693	77,182
Payments in Lieu of Taxes - T.V.A.	8,926	0	0	0	0	0	0	8,926
Payments in Lieu of Taxes - Local Utilities	186,203	0	0	0	0	0	0	186,203
Payments in Lieu of Taxes - Other	125,805	0	0	0	0	0	0	125,805
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	891,962	0	891,962
Wheel Tax	43,515	0	0	0	0	0	0	43,515
Litigation Tax - General	80,084	0	0	0	0	0	0	80,084
Litigation Tax - Special Purpose	0	0	0	0	0	6,498	32,377	38,875
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	57,551	57,551
Business Tax	204,816	0	0	0	0	0	0	204,816
Mineral Severance Tax	0	0	0	0	149,961	0	0	149,961
Other County Local Option Taxes	75,480	0	0	0	0	0	0	75,480
<u>Statutory Local Taxes</u>								
Bank Excise Tax	152,944	0	0	0	0	0	0	152,944
Wholesale Beer Tax	112,884	0	0	0	0	0	0	112,884
Coal Severance Tax	0	0	0	0	25,492	0	0	25,492
Interstate Telecommunications Tax	0	0	0	0	0	6,440	0	6,440
Total Local Taxes	\$ 5,197,307	\$ 1,801,194	\$ 0	\$ 0	\$ 581,915	\$ 1,463,182	\$ 434,738	\$ 9,478,336
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 2,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,408
Animal Registration	0	1,300	0	0	0	0	0	1,300
Cable TV Franchise	100,155	0	0	0	0	0	0	100,155
<u>Permits</u>								
Beer Permits	1,855	0	0	0	0	0	0	1,855
Building Permits	4,351	0	0	0	200	0	0	4,551
Total Licenses and Permits	\$ 108,769	\$ 1,300	\$ 0	\$ 0	\$ 200	\$ 0	\$ 0	\$ 110,269

(Continued)

Exhibit H-5

Campbell 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</u>								
<u>Circuit Court</u>								
Fines	\$ 9,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,831
Officers Costs	8,221	0	0	0	0	0	0	8,221
Drug Control Fines	0	0	31,748	0	0	0	0	31,748
Drug Court Fees	13,455	0	0	0	0	0	0	13,455
Jail Fees	11,426	0	0	0	0	0	0	11,426
Data Entry Fee - Circuit Court	360	0	0	0	0	0	0	360
<u>Criminal Court</u>								
Data Entry Fee - Criminal Court	418	0	0	0	0	0	0	418
<u>General Sessions Court</u>								
Fines	24,757	0	0	0	0	0	0	24,757
Officers Costs	53,745	0	0	0	0	0	0	53,745
Game and Fish Fines	435	0	0	0	0	0	0	435
Drug Control Fines	0	0	33,150	0	0	0	0	33,150
Drug Court Fees	20,591	0	0	0	0	0	0	20,591
Jail Fees	26,163	0	0	0	0	0	0	26,163
DUI Treatment Fines	15,011	0	0	0	0	0	0	15,011
Data Entry Fee - General Sessions Court	12,230	0	0	0	0	0	0	12,230
<u>Juvenile Court</u>								
Fines	297	0	0	0	0	0	0	297
Officers Costs	1,392	0	0	0	0	0	0	1,392
<u>Chancery Court</u>								
Officers Costs	11,929	0	0	0	0	0	0	11,929
<u>Other Courts - In-county</u>								
Fines	380	0	0	0	0	0	0	380
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	4,750	0	49,602	0	0	0	0	54,352
Total Fines, Forfeitures and Penalties	\$ 215,391	\$ 0	\$ 114,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 329,891
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 1,735,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,735,079
Work Release Charges for Board	895	0	0	0	0	0	0	895

(Continued)

Exhibit H-5

Campbell 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>Charges for Current Services (Cont.)</u>								
<u>General Service Charges (Cont.)</u>								
Other General Service Charges	\$ 180	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180
<u>Fees</u>								
Copy Fees	14,082	0	0	0	0	0	0	14,082
Telephone Commissions	5,464	0	0	0	0	0	0	5,464
Constitutional Officers' Fees and Commissions	0	0	0	25	0	0	0	25
Data Processing Fee - Register	17,932	0	0	0	0	0	0	17,932
Data Processing Fee - Sheriff	13,385	0	0	0	0	0	0	13,385
Sexual Offender Registration Fee	960	0	0	0	0	0	0	960
Total Charges for Current Services	\$ 1,787,977	\$ 0	\$ 0	\$ 25	\$ 0	\$ 0	\$ 0	\$ 1,788,002
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301,219	\$ 0	\$ 301,657
Lease/Rentals	61,387	0	0	0	0	0	0	61,387
Sale of Gasoline	10,571	0	0	0	142,272	0	0	152,843
Sale of Recycled Materials	0	145,096	0	0	0	0	0	145,096
Miscellaneous Refunds	14,213	0	0	0	246	0	0	14,459
<u>Nonrecurring Items</u>								
Insurance Recovery	9,911	33,300	0	0	5,323	0	0	48,534
Sale of Property	2,425	0	0	0	0	0	0	2,425
Total Other Local Revenues	\$ 98,945	\$ 178,396	\$ 0	\$ 0	\$ 147,841	\$ 301,219	\$ 0	\$ 726,401
<u>Fees Received from County Officials</u>								
<u>Fees In Lieu of Salary</u>								
County Clerk	\$ 349,880	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 349,880
Circuit Court Clerk	88,766	0	0	0	0	0	0	88,766
General Sessions Court Clerk	235,850	0	0	0	0	0	0	235,850
Clerk and Master	120,951	0	0	0	0	0	0	120,951
Register	231,008	0	0	0	0	0	0	231,008
Sheriff	26,708	0	0	0	0	0	0	26,708
Trustee	432,810	0	0	0	0	0	0	432,810
Total Fees Received from County Officials	\$ 1,485,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,485,973

(Continued)

Exhibit H-5

Campbell 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</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Airport Maintenance Program	3,247	0	0	0	0	0	98,950	102,197
Aging Programs	8,607	0	0	0	0	0	0	8,607
State Reappraisal Grant	28,550	0	0	0	0	0	0	28,550
Solid Waste Grants	0	17,034	0	0	0	0	0	17,034
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	11,930	0	0	0	0	0	0	11,930
<u>Health and Welfare Grants</u>								
Health Department Programs	335,941	0	0	0	0	0	0	335,941
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	312,805	0	0	312,805
State Aid Program	0	0	0	0	226,848	0	0	226,848
Litter Program	0	6,494	0	0	0	0	0	6,494
<u>Other State Revenues</u>								
Income Tax	48,003	0	0	0	0	0	0	48,003
Beer Tax	16,778	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	44,992	0	0	0	0	0	0	44,992
Mixed Drink Tax	5,474	0	0	0	0	0	0	5,474
State Revenue Sharing - T.V.A.	773,799	0	0	0	0	0	0	773,799
Contracted Prisoner Boarding	201,981	0	0	0	0	0	0	201,981
Gasoline and Motor Fuel Tax	0	0	0	0	1,831,445	0	0	1,831,445
Petroleum Special Tax	0	0	0	0	32,060	0	0	32,060
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Revenues	2,284	0	0	0	0	0	0	2,284
Total State of Tennessee	\$ 1,506,966	\$ 23,528	\$ 0	\$ 0	\$ 2,403,158	\$ 0	\$ 98,950	\$ 4,032,602
<u>Federal Government</u>								
<u>Federal Through State</u>								
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	246,824	246,824
Community Development	0	0	0	0	0	0	211,592	211,592
Disaster Relief	0	0	0	0	144,547	0	0	144,547
Other Federal through State	227,754	0	0	0	0	0	706,909	934,663

(Continued)

Exhibit H-5

Campbell 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>Federal Government (Cont.)</u>								
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	\$ 3,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,030
Total Federal Government	\$ 230,784	\$ 0	\$ 0	\$ 0	\$ 144,547	\$ 0	\$ 1,165,325	\$ 1,540,656
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 4,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,400
Contributions	103,884	0	0	0	0	1,000,000	206	1,104,090
Contracted Services	13,225	0	0	0	0	0	0	13,225
<u>Other</u>								
Other	4,731	0	0	0	0	0	0	4,731
Total Other Governments and Citizens Groups	\$ 126,240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 206	\$ 1,126,446
Total	\$ 10,758,352	\$ 2,004,418	\$ 114,500	\$ 25	\$ 3,277,661	\$ 2,764,401	\$ 1,699,219	\$ 20,618,576

Exhibit H-6

Campbell County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Assistant(s)	\$	25,387	
Other Salaries & Wages		1,975	
Board and Committee Members Fees		28,129	
Social Security		6,136	
State Retirement		3,857	
Life Insurance		941	
Medical Insurance		30,108	
Employer Medicare		1,435	
Audit Services		9,207	
Communication		1,020	
Contracts with Government Agencies		876	
Dues and Memberships		1,600	
Postal Charges		36	
Travel		64,027	
Office Supplies		1,916	
Other Charges		62	
Office Equipment		629	
Total County Commission			\$ 177,341

Board of Equalization

Board and Committee Members Fees	\$	3,020	
Life Insurance		40	
Medical Insurance		3,160	
Travel		933	
Total Board of Equalization			7,153

County Mayor

County Official/Administrative Officer	\$	62,333	
Assistant(s)		72,293	
Other Salaries & Wages		1,252	
Social Security		8,407	
State Retirement		4,599	
Life Insurance		208	
Medical Insurance		14,186	
Employer Medicare		1,966	
Communication		5,016	
Dues and Memberships		1,600	
Legal Notices, Recording and Court Costs		130	
Maintenance & Repair Services- Office Equipment		1,359	
Maintenance & Repair Services- Vehicles		129	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Mayor (Cont.)

Postal Charges	\$	1,000	
Travel		4,937	
Data Processing Supplies		718	
Office Supplies		1,926	
Premiums on Corporate Surety Bonds		175	
Other Charges		1,495	
Motor Vehicles		18,816	
Office Equipment		3,220	
Total County Mayor			\$ 205,765

County Attorney

County Official/Administrative Officer	\$	24,661	
Social Security		1,341	
State Retirement		1,448	
Life Insurance		69	
Medical Insurance		9,084	
Employer Medicare		314	
Legal Notices, Recording and Court Costs		3,000	
Total County Attorney			39,917

Election Commission

County Official/Administrative Officer	\$	48,572	
Supervisor/Director		26,426	
Data Processing Personnel		25,212	
Part-time Personnel		1,676	
Overtime Pay		6,642	
Election Commission		20,136	
Election Workers		43,238	
Social Security		6,565	
State Retirement		6,468	
Life Insurance		175	
Medical Insurance		13,705	
Employer Medicare		1,535	
Communication		1,787	
Legal Notices, Recording and Court Costs		5,339	
Maintenance & Repair Services- Office Equipment		6,491	
Postal Charges		3,000	
Rentals		1,700	
Transportation - Other than Students		2,469	
Travel		13,391	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Supplies	\$	6,344	
Utilities		3,564	
Office Equipment		16,833	
Voting Machines		10,860	
Total Election Commission			\$ 272,128

Register of Deeds

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		32,602	
Data Processing Personnel		48,120	
Social Security		7,652	
State Retirement		7,906	
Life Insurance		278	
Medical Insurance		27,793	
Employer Medicare		1,790	
Communication		2,160	
Contracts with Private Agencies		1,988	
Dues and Memberships		536	
Maintenance & Repair Services- Buildings		3,109	
Maintenance & Repair Services- Office Equipment		2,222	
Postal Charges		3,081	
Rentals		12,911	
Travel		58	
Data Processing Supplies		520	
Office Supplies		3,100	
Premiums on Corporate Surety Bonds		100	
Office Equipment		274	
Total Register of Deeds			210,169

Development

Board and Committee Members Fees	\$	2,550	
Social Security		53	
State Retirement		26	
Employer Medicare		12	
Travel		284	
Other Charges		1,000	
Total Development			3,925

Planning

Board and Committee Members Fees	\$	6,700	
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(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Social Security	\$	143	
Employer Medicare Contributions		34	
Travel		10,500	
		2,308	
Total Planning			\$ 19,685

County Buildings

Supervisor/Director	\$	32,469	
Custodial Personnel		41,529	
Part-time Personnel		772	
Social Security		4,574	
State Retirement		4,608	
Life Insurance		176	
Medical Insurance		15,839	
Employer Medicare		1,070	
Communication		422	
Contracts with Private Agencies		576	
Maintenance & Repair Services- Buildings		11,415	
Maintenance & Repair Services- Equipment		6,500	
Pest Control		900	
Travel		3,600	
Custodial Supplies		10,216	
Electricity		11,814	
Uniforms		1,804	
Water and Sewer		4,020	
Total County Buildings			152,304

Other Facilities

Maintenance & Repair Services- Buildings	\$	160	
Maintenance & Repair Services- Equipment		765	
Utilities		3,113	
Building and Contents Insurance		1,737	
Building Improvements		34,183	
Total Other Facilities			39,958

Finance

Accounting and Budgeting

Supervisor/Director	\$	58,391
Accountants/Bookkeepers		335,202
Social Security		23,331

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

State Retirement	\$	22,802	
Life Insurance		692	
Medical Insurance		54,153	
Employer Medicare		5,456	
Communication		6,715	
Contracts with Private Agencies		4,200	
Data Processing Services		5,942	
Dues and Memberships		706	
Legal Services		6,472	
Maintenance & Repair Services- Equipment		3,874	
Postal Charges		6,432	
Travel		10,117	
Data Processing Supplies		8,774	
Office Supplies		3,138	
Premiums on Corporate Surety Bonds		175	
Office Equipment		34,016	
Total Accounting and Budgeting			\$ 590,588

Property Assessor's Office

County Official/Administrative Officer	\$	53,969	
Assessment Personnel		160,646	
Social Security		12,259	
State Retirement		12,879	
Life Insurance		516	
Medical Insurance		53,086	
Employer Medicare		2,867	
Communication		4,396	
Consultants		5,671	
Dues and Memberships		1,735	
Maintenance & Repair Services- Office Equipment		666	
Postal Charges		1,306	
Travel		12,618	
Office Supplies		4,388	
Premiums on Corporate Surety Bonds		340	
Other Charges		13,079	
Office Equipment		1,252	
Total Property Assessor's Office			341,673

Reappraisal Program

Assessment Personnel	\$	37,152	
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(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Social Security	\$	2,304	
State Retirement		2,182	
Employer Medicare		539	
Other Charges		14,424	
Total Reappraisal Program			\$ 56,601

County Trustee's Office

County Official/Administrative Officer	\$	53,969	
Supervisor/Director		27,276	
Deputy(ies)		32,602	
Data Processing Personnel		23,848	
Social Security		8,265	
State Retirement		8,294	
Life Insurance		278	
Medical Insurance		23,091	
Employer Medicare		1,933	
Communication		2,702	
Contracts with Private Agencies		350	
Data Processing Services		2,662	
Dues and Memberships		546	
Legal Notices, Recording and Court Costs		65	
Maintenance & Repair Services- Office Equipment		962	
Postal Charges		6,474	
Travel		3,784	
Office Supplies		3,701	
Premiums on Corporate Surety Bonds		4,547	
Data Processing Equipment		1,450	
Office Equipment		200	
Total County Trustee's Office			206,999

County Clerk's Office

County Official/Administrative Officer	\$	53,969
Supervisor/Director		114,235
Deputy(ies)		34,449
Data Processing Personnel		42,975
Part-time Personnel		35,745
Other Salaries & Wages		3,226
Social Security		16,991
State Retirement		13,731
Life Insurance		464

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Medical Insurance	\$	30,517	
Employer Medicare		3,974	
Communication		4,668	
Data Processing Services		8,220	
Dues and Memberships		486	
Maintenance & Repair Services- Buildings		572	
Maintenance & Repair Services- Office Equipment		5,487	
Postal Charges		6,524	
Rentals		6,000	
Travel		7,170	
Office Supplies		5,191	
Utilities		1,178	
Premiums on Corporate Surety Bonds		300	
Office Equipment		40,821	
Total County Clerk's Office			\$ 436,893

Other Finance

Contracts with Government Agencies	\$	14,261	
Data Processing Services		3,800	
Engineering Services		9,652	
Legal Notices, Recording and Court Costs		1,387	
Maintenance & Repair Services- Office Equipment		3,902	
Postal Charges		180	
Printing, Stationery and Forms		1,436	
Rentals		4,800	
Data Processing Supplies		4,977	
Utilities		3,429	
Other Supplies and Materials		487	
Building and Contents Insurance		31,993	
Liability Insurance		123,434	
Trustee's Commission		112,330	
Other Charges		1,460	
Office Equipment		14,549	
Total Other Finance			332,077

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,969
Supervisor/Director		140,197
Deputy(ies)		32,390

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Data Processing Personnel	\$	23,423	
Clerical Personnel		23,580	
Part-time Personnel		19,096	
Overtime Pay		5,215	
Jury and Witness Fees		19,949	
Social Security		17,392	
State Retirement		15,893	
Life Insurance		627	
Medical Insurance		39,530	
Employer Medicare		4,068	
Communication		4,688	
Data Processing Services		5,801	
Dues and Memberships		501	
Operating Lease Payments		3,855	
Maintenance & Repair Services- Office Equipment		3,097	
Postal Charges		4,500	
Travel		1,578	
Data Processing Supplies		759	
Office Supplies		11,220	
Uniforms		801	
Premiums on Corporate Surety Bonds		275	
Office Equipment		18,464	
Total Circuit Court			\$ 450,868

General Sessions Court

Judge(s)	\$	97,762	
Assistant(s)		23,314	
Social Security		6,999	
State Retirement		7,107	
Life Insurance		122	
Employer Medicare		1,756	
Communication		1,644	
Dues and Memberships		450	
Postal Charges		55	
Travel		1,730	
Library Books/Media		350	
Office Supplies		652	
Office Equipment		499	
Total General Sessions Court			142,440

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Other Salaries & Wages	\$	34,330	
Social Security		2,049	
State Retirement		2,015	
Life Insurance		45	
Medical Insurance		2,788	
Employer Medicare		479	
Communication		1,185	
Consultants		1,350	
Postal Charges		94	
Printing, Stationery and Forms		127	
Rentals		3,000	
Travel		5,929	
Other Supplies and Materials		4,498	
Workers' Compensation Insurance		123	
In Service/Staff Development		1,000	
Office Equipment		2,300	
Total Drug Court			\$ 61,312

Chancery Court

County Official/Administrative Officer	\$	53,969	
Supervisor/Director		28,547	
Deputy(ies)		30,570	
Data Processing Personnel		24,019	
Part-time Personnel		2,157	
Overtime Pay		4,108	
Social Security		8,100	
State Retirement		8,289	
Life Insurance		261	
Medical Insurance		23,146	
Employer Medicare		1,894	
Communication		1,344	
Dues and Memberships		411	
Postal Charges		2,000	
Travel		102	
Office Supplies		3,266	
Premiums on Corporate Surety Bonds		300	
Office Equipment		745	
Total Chancery Court			193,228

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General

Clerical Personnel	\$	17,061	
Social Security		1,058	
State Retirement		1,001	
Employer Medicare		247	
Contracts with Private Agencies		27,300	
Total District Attorney General			\$ 46,667

Other Administration of Justice

Rentals	\$	1,390	
Total Other Administration of Justice			1,390

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	29,682	
Assistant(s)		15,191	
Deputy(ies)		447,778	
Detective(s)		141,225	
Sergeant(s)		82,312	
Data Processing Personnel		45,920	
Part-time Personnel		8,947	
Overtime Pay		102,768	
Social Security		50,554	
State Retirement		46,190	
Life Insurance		1,609	
Medical Insurance		147,654	
Employer Medicare		11,823	
Communication		19,030	
Contracts with Private Agencies		1,049	
Dues and Memberships		1,600	
Legal Notices, Recording and Court Costs		386	
Maintenance & Repair Services- Equipment		4,873	
Maintenance & Repair Services- Office Equipment		453	
Maintenance & Repair Services- Vehicles		53,000	
Pest Control		235	
Postal Charges		1,499	
Rentals		2,100	
Tow-in Services		1,405	
Travel		6,465	
Gasoline		90,879	
Law Enforcement Supplies		4,130	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Office Supplies	\$	5,940	
Uniforms		9,346	
Premiums on Corporate Surety Bonds		4,850	
In Service/Staff Development		6,570	
Motor Vehicles		114,400	
Total Sheriff's Department	\$		1,459,863

Traffic Control

Contracts with Private Agencies	\$	650	
Electricity		72	
Total Traffic Control			722

Wheel Tax Officer

Supervisor/Director	\$	22,794	
Social Security		1,290	
State Retirement		1,338	
Life Insurance		71	
Medical Insurance		7,625	
Employer Medicare		302	
Communication		1,350	
Maintenance & Repair Services- Vehicles		1,685	
Postal Charges		1,231	
Workers' Compensation Insurance		94	
Office Equipment		924	
Total Wheel Tax Officer			38,704

Jail

County Official/Administrative Officer	\$	29,682	
Assistant(s)		15,192	
Deputy(ies)		39,479	
Detective(s)		12,634	
Sergeant(s)		86,254	
Data Processing Personnel		45,921	
Guards		348,731	
Cafeteria Personnel		19,243	
Overtime Pay		51,044	
Social Security		37,733	
State Retirement		35,693	
Life Insurance		1,241	
Medical Insurance		95,595	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Employer Medicare	\$	8,825	
Communication		1,633	
Data Processing Services		6,980	
Maintenance & Repair Services- Buildings		11,638	
Maintenance & Repair Services- Equipment		2,294	
Maintenance & Repair Services- Office Equipment		1,044	
Medical and Dental Services		245,902	
Pest Control		800	
Postal Charges		500	
Travel		6,272	
Electricity		45,829	
Food Preparation Supplies		23,925	
Food Supplies		86,873	
Natural Gas		24,218	
Office Supplies		5,481	
Prisoners Clothing		3,499	
Uniforms		9,357	
Water and Sewer		33,072	
Other Supplies and Materials		8,988	
Liability Insurance		87,502	
Vehicle and Equipment Insurance		3,000	
Workers' Compensation Insurance		23,707	
In Service/Staff Development		3,315	
Communication Equipment		1,998	
Office Equipment		25,474	
Total Jail			\$ 1,490,568

Juvenile Services

Youth Service Officer(s)	\$	16,031	
Social Security		994	
Employer Medicare		232	
Contracts with Government Agencies		14,035	
Office Supplies		686	
Office Equipment		93	
Total Juvenile Services			32,071

Fire Prevention and Control

Contributions	\$	2,000	
Total Fire Prevention and Control			2,000

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Communication	\$	880	
Maintenance & Repair Services- Vehicles		941	
Other Contracted Services		75	
Gasoline		115	
Vehicle and Equipment Insurance		1,552	
Health Equipment		15,943	
Other Equipment		114,395	
Total Civil Defense			\$ 133,901

Rescue Squad

Liability Insurance	\$	400	
Vehicle and Equipment Insurance		34,283	
Total Rescue Squad			34,683

Other Emergency Management

Communication	\$	1,500	
Contracts with Government Agencies		171,077	
Contributions		48,690	
Liability Insurance		4,579	
Vehicle and Equipment Insurance		21,425	
Workers' Compensation Insurance		13,539	
Other Charges		76,417	
Total Other Emergency Management			337,227

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	3,570	
Social Security		41	
Life Insurance		69	
Medical Insurance		9,084	
Employer Medicare		10	
Total County Coroner/Medical Examiner			12,774

Other Public Safety

Deputy(ies)	\$	12,472	
Salary Supplements		11,411	
Guards		46,999	
Overtime Pay		729	
Social Security		2,503	
State Retirement		710	
Employer Medicare		765	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Contracts with Vehicle Owners	\$	4,600	
Postal Charges		4,456	
Other Supplies and Materials		1,000	
Liability Insurance		29,340	
Vehicle and Equipment Insurance		27,001	
Total Other Public Safety			\$ 141,986

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	9,921	
Social Security		493	
State Retirement		582	
Life Insurance		71	
Medical Insurance		7,385	
Employer Medicare		115	
Communication		3,017	
Contracts with Private Agencies		3,311	
Dues and Memberships		235	
Operating Lease Payments		2,260	
Maintenance & Repair Services- Buildings		385	
Maintenance & Repair Services- Office Equipment		1,810	
Pest Control		420	
Postal Charges		1,744	
Travel		61	
Custodial Supplies		4,214	
Drugs and Medical Supplies		2,256	
Electricity		8,142	
Natural Gas		2,428	
Office Supplies		7,099	
Water and Sewer		1,268	
Other Supplies and Materials		338	
Building and Contents Insurance		2,186	
Total Local Health Center			59,741

Rabies and Animal Control

Architects	\$	4,667	
Total Rabies and Animal Control			4,667

Ambulance/Emergency Medical Services

Supervisor/Director	\$	59,761	
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(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Medical Personnel	\$	554,146
Clerical Personnel		61,315
Maintenance Personnel		17,758
Part-time Personnel		70,273
Overtime Pay		45,809
Other Salaries & Wages		19,674
Social Security		48,436
State Retirement		42,919
Life Insurance		1,391
Medical Insurance		130,106
Employer Medicare		11,328
Communication		16,172
Contracts with Government Agencies		100,000
Data Processing Services		4,000
Debt Collection Services		5,533
Dues and Memberships		150
Operating Lease Payments		1,306
Licenses		967
Maintenance & Repair Services- Buildings		2,607
Maintenance & Repair Services- Equipment		3,241
Maintenance & Repair Services- Vehicles		16,560
Medical and Dental Services		7,500
Postal Charges		1,738
Travel		634
Custodial Supplies		1,508
Diesel Fuel		27,344
Drugs and Medical Supplies		24,795
Gasoline		1,397
Office Supplies		2,780
Uniforms		4,422
Utilities		11,911
Building and Contents Insurance		472
Liability Insurance		1,459
Vehicle and Equipment Insurance		7,759
Workers' Compensation Insurance		70,400
In Service/Staff Development		6,929
Other Charges		1,130
Building Improvements		1,815
Motor Vehicles		55,110
Office Equipment		12,480

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Health Equipment	\$ 1,467	
Total Ambulance/Emergency Medical Services		\$ 1,456,502

Dental Health Program

Drugs and Medical Supplies	\$ 6,090	
Health Equipment	294	
Total Dental Health Program		6,384

Other Local Health Services

Social Workers	\$ 88,187	
Medical Personnel	134,660	
Clerical Personnel	78,083	
Overtime Pay	731	
Social Security	17,612	
State Retirement	16,482	
Life Insurance	614	
Medical Insurance	45,257	
Employer Medicare	4,119	
Travel	11,559	
Other Supplies and Materials	1,782	
Liability Insurance	1,921	
Workers' Compensation Insurance	503	
Total Other Local Health Services		401,510

Appropriation to State

Contracts with Other Public Agencies	\$ 13,230	
Total Appropriation to State		13,230

General Welfare Assistance

Contracts with Government Agencies	\$ 3,576	
Contributions	3,500	
Pauper Burials	5,400	
Other Charges	60,000	
Total General Welfare Assistance		72,476

Social, Cultural and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$ 18,294	
Social Security	1,134	
Employer Medicare	265	

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Contributions	\$	8,000	
Office Supplies		636	
Total Senior Citizens Assistance	\$		28,329

Libraries

Contributions	\$	32,000	
Total Libraries			32,000

Other Social, Cultural and Recreational

Contributions	\$	5,000	
Other Charges		2,550	
Total Other Social, Cultural and Recreational			7,550

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$	2,223	
Contracts with Government Agencies		27,306	
Maintenance & Repair Services- Office Equipment		530	
Postal Charges		66	
Total Agriculture Extension Service			30,125

Soil Conservation

Dues and Memberships	\$	250	
Total Soil Conservation			250

Other Operations

Industrial Development

Consultants	\$	10,600	
Dues and Memberships		6,056	
Matching Share		75,000	
Travel		2,713	
Other Contracted Services		10,200	
Other Supplies and Materials		2,919	
Total Industrial Development			107,488

Airport

Supervisor/Director	\$	14,200	
Medical Insurance		3,160	
Communication		1,605	
Maintenance & Repair Services- Buildings		15,708	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Maintenance & Repair Services- Equipment	\$	1,650	
Electricity		5,845	
Water and Sewer		200	
Liability Insurance		3,175	
Total Airport			\$ 45,543

Veterans' Services

Supervisor/Director	\$	38,000	
Secretary(s)		23,529	
Part-time Personnel		5,750	
Social Security		4,080	
State Retirement		3,612	
Life Insurance		106	
Medical Insurance		3,346	
Employer Medicare		954	
Communication		1,297	
Maintenance & Repair Services- Office Equipment		77	
Postal Charges		888	
Travel		2,951	
Office Supplies		1,518	
Uniforms		478	
Total Veterans' Services			86,586

Contributions to Other Agencies

Contributions	\$	95,500	
Other Supplies and Materials		4,536	
Total Contributions to Other Agencies			100,036

Employee Benefits

Other Salaries & Wages	\$	2,762	
Social Security		134	
State Retirement		128	
Life Insurance		1	
Unemployment Compensation		33,716	
Employer Medicare		31	
Contracts with Private Agencies		2,663	
Premiums on Corporate Surety Bonds		316	
Workers' Compensation Insurance		45,550	
Total Employee Benefits			85,301

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Part-time Personnel	\$	17,562	
Social Security		1,089	
Employer Medicare		255	
Travel		140	
Other Charges		8,027	
Total Miscellaneous			\$ 27,073

Total General Fund \$ 10,238,371

Solid Waste/Sanitation Fund

Public Health and Welfare

Rabies and Animal Control

Supervisor/Director	\$	10,000	
Deputy(ies)		9,749	
Part-time Personnel		2,107	
Social Security		1,355	
State Retirement		1,159	
Life Insurance		24	
Employer Medicare		317	
Communication		450	
Licenses		320	
Maintenance & Repair Services- Vehicles		158	
Travel		704	
Disposal Fees		45	
Animal Food and Supplies		293	
Drugs and Medical Supplies		410	
Gasoline		580	
Office Supplies		210	
Uniforms		30	
Utilities		4,038	
Building and Contents Insurance		334	
Building Construction		491,986	
Total Rabies and Animal Control			\$ 524,269

Sanitation Management

Supervisor/Director	\$	44,253	
Data Processing Personnel		45,773	
Overtime Pay		71	
Other Salaries & Wages		15,988	
Social Security		6,123	

(Continued)

Exhibit H-6

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

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

State Retirement	\$	5,324	
Life Insurance		203	
Medical Insurance		19,456	
Employer Medicare		1,432	
Communication		497	
Medical and Dental Services		188	
Postal Charges		481	
Travel		420	
Disposal Fees		25,585	
Office Supplies		178	
Building and Contents Insurance		1,529	
Liability Insurance		2,566	
Trustee's Commission		36,881	
Vehicle and Equipment Insurance		23,794	
Workers' Compensation Insurance		47,533	
Other Charges		202	
Total Sanitation Management			\$ 278,477

Sanitation Education/Information

Deputy(ies)	\$	51,150	
Other Salaries & Wages		4,800	
Social Security		3,273	
State Retirement		3,249	
Life Insurance		139	
Medical Insurance		8,089	
Employer Medicare		765	
Communication		1,443	
Maintenance & Repair Services- Vehicles		896	
Travel		660	
Gasoline		4,880	
Instructional Supplies and Materials		2,779	
Total Sanitation Education/Information			82,123

Convenience Centers

Foremen	\$	35,016
Mechanic(s)		22,801
Truck Drivers		115,922
Attendants		248,313
Overtime Pay		41,944
Social Security		26,885

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

State Retirement	\$	20,618	
Life Insurance		994	
Medical Insurance		92,482	
Employer Medicare		6,288	
Communication		3,924	
Contracts with Private Agencies		348,184	
Maintenance & Repair Services- Equipment		2,288	
Maintenance & Repair Services- Vehicles		34,008	
Rentals		5,508	
Travel		140	
Custodial Supplies		674	
Diesel Fuel		64,876	
Gasoline		1,018	
Office Supplies		147	
Uniforms		7,687	
Utilities		5,228	
Motor Vehicles		75,000	
Total Convenience Centers			\$ 1,159,945

Transfer Stations

Equipment Operators	\$	2,965	
Overtime Pay		104	
Social Security		172	
State Retirement		180	
Life Insurance		6	
Medical Insurance		587	
Employer Medicare		40	
Architects		9,750	
Other Charges		24,900	
Other Construction		175,000	
Total Transfer Stations			213,704

Recycling Center

Foremen	\$	29,161
Equipment Operators		20,091
Truck Drivers		46,057
Laborers		48,149
Overtime Pay		1,055
Social Security		8,175
State Retirement		8,483

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Life Insurance	\$	460	
Medical Insurance		34,913	
Employer Medicare		1,912	
Communication		1,654	
Licenses		1,396	
Maintenance & Repair Services- Buildings		462	
Maintenance & Repair Services- Equipment		15,860	
Maintenance & Repair Services- Vehicles		9,277	
Pest Control		360	
Travel		64	
Custodial Supplies		1,224	
Diesel Fuel		12,207	
Gasoline		3,118	
Office Supplies		810	
Propane Gas		364	
Uniforms		7,417	
Utilities		13,776	
Solid Waste Equipment		20,095	
Total Recycling Center			\$ 286,540

Other Waste Disposal

Foremen	\$	23,645	
Equipment Operators		36,226	
Overtime Pay		2,414	
Social Security		3,605	
State Retirement		2,848	
Life Insurance		132	
Medical Insurance		10,564	
Employer Medicare		843	
Utilities		3,032	
Other Supplies and Materials		258	
Total Other Waste Disposal			<u>83,567</u>

Total Solid Waste/Sanitation Fund \$ 2,628,625

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	20,498
Social Security		1,271

(Continued)

Exhibit H-6

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

State Retirement	\$	1,198	
Employer Medicare		297	
Communication		4,044	
Data Processing Services		4,000	
Confidential Drug Enforcement Payments		1,500	
Maintenance & Repair Services- Vehicles		2,159	
Rentals		1,035	
Tow-in Services		1,550	
Travel		3,428	
Animal Food and Supplies		1,854	
Gasoline		4,992	
Law Enforcement Supplies		10,406	
Uniforms		4,016	
Other Supplies and Materials		9,410	
Workers' Compensation Insurance		620	
In Service/Staff Development		1,430	
Law Enforcement Equipment		812	
Office Equipment		1,398	
Total Drug Enforcement		<u>75,918</u>	\$ 75,918
Total Drug Control Fund			\$ 75,918

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Bank Charges	\$	25	
Total County Clerk's Office		<u>25</u>	\$ 25
Total Constitutional Officers - Fees Fund			25

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,365
Assistant(s)		34,298
Social Security		5,679
State Retirement		5,273
Life Insurance		104
Medical Insurance		5,614
Employer Medicare		1,328

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Dues and Memberships	\$	876	
Postal Charges		222	
Printing, Stationery and Forms		332	
Travel		183	
Office Supplies		1,135	
Office Equipment		6,018	
Total Administration			\$ 120,427

Highway and Bridge Maintenance

Foremen	\$	103,033	
Equipment Operators		83,307	
Truck Drivers		220,681	
Laborers		153,436	
Overtime Pay		13,103	
Social Security		33,297	
State Retirement		33,118	
Life Insurance		1,362	
Medical Insurance		100,948	
Employer Medicare		7,790	
Contracts with Private Agencies		27,729	
Other Contracted Services		25,500	
Asphalt - Cold Mix		24,481	
Asphalt - Hot Mix		260,763	
Asphalt - Liquid		10,628	
Concrete		286	
Crushed Stone		140	
General Construction Materials		7,118	
Pipe - Metal		36,337	
Road Signs		8,214	
Other Charges		63	
Total Highway and Bridge Maintenance			1,151,334

Operation and Maintenance of Equipment

Mechanic(s)	\$	76,549	
Laborers		75,605	
Overtime Pay		1,792	
Social Security		8,748	
State Retirement		8,657	
Life Insurance		339	
Medical Insurance		34,424	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Employer Medicare	\$	2,046	
Contracts with Private Agencies		922	
Rentals		43	
Tow-in Services		1,642	
Diesel Fuel		146,322	
Equipment Parts - Heavy		39,154	
Equipment and Machinery Parts		63,317	
Garage Supplies		981	
Gasoline		84,865	
Lubricants		7,819	
Natural Gas		2,530	
Small Tools		353	
Tires and Tubes		11,585	
Total Operation and Maintenance of Equipment			\$ 567,693

Quarry Operations

Foremen	\$	25,432	
Truck Drivers		21,611	
Laborers		62,706	
Overtime Pay		392	
Social Security		6,388	
State Retirement		6,465	
Life Insurance		338	
Medical Insurance		21,626	
Employer Medicare		1,494	
Explosive and Drilling Services		21,131	
Licenses		2,362	
Electricity		24,727	
Total Quarry Operations			194,672

Other Charges

Communication	\$	5,623	
Electricity		3,544	
Uniforms		12,784	
Water and Sewer		830	
Building and Contents Insurance		1,566	
Liability Insurance		42,917	
Premiums on Corporate Surety Bonds		1,133	
Trustee's Commission		28,183	
Vehicle and Equipment Insurance		27,932	
Total Other Charges			124,512

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Unemployment Compensation	\$	42,151	
Medical and Dental Services		90	
Workers' Compensation Insurance		93,784	
Total Employee Benefits			\$ 136,025

Capital Outlay

Bridge Construction	\$	331,211	
Highway Equipment		33,553	
State Aid Projects		289,121	
Total Capital Outlay			653,885

Total Highway/Public Works Fund \$ 2,948,548

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$	1,400,000	
Principal on Notes		750,000	
Total General Government			\$ 2,150,000

Interest

General Government

Interest on Bonds	\$	224,400	
Interest on Notes		2,398	
Interest on Other Loans Payable		525,703	
Total General Government			752,501

Other Debt Service

General Government

Trustee's Commission	\$	22,928	
Other Debt Issuance Charges		88,500	
Other Debt Service		10,399	
Total General Government			121,827

Total General Debt Service Fund 3,024,328

General Capital Projects Fund

Capital Projects

General Administration Projects

Engineering Services	\$	10,000	
----------------------	----	--------	--

(Continued)

Exhibit H-6

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Trustee's Commission	\$	14,290	
Building Improvements		740	
Total General Administration Projects	\$		25,030

Public Safety Projects

Architects	\$	212,016	
Matching Share		14,599	
Other Charges		29,062	
Airport Improvement		787,978	
Land		109,856	
Motor Vehicles		177,954	
Total Public Safety Projects			1,331,465

Public Health and Welfare Projects

Engineering Services	\$	55,104	
Matching Share		179,472	
Building Improvements		1,901	
Motor Vehicles		46,275	
Site Development		14,859	
Building Purchases		124,997	
Solid Waste Equipment		93,800	
Other Equipment		24,103	
Other Construction		412,983	
Total Public Health and Welfare Projects			953,494

Highway & Street Capital Projects

Engineering Services	\$	3,942	
Asphalt - Hot Mix		259,518	
Building Improvements		1,738	
Highway Construction		13,681	
Highway Equipment		145,930	
Total Highway & Street Capital Projects			424,809

Total General Capital Projects Fund \$ 2,734,798

Total Governmental Funds - Primary Government \$ 21,650,613

Exhibit H-7

Campbell County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,819,355
Total Cash Receipts	<u>\$ 2,819,355</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,791,162
Trustee's Commission	<u>28,193</u>
Total Cash Disbursements	<u>\$ 2,819,355</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

Campbell County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year	Amount
1994	\$ 466
1995	368
1996	352
1997	492
1998	2,648
1999	4,372
2000	8,521
2001	18,775
2002	78,861
2003	390,958
Total	\$ 505,813

Table 2

Campbell County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.61	\$ 0.71	\$ 0.71	\$ 0.83	\$ 0.64	\$ 0.64	\$ 0.69	\$ 0.69	\$ 0.87	0.94
Solid Waste/Sanitation	0.42	0.42	0.42	0.42	0.35	0.36	0.34	0.36	0.39	0.40
Highway/Public Works	0.05	0.06	0.06	0.07	0.07	0.08	0.09	0.07	0.09	0.09
General Purpose School	1.86	1.75	1.75	1.48	1.01	1.07	1.08	1.08	0.79	0.81
General Debt Service	0.02	0.02	0.02	0.16	0.22	0.14	0.09	0.09	0.15	0.12
General Capital Projects	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.08
Total Tax Rate	\$ 3.01	\$ 3.01	\$ 3.01	\$ 3.01	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	2.44
<u>Assessed Valuations</u>										
Real and Personal	\$ 234,743,201	\$ 244,088,736	\$ 272,596,297	\$ 272,596,297	\$ 369,230,456	\$ 383,757,339	\$ 397,559,240	\$ 409,880,843	\$ 416,169,127	\$ 424,820,496
Public Utilities	22,429,963	22,020,986	21,514,119	19,562,327	24,543,671	25,721,033	21,692,512	20,510,078	20,842,200	19,469,910
Total Assessed Valuation	\$ 257,173,164	\$ 266,109,722	\$ 294,110,416	\$ 292,158,624	\$ 393,774,127	\$ 409,478,372	\$ 419,251,752	\$ 430,390,921	\$ 437,011,327	\$ 444,290,406

ANNUAL FINANCIAL REPORT
CAMPBELL COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CAMPBELL COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor 4

ANDREW WAY, CPA
CHRIS SIZEMORE
AMY M. MOORE, CGFM
DOUG SANDIDGE, CISA
State Auditors

This financial report is available at www.comptroller.state.tn.us

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

Annual Financial Report
Campbell County School Department
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of each major fund of the Campbell County School Department as of and for the year ended June 30, 2005.

Results

Our report on the Campbell 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 one finding and recommendation, which we have reviewed with the Campbell County School Department's management. The detailed finding and recommendation is included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

CAMPBELL COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles.

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

INTRODUCTORY SECTION

Campbell County School Officials
June 30, 2005

Official:

Dr. Judy Blevins, Director of Schools

Board of Education:

Delbert Buckner
Johnny Byrge
J. L. Collins
Mary M. Gillum
Walter Goins

Faye Heatherly
Eugene Lawson
Homer Rutherford
Bobby Snodderly
Mark A. Wells

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

November 4, 2005

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of each major fund of the Campbell County School Department, a component unit of Campbell County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 22, which collectively comprise a portion of the Campbell 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 Campbell 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 auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 Campbell 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 Campbell County School Department as of June 30, 2005, 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 of the Campbell County School Department as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2005, on our consideration of the Campbell County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note III.B., the Campbell County School Department has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the School Department's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 25 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 Campbell County School Department's basic financial

statements. The introductory section and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

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/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Campbell County, Tennessee
Balance Sheet - Governmental Funds
Campbell County School Department
June 30, 2005

	Major Funds			Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 12,769	\$ 12,769
Equity in Pooled Cash and Investments	4,004,660	163,370	795,613	4,963,643
Accounts Receivable	2,117	159	1,411	3,687
Due from Other Governments	660,240	407,339	74,845	1,142,424
Property Taxes Receivable	3,896,284	0	0	3,896,284
Allowance for Uncollectible Property Taxes	(322,765)	0	0	(322,765)
Advances to Other Funds	250,000	0	0	250,000
Total Assets	<u>\$ 8,490,536</u>	<u>\$ 570,868</u>	<u>\$ 884,638</u>	<u>\$ 9,946,042</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 43,778	\$ 0	\$ 1,433	\$ 45,211
Payroll Deductions Payable	330,803	56,608	21,210	408,621
Due to State of Tennessee	500	0	0	500
Advances Payable to Other Funds	0	250,000	0	250,000
Deferred Revenue - Current Property Taxes	3,341,824	0	0	3,341,824
Deferred Revenue - Delinquent Property Taxes	195,577	0	0	195,577
Other Deferred Revenues	248,935	0	0	248,935
Total Liabilities	<u>\$ 4,161,417</u>	<u>\$ 306,608</u>	<u>\$ 22,643</u>	<u>\$ 4,490,668</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 293,033	\$ 0	\$ 279,384	\$ 572,417
Reserved for Career Ladder Program	7,215	0	0	7,215
Other State Education Reserves	1,292	0	0	1,292
Reserved for Title I Grants to Local Education Agencies	0	40,893	0	40,893
Reserved for Innovative Education Program Strategies	0	1,813	0	1,813
Reserved for Special Education - Grants to States	0	120,280	0	120,280
Other Federal Reserves	0	101,274	0	101,274
Reserved for Other General Purposes	250,000	0	0	250,000
Unreserved, Reported In:				
General Fund	3,777,579	0	0	3,777,579
Special Revenue Funds	0	0	582,611	582,611
Total Fund Balances	<u>\$ 4,329,119</u>	<u>\$ 264,260</u>	<u>\$ 861,995</u>	<u>\$ 5,455,374</u>
Total Liabilities and Fund Balances	<u>\$ 8,490,536</u>	<u>\$ 570,868</u>	<u>\$ 884,638</u>	<u>\$ 9,946,042</u>

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

Exhibit B

Campbell County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Campbell County School Department
For the Year Ended June 30, 2005

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 7,591,399	\$ 0	\$ 0	\$ 7,591,399
Licenses and Permits	2,408	0	0	2,408
Charges for Current Services	11,342	0	810,386	821,728
Other Local Revenues	44,797	0	17,583	62,380
State of Tennessee	23,724,921	0	37,116	23,762,037
Federal Government	297,358	4,717,765	1,877,012	6,892,135
Total Revenues	<u>\$ 31,672,225</u>	<u>\$ 4,717,765</u>	<u>\$ 2,742,097</u>	<u>\$ 39,132,087</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 20,107,747	\$ 3,808,992	\$ 0	\$ 23,916,739
Support Services	9,464,939	1,022,079	0	10,487,018
Operation of Non-Instructional Services	88,730	0	2,969,562	3,058,292
Capital Outlay	155,722	0	0	155,722
Debt Service:				
Other Debt Service	1,000,000	0	0	1,000,000
Total Expenditures	<u>\$ 30,817,138</u>	<u>\$ 4,831,071</u>	<u>\$ 2,969,562</u>	<u>\$ 38,617,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 855,087</u>	<u>\$ (113,306)</u>	<u>\$ (227,465)</u>	<u>\$ 514,316</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 11,976	\$ 5,058	\$ 77,785	\$ 94,819
Transfers Out	(82,843)	(11,976)	0	(94,819)
Total Other Financing Sources (Uses)	<u>\$ (70,867)</u>	<u>\$ (6,918)</u>	<u>\$ 77,785</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 784,220	\$ (120,224)	\$ (149,680)	\$ 514,316
Fund Balance, July 1, 2004	3,544,899	384,484	1,011,675	4,941,058
Fund Balance, June 30, 2005	<u>\$ 4,329,119</u>	<u>\$ 264,260</u>	<u>\$ 861,995</u>	<u>\$ 5,455,374</u>

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

**CAMPBELL COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CAMPBELL COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Campbell 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.

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 to be presented in conformity with all the provisions of GASB Statement 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the 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, and the voters of Campbell County elect its ten-member board. The School Department is a component unit of Campbell County, the primary government. The School Department is fiscally dependent on Campbell County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Campbell County Commission's approval. The School Department's taxes are levied under the taxing

authority of Campbell County and are included as part of Campbell 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 category.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds, if any, would be 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. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the School Department receives cash.

The School Department reports the following major governmental funds:

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

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

Central Cafeteria Fund – This fund is used to account for transactions related to school food services.

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

1. **Deposits and Investments**

State statutes authorize counties (Campbell County, the School Department's primary government) to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve 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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 4.7 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; they report capital outlays as expenditures upon acquisition. The School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

4. Compensated Absences

The School Department does not have a policy to permit employees to accumulate earned but unused vacation. General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

5. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. Other State Education Reserves in the General Purpose School Fund consists of revenue restricted for a state-funded construction project. Other Federal Reserves in the School Federal Projects Fund consists of revenue restricted for various federal grant programs. The reserve for other general purposes in the General Purpose School Fund is recorded to reflect that the permanent advance to the School Federal Projects fund is not available for appropriation.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Campbell 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 sheets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represent nonpooled amounts held separately by individual funds.

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

accounts covered by the pool are considered to be insured for 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.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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. The county had no pooled and nonpooled investments as of June 30, 2005.

B. Interfund Advances, Payables and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	School Federal Projects	\$ 250,000

This balance is the result of a permanent advance from the General Purpose School Fund to the School Federal Projects Fund approved by the Board of Education and the Campbell County Commission for cash flow due to reimbursable grants.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Transfers Out	Transfers In		
	General Purpose School Fund	School Federal Projects Fund	Central Cafeteria Fund
General Purpose School Fund	\$ 0	\$ 5,058	\$ 77,785
School Federal Projects Fund	11,976	0	0
Total	\$ 11,976	\$ 5,058	\$ 77,785

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

C. Commitments

By resolution the Board of Education pledged a portion of its sales tax revenues and at least \$500,000 per year of the non-classroom state Basic Education Program funding for the next four years to the primary government's General Debt Service Fund to provide funds for the retirement of debt issued for school purposes.

III. OTHER INFORMATION

A. Risk Management

It is the policy of the School Department to purchase commercial insurance for most risks of losses to which it is exposed. These risks include general liability, property, casualty, employee health, and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Change

During the year, the School Department adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the School Department's previous custodial risk disclosures for deposits and investments

and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

There are several pending lawsuits in which the School Department is involved. Based on a letter from the School Department's attorney, management believes that any claims resulting from such litigation would not materially affect the School Department's financial statements.

D. Retirement Commitments

Plan Description

Employees of Campbell County, including the School Department, are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Campbell 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. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

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

SCHOOL TEACHERS

Plan Description

The Campbell 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. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Campbell County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of

annual covered payroll. The employer contribution requirement for the Campbell 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, 2005, 2004, and 2003, were \$1,037,970, \$606,281, and \$574,917, respectively, equal to the required contributions for each year.

E. Office of Central Accounting

Campbell County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

F. Purchasing Laws

Purchasing procedures for the School Department are governed by provisions of the County Financial Management System of 1981, which provide for purchases to be made by the purchasing agent under the supervision of the Financial Management Committee. The committee established a policy that purchases exceeding \$5,000 are to be made on a competitive bid basis. Section 5-21-118, Tennessee Code Annotated, provides for the director of finance to serve as the purchasing agent for the county.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C-1

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Campbell County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,591,399	\$ 0	\$ 0	\$ 7,591,399	\$ 7,556,553	\$ 7,556,553	\$ 34,846
Licenses and Permits	2,408	0	0	2,408	5,500	5,500	(3,092)
Charges for Current Services	11,342	0	0	11,342	13,740	14,813	(3,471)
Other Local Revenues	44,797	0	0	44,797	53,234	44,241	556
State of Tennessee	23,724,921	0	0	23,724,921	23,468,045	23,561,031	163,890
Federal Government	297,358	0	0	297,358	272,859	284,889	12,469
Total Revenues	\$ 31,672,225	\$ 0	\$ 0	\$ 31,672,225	\$ 31,369,931	\$ 31,467,027	\$ 205,198
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,339,943	\$ (5,790)	\$ 20,430	\$ 16,354,583	\$ 16,829,563	\$ 16,821,099	\$ 466,516
Alternative Instruction Program	172,969	0	0	172,969	176,569	184,721	11,752
Special Education Program	2,052,649	(1,618)	169	2,051,200	2,071,475	2,077,201	26,001
Vocational Education Program	1,461,597	(840)	836	1,461,593	1,445,992	1,463,602	2,009
Student Body Education Program	0	0	0	0	165,075	0	0
Adult Education Program	80,589	(172)	614	81,031	82,987	82,987	1,956
<u>Support Services</u>							
Attendance	60,438	0	0	60,438	61,327	61,296	858
Health Services	73,401	0	0	73,401	76,495	77,513	4,112
Other Student Support	689,103	0	0	689,103	677,405	695,190	6,087
Regular Instruction Program	1,095,862	(16,629)	28,588	1,107,821	1,121,710	1,159,639	51,818
Special Education Program	217,862	(904)	1,944	218,902	226,415	221,162	2,260
Vocational Education Program	128,893	(50)	50	128,893	123,988	133,561	4,668
Adult Programs	92,285	(904)	0	91,381	83,807	96,165	4,784
Board of Education	634,774	0	0	634,774	674,207	674,805	40,031
Director of Schools	219,739	(711)	1,741	220,769	239,558	242,533	21,764

(Continued)

Exhibit C-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 2,140,896	\$ 0	\$ 0	\$ 2,140,896	\$ 2,090,745	\$ 2,186,816	\$ 45,920
Fiscal Services	98,684	0	0	98,684	98,064	98,684	0
Operation of Plant	2,498,765	(732)	506	2,498,539	2,641,639	2,669,910	171,371
Maintenance of Plant	491,453	(63,814)	25,097	452,736	453,662	476,015	23,279
Transportation	1,022,784	(965)	3,024	1,024,843	1,049,915	1,046,003	21,160
<u>Operation of Non-Instructional Services</u>							
Community Services	88,730	0	411	89,141	100,000	100,000	10,859
<u>Capital Outlay</u>							
Regular Capital Outlay	155,722	(76,131)	209,623	289,214	250,000	1,315,000	1,025,786
<u>Other Debt Service</u>							
Education	1,000,000	0	0	1,000,000	1,000,000	1,000,000	0
Total Expenditures	\$ 30,817,138	\$ (169,260)	\$ 293,033	\$ 30,940,911	\$ 31,740,598	\$ 32,883,902	\$ 1,942,991
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 855,087	\$ 169,260	\$ (293,033)	\$ 731,314	\$ (370,667)	\$ (1,416,875)	\$ 2,148,189
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ (1,000,000)
Transfers In	11,976	0	0	11,976	13,466	13,466	(1,490)
Transfers Out	(82,843)	0	0	(82,843)	(82,843)	(82,843)	0
Total Other Financing Sources (Uses)	\$ (70,867)	\$ 0	\$ 0	\$ (70,867)	\$ (69,377)	\$ 930,623	\$ (1,001,490)

(Continued)

Exhibit C-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 784,220	\$ 169,260	\$ (293,033)	\$ 660,447	\$ (440,044)	\$ (486,252)	\$ 1,146,699
Fund Balance, July 1, 2004	3,544,899	(169,260)	0	3,375,639	2,812,808	2,812,808	562,831
Fund Balance, June 30, 2005	\$ 4,329,119	\$ 0	\$ (293,033)	\$ 4,036,086	\$ 2,372,764	\$ 2,326,556	\$ 1,709,530

Exhibit C-2

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Campbell County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,717,765	\$ 5,038,197	\$ 5,264,028	\$ (546,263)
Total Revenues	\$ 4,717,765	\$ 5,038,197	\$ 5,264,028	\$ (546,263)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,525,926	\$ 2,551,350	\$ 2,899,120	\$ 373,194
Special Education Program	1,128,485	1,123,238	1,306,645	178,160
Vocational Education Program	154,581	147,129	154,582	1
<u>Support Services</u>				
Other Student Support	109,739	84,066	109,777	38
Regular Instruction Program	551,010	670,977	816,486	265,476
Special Education Program	272,031	262,545	285,545	13,514
Vocational Education Program	83,199	46,000	83,224	25
Operation of Plant	3,381	3,500	4,024	643
Maintenance of Plant	2,719	1,000	2,721	2
Transportation	0	164,084	0	0
Total Expenditures	\$ 4,831,071	\$ 5,053,889	\$ 5,662,124	\$ 831,053
Excess (Deficiency) of Revenues Over Expenditures	\$ (113,306)	\$ (15,692)	\$ (398,096)	\$ 284,790
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 5,058	\$ 5,058	\$ 5,058	\$ 0
Transfers Out	(11,976)	(13,466)	(13,567)	1,591
Total Other Financing Sources (Uses)	\$ (6,918)	\$ (8,408)	\$ (8,509)	\$ 1,591
Net Change in Fund Balance	\$ (120,224)	\$ (24,100)	\$ (406,605)	\$ 286,381
Fund Balance, July 1, 2004	384,484	332,782	406,605	(22,121)
Fund Balance, June 30, 2005	\$ 264,260	\$ 308,682	\$ 0	\$ 264,260

Exhibit C-3

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Campbell County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 810,386	\$ 0	\$ 0	\$ 810,386	\$ 802,075	\$ 802,075	\$ 8,311
Other Local Revenues	17,583	0	0	17,583	7,100	15,100	2,483
State of Tennessee	37,116	0	0	37,116	40,138	40,138	(3,022)
Federal Government	1,877,012	0	0	1,877,012	1,865,794	1,859,579	17,433
Total Revenues	\$ 2,742,097	\$ 0	\$ 0	\$ 2,742,097	\$ 2,715,107	\$ 2,716,892	\$ 25,205
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,969,562	\$ (21,448)	\$ 279,384	\$ 3,227,498	\$ 2,897,892	\$ 3,316,499	\$ 89,001
Total Expenditures	\$ 2,969,562	\$ (21,448)	\$ 279,384	\$ 3,227,498	\$ 2,897,892	\$ 3,316,499	\$ 89,001
Excess (Deficiency) of Revenues Over Expenditures	\$ (227,465)	\$ 21,448	\$ (279,384)	\$ (485,401)	\$ (182,785)	\$ (599,607)	\$ 114,206
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 77,785	\$ 0	\$ 0	\$ 77,785	\$ 77,785	\$ 77,785	\$ 0
Total Other Financing Sources (Uses)	\$ 77,785	\$ 0	\$ 0	\$ 77,785	\$ 77,785	\$ 77,785	\$ 0
Net Change in Fund Balance	\$ (149,680)	\$ 21,448	\$ (279,384)	\$ (407,616)	\$ (105,000)	\$ (521,822)	\$ 114,206
Fund Balance, July 1, 2004	1,011,675	(21,448)	0	990,227	865,628	865,628	124,599
Fund Balance, June 30, 2005	\$ 861,995	\$ 0	\$ (279,384)	\$ 582,611	\$ 760,628	\$ 343,806	\$ 238,805

**CAMPBELL COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CAMPBELL COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005**

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Purpose School Fund major categories: Regular Instruction, Special Education Program, Vocational Education Program, Adult Education Program, etc.). Management may make revisions within major categories, but only the Campbell 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. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of the budgetary statements.

MISCELLANEOUS SCHEDULES

Exhibit D-1

Campbell County, Tennessee
Schedule of Transfers - All Funds
Campbell County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	Central Cafeteria	To provide funds for employee insurance	\$ 77,785
General Purpose School	School Federal Projects	Indirect costs - rent reimbursement	5,058
School Federal Projects	General Purpose School	Indirect costs - administrative cost	<u>11,976</u>
Total Transfers			<u>\$ 94,819</u>

Exhibit D-2

Campbell County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Campbell County School Department
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Board of Education	\$ 93,888 (1) \$	50,000	Western Surety Company

(1) Includes \$3,000 chief executive officer supplement and \$2,400 annuity contribution.

Exhibit D-3

Campbell County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Campbell County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,232,310	\$ 0	\$ 0	\$ 3,232,310
Discount on Property Taxes	(26,277)	0	0	(26,277)
Trustee's Collections - Prior Year	220,893	0	0	220,893
Circuit/Clerk & Master Collections - Prior Years	183,053	0	0	183,053
Interest and Penalty	39,184	0	0	39,184
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,855,220	0	0	2,855,220
Wheel Tax	1,057,094	0	0	1,057,094
<u>Statutory Local Taxes</u>				
Coal Severance Tax	25,491	0	0	25,491
Interstate Telecommunications Tax	4,431	0	0	4,431
Total Local Taxes	\$ 7,591,399	\$ 0	\$ 0	\$ 7,591,399
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,408	\$ 0	\$ 0	\$ 2,408
Total Licenses and Permits	\$ 2,408	\$ 0	\$ 0	\$ 2,408
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other State Systems	\$ 3,998	\$ 0	\$ 0	\$ 3,998
Lunch Payments - Children	0	0	360,287	360,287
Lunch Payments - Adults	0	0	82,135	82,135
Income from Breakfast	0	0	112,827	112,827
A la carte Sales	0	0	255,137	255,137
TBI Criminal Background Fee	7,344	0	0	7,344
Total Charges for Current Services	\$ 11,342	\$ 0	\$ 810,386	\$ 821,728
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8,550	\$ 8,550
Miscellaneous Refunds	33,662	0	0	33,662
<u>Nonrecurring Items</u>				
Insurance Recovery	7,890	0	993	8,883
Sale of Equipment	3,028	0	40	3,068
Contributions & Gifts	217	0	8,000	8,217
Total Other Local Revenues	\$ 44,797	\$ 0	\$ 17,583	\$ 62,380
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 22,567,662	\$ 0	\$ 0	\$ 22,567,662
School Food Service	0	0	37,116	37,116
Driver Education	15,360	0	0	15,360
Other State Education Funds	478,880	0	0	478,880
Career Ladder Program	452,624	0	0	452,624
Career Ladder - Extended Contract	151,301	0	0	151,301
<u>Other State Revenues</u>				
Other State Grants	59,094	0	0	59,094
Total State of Tennessee	\$ 23,724,921	\$ 0	\$ 37,116	\$ 23,762,037

Exhibit D-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,398,932	\$ 1,398,932
Breakfast	0	0	472,115	472,115
USDA - Other	0	0	5,965	5,965
Adult Education State Grant Program	125,834	0	0	125,834
Vocational Education - Basic Grants to States	0	182,806	0	182,806
Other Vocational	0	34,998	0	34,998
Title I Grants to Local Education Agencies	0	1,982,372	0	1,982,372
Innovative Education Program Strategies	0	52,905	0	52,905
Special Education - Grants to States	37,146	1,276,834	0	1,313,980
Special Education Preschool Grants	0	53,803	0	53,803
Other Federal through State	31,960	1,134,047	0	1,166,007
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	102,418	0	0	102,418
Total Federal Government	\$ 297,358	\$ 4,717,765	\$ 1,877,012	\$ 6,892,135
Total	\$ 31,672,225	\$ 4,717,765	\$ 2,742,097	\$ 39,132,087

Exhibit D-4

Campbell County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Campbell County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,081,883	
Career Ladder Program	277,185	
Career Ladder Extended Contracts	127,422	
Homebound Teachers	36,619	
Educational Assistants	374,210	
Other Salaries & Wages	170,198	
Certified Substitute Teachers	258,485	
Social Security	723,226	
State Retirement	640,926	
Life Insurance	25,450	
Medical Insurance	1,912,819	
Employer Medicare	169,136	
Other Fringe Benefits	40,309	
Instructional Supplies and Materials	153,008	
Textbooks	143,319	
Other Supplies and Materials	9,024	
Regular Instruction Equipment	196,724	
Total Regular Instruction Program		\$ 16,339,943

Alternative Instruction Program

Teachers	\$ 121,828	
Career Ladder Program	1,980	
Educational Assistants	10,764	
Social Security	7,918	
State Retirement	6,756	
Life Insurance	261	
Medical Insurance	21,610	
Employer Medicare	1,852	
Total Alternative Instruction Program		172,969

Special Education Program

Teachers	\$ 1,362,261
Career Ladder Program	30,265
Career Ladder Extended Contracts	8,000
Homebound Teachers	27,664
Clerical Personnel	20,981
Educational Assistants	45,399
Other Salaries & Wages	27,714
Certified Substitute Teachers	33,715

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	92,227	
State Retirement		81,193	
Life Insurance		3,338	
Medical Insurance		262,621	
Employer Medicare		21,569	
Other Fringe Benefits		14,273	
Contracts with Private Agencies		12,428	
Maintenance & Repair Services- Equipment		1,812	
Instructional Supplies and Materials		5,839	
Special Education Equipment		1,350	
Total Special Education Program			\$ 2,052,649

Vocational Education Program

Teachers	\$	1,024,063	
Career Ladder Program		24,990	
Career Ladder Extended Contracts		4,000	
Certified Substitute Teachers		25,272	
Social Security		62,951	
State Retirement		57,919	
Life Insurance		2,406	
Medical Insurance		197,475	
Employer Medicare		14,723	
Maintenance & Repair Services- Equipment		5,325	
Instructional Supplies and Materials		21,171	
Vocational Instruction Equipment		21,302	
Total Vocational Education Program			1,461,597

Adult Education Program

Teachers	\$	57,638	
Other Salaries & Wages		12,186	
Social Security		4,329	
State Retirement		152	
Employer Medicare		1,012	
Instructional Supplies and Materials		5,272	
Total Adult Education Program			80,589

Support Services

Attendance

Supervisor/Director	\$	33,483	
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(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	3,000	
Clerical Personnel		12,802	
Social Security		2,987	
State Retirement		2,758	
Life Insurance		84	
Medical Insurance		4,625	
Employer Medicare		699	
Total Attendance			\$ 60,438

Health Services

Medical Personnel	\$	48,050	
Social Security		2,566	
State Retirement		2,666	
Life Insurance		134	
Medical Insurance		16,547	
Employer Medicare		600	
Travel		2,601	
Drugs and Medical Supplies		237	
Total Health Services			73,401

Other Student Support

Career Ladder Program	\$	11,525	
Guidance Personnel		462,462	
Career Ladder Extended Contracts		4,000	
School Resource Officer		49,931	
Social Security		31,331	
State Retirement		28,915	
Life Insurance		1,076	
Medical Insurance		72,789	
Employer Medicare		7,327	
Evaluation and Testing		19,747	
Total Other Student Support			689,103

Regular Instruction Program

Supervisor/Director	\$	162,585
Career Ladder Program		7,700
Career Ladder Extended Contracts		5,000
Librarians		372,692
Materials Supervisor		64,495

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Instructional Computer Personnel	\$	83,965	
Secretary(s)		25,604	
Clerical Personnel		16,127	
Educational Assistants		15,628	
Other Salaries & Wages		1,535	
Social Security		45,189	
State Retirement		40,326	
Life Insurance		1,340	
Medical Insurance		101,224	
Employer Medicare		10,568	
Maintenance & Repair Services- Equipment		29,931	
Travel		14,201	
Library Books/Media		38,604	
Other Supplies and Materials		5,939	
In Service/Staff Development		6,369	
Other Charges		27,118	
Other Equipment		19,722	
Total Regular Instruction Program			\$ 1,095,862

Special Education Program

Supervisor/Director	\$	66,965	
Career Ladder Program		3,000	
Psychological Personnel		48,552	
Clerical Personnel		45,369	
Social Security		9,908	
State Retirement		9,189	
Life Insurance		284	
Medical Insurance		12,717	
Employer Medicare		2,317	
Maintenance & Repair Services- Equipment		3,122	
Travel		5,585	
Other Supplies and Materials		525	
Other Charges		10,329	
Total Special Education Program			217,862

Vocational Education Program

Supervisor/Director	\$	66,965
Career Ladder Program		2,000
Career Ladder Extended Contracts		2,000

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(s)	\$	25,604	
Social Security		5,865	
State Retirement		5,406	
Life Insurance		139	
Medical Insurance		3,706	
Employer Medicare		1,372	
Travel		12,642	
Other Supplies and Materials		1,000	
Other Charges		2,194	
Total Vocational Education Program			\$ 128,893

Adult Programs

Supervisor/Director	\$	39,905	
Other Salaries & Wages		4,507	
Social Security		2,672	
State Retirement		2,332	
Employer Medicare		625	
Travel		3,062	
In Service/Staff Development		6,188	
Other Charges		32,994	
Total Adult Programs			92,285

Board of Education

Secretary to Board	\$	6,000	
Other Salaries & Wages		9,490	
Board and Committee Members Fees		18,033	
Social Security		4,300	
State Retirement		1,189	
Life Insurance		560	
Medical Insurance		625	
Employer Medicare		1,006	
Audit Services		9,500	
Dues and Memberships		5,952	
Legal Services		36,907	
Travel		63,996	
Other Contracted Services		3,250	
Liability Insurance		58,094	
Trustee's Commission		190,004	
Workers' Compensation Insurance		218,524	

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Criminal Investigation of Applicants - TBI	\$ 7,344	
Total Board of Education		\$ 634,774

Director of Schools

County Official/Administrative Officer	\$ 88,488	
Assistant(s)	2,000	
Career Ladder Program	3,000	
Secretary(s)	25,604	
Clerical Personnel	20,876	
Other Salaries & Wages	2,400	
Social Security	8,472	
State Retirement	8,252	
Life Insurance	223	
Medical Insurance	6,165	
Unemployment Compensation	16,782	
Employer Medicare	2,090	
Communication	13,598	
Dues and Memberships	2,417	
Postal Charges	4,482	
Travel	6,934	
Other Contracted Services	3,318	
Office Supplies	4,638	
Total Director of Schools		219,739

Office of the Principal

Principals	\$ 818,882	
Career Ladder Program	29,000	
Career Ladder Extended Contracts	6,000	
Assistant Principals	398,772	
Secretary(s)	354,716	
Other Salaries & Wages	54,336	
Social Security	97,147	
State Retirement	92,188	
Life Insurance	3,167	
Medical Insurance	263,968	
Employer Medicare	22,720	
Total Office of the Principal		2,140,896

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Other Charges	\$ 98,684	
Total Fiscal Services	<u>98,684</u>	\$ 98,684

Operation of Plant

Custodial Personnel	\$ 799,014	
Social Security	45,029	
State Retirement	46,335	
Life Insurance	2,695	
Medical Insurance	208,007	
Employer Medicare	10,531	
Other Contracted Services	14,000	
Custodial Supplies	51,867	
Electricity	816,603	
Natural Gas	169,584	
Water and Sewer	164,599	
Building and Contents Insurance	<u>170,501</u>	
Total Operation of Plant		2,498,765

Maintenance of Plant

Supervisor/Director	\$ 31,582	
Maintenance Personnel	230,951	
Social Security	14,753	
State Retirement	15,083	
Life Insurance	670	
Medical Insurance	62,517	
Employer Medicare	3,450	
Maintenance & Repair Services- Buildings	94,761	
Maintenance & Repair Services- Vehicles	792	
Other Contracted Services	3,180	
Other Charges	6,579	
Maintenance Equipment	<u>27,135</u>	
Total Maintenance of Plant		491,453

Transportation

Supervisor/Director	\$ 32,248
Clerical Personnel	12,802
Social Security	2,723
State Retirement	2,525
Life Insurance	515

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical Insurance	\$ 40,637	
Employer Medicare	637	
Contracts with Vehicle Owners	854,026	
Maintenance & Repair Services- Vehicles	367	
Medical and Dental Services	1,590	
Travel	875	
Gasoline	1,364	
Vehicle and Equipment Insurance	70,346	
Other Charges	<u>2,129</u>	
Total Transportation		\$ 1,022,784

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$ 44,290	
Social Security	2,573	
State Retirement	2,600	
Life Insurance	124	
Medical Insurance	8,501	
Employer Medicare	602	
Travel	5,197	
Other Contracted Services	11,108	
Other Supplies and Materials	4,912	
Other Charges	4,079	
Other Equipment	<u>4,744</u>	
Total Community Services		88,730

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$ <u>155,722</u>	
Total Regular Capital Outlay		155,722

Other Debt Service

Education

Other Debt Service	\$ <u>1,000,000</u>	
Total Education		<u>1,000,000</u>

Total General Purpose School Fund \$ 30,817,138

(Continued)

Exhibit D-4

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,350,449	
Educational Assistants	175,301	
Other Salaries & Wages	54,740	
Certified Substitute Teachers	28,545	
Social Security	95,796	
State Retirement	77,287	
Life Insurance	3,035	
Medical Insurance	233,963	
Employer Medicare	22,410	
Instructional Supplies and Materials	159,053	
Other Supplies and Materials	237,409	
Other Charges	2,938	
Regular Instruction Equipment	85,000	
Total Regular Instruction Program		\$ 2,525,926

Special Education Program

Teachers	\$ 107,153	
Educational Assistants	428,425	
Other Salaries & Wages	95,369	
Social Security	35,986	
State Retirement	32,514	
Life Insurance	2,094	
Medical Insurance	153,450	
Employer Medicare	8,416	
Contracts with Private Agencies	132,513	
Maintenance & Repair Services- Equipment	13,019	
Instructional Supplies and Materials	12,456	
Other Supplies and Materials	57,090	
Special Education Equipment	50,000	
Total Special Education Program		1,128,485

Vocational Education Program

Educational Assistants	\$ 26,013
Other Salaries & Wages	10,162
Social Security	2,060
State Retirement	2,086
Life Insurance	145
Medical Insurance	8,607
Employer Medicare	482

(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Instructional Supplies and Materials	\$	54,701	
Other Supplies and Materials		4,868	
Vocational Instruction Equipment		45,457	
Total Vocational Education Program			\$ 154,581

Support Services

Other Student Support

School Resource Officer	\$	18,023	
Other Salaries & Wages		21,401	
Social Security		2,425	
State Retirement		1,256	
Life Insurance		69	
Medical Insurance		8,501	
Employer Medicare		568	
Travel		999	
Other Supplies and Materials		22,352	
Other Charges		9,743	
Other Equipment		24,402	
Total Other Student Support			109,739

Regular Instruction Program

Supervisor/Director	\$	68,000	
Secretary(s)		27,604	
Other Salaries & Wages		130,012	
In-Service Training		9,345	
Social Security		14,251	
State Retirement		11,975	
Life Insurance		319	
Medical Insurance		31,988	
Employer Medicare		3,333	
Consultants		25,000	
Maintenance & Repair Services- Equipment		3,200	
Travel		25,724	
Library Books/Media		31,397	
Other Supplies and Materials		9,669	
In Service/Staff Development		141,257	
Other Charges		6,712	
Other Equipment		11,224	
Total Regular Instruction Program			551,010

(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	164,902	
Other Salaries & Wages		30,550	
Social Security		11,796	
State Retirement		9,428	
Life Insurance		310	
Medical Insurance		19,907	
Employer Medicare		2,759	
Travel		13,904	
In Service/Staff Development		18,475	
Total Special Education Program			\$ 272,031

Vocational Education Program

Consultants	\$	2,625	
Travel		41,449	
Other Supplies and Materials		11,975	
In Service/Staff Development		27,150	
Total Vocational Education Program			83,199

Operation of Plant

Custodial Supplies	\$	243	
Electricity		2,221	
Natural Gas		457	
Water and Sewer		198	
Building and Contents Insurance		262	
Total Operation of Plant			3,381

Maintenance of Plant

Maintenance & Repair Services- Buildings	\$	2,719	
Total Maintenance of Plant			2,719

Total School Federal Projects Fund \$ 4,831,071

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	64,426	
Accountants/Bookkeepers		25,604	
Clerical Personnel		19,825	
Cafeteria Personnel		903,740	

(Continued)

Exhibit D-4

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Salaries & Wages	\$	71,668	
Social Security		62,334	
State Retirement		48,123	
Life Insurance		4,338	
Medical Insurance		218,598	
Unemployment Compensation		1,123	
Employer Medicare		14,578	
Communication		6,847	
Maintenance & Repair Services- Equipment		14,307	
Travel		3,234	
Other Contracted Services		11,241	
Food Preparation Supplies		103,480	
Food Supplies		1,007,357	
Other Supplies and Materials		8,676	
In Service/Staff Development		1,390	
Other Charges		49,931	
Food Service Equipment		328,742	
Total Food Service			\$ <u>2,969,562</u>

Total Central Cafeteria Fund \$ 2,969,562

Total Governmental Funds - Campbell County School Department \$ 38,617,771

SINGLE AUDIT REPORT
CAMPBELL COUNTY, TENNESSEE
AND
CAMPBELL COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2005

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

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor 4

ANDREW WAY, CPA
CHRIS SIZEMORE
AMY MOORE, CGFM
DOUG SANDIDGE, CISA
State Auditors

This report is available at www.comptroller.state.tn.us

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

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

November 4, 2005

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Campbell County, Tennessee, and the financial statements of each major fund of the Campbell County School Department, as of and for the year ended June 30, 2005, which collectively comprise a portion of Campbell County's and the Campbell County School Department's basic financial statements, and have issued our reports thereon dated November 4, 2005. Our reports on the financial statements of Campbell County, Tennessee, and the Campbell 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 auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Campbell County's and the Campbell County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 Campbell County's and the Campbell 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 05.02 and 05.03.

A material weakness is a reportable 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 caused by error or fraud 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 that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell County's and the Campbell County School Department's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01.

We have also noted certain matters that we reported to the management of Campbell County and the Campbell 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.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



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

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

November 4, 2005

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

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

Compliance

We have audited the compliance of Campbell County and the Campbell 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, 2005. Campbell County's and the Campbell 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 Campbell County's and the Campbell County School Department's management. Our responsibility is to express an opinion on Campbell County's and the Campbell County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the 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 Campbell County's and the Campbell 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 Campbell County's and the Campbell County School Department's compliance with those requirements.

In our opinion, Campbell County and the Campbell 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, 2005.

Internal Control Over Compliance

The management of Campbell County and the Campbell 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 Campbell County's and the Campbell 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 the 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 reportable 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 caused by error or fraud 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.

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Campbell County, Tennessee, and the financial statements of each major fund of the Campbell County School Department, as of and for the year ended June 30, 2005, which collectively comprise a portion of Campbell County's and the Campbell County School Department's basic financial statements, and have issued our reports thereon dated November 4, 2005. Our reports on the financial statements of Campbell County, Tennessee, and the Campbell 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 opinions 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 the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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 stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

Campbell County, Tennessee, and the Campbell County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 258,033
Total Passed-through State Department of Agriculture			<u>\$ 258,033</u>
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 472,115
National School Lunch Program	10.555	(2)	1,404,897
Total Passed-through State Department of Education			<u>\$ 1,877,012</u>
Total U.S. Department of Agriculture			<u>\$ 2,135,045</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/States Program	14.228	GG-03-10146-00	\$ 211,592
Total U.S. Department of Housing and Urban Development			<u>\$ 211,592</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Byrne Formula Grant Program	16.579	Z-99-088462-00	\$ 45,984
Total U.S. Department of Justice			<u>\$ 45,984</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation, Aeronautics Division:			
Airport Improvement Program	20.106	Z-04-018932-00	\$ 619,348 (3)
Airport Improvement Program	20.106	Z-03-014238-00	87,561 (3)
Total U.S. Department of Transportation			<u>\$ 706,909</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development	23.001	(2)	\$ 246,824 (4)
Passed through Upper Cumberland Development District:			
Appalachian Regional Development	23.001	(2)	15,000 (4)
Total Appalachian Regional Commission			<u>\$ 261,824</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(2)	\$ 125,834
Title I Grants to Local Educational Agencies	84.010	N/A	1,993,284
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,385,032
Special Education - Preschool Grants	84.173	N/A	52,631
Vocational Education - Basic Grants to States	84.048	N/A	217,779
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	64,804
Innovative Education Program Strategies	84.298	N/A	51,092
Technology Literacy Challenge Fund Grants	84.318	(2)	52,334
Comprehensive School Reform Demonstration	84.332	(2)	100,234
Reading Excellence	84.338	N/A	29,014

(Continued)

Campbell County, Tennessee, and the Campbell 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 State Department of Education (Cont.):			
Reading First State Grants	84.357	(2)	\$ 411,000
Rural Education Achievement Program	84.358	N/A	73,705
Improving Teacher Quality State Grants	84.367	N/A	449,282
Total U.S. Department of Education			\$ 5,006,025
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Job Opportunities and Basic Skills Training	93.561	(2)	\$ 31,960
Total U.S. Department of Health and Human Services			\$ 31,960
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017728-00	\$ 39,998 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020073-00	119,557 (5)
Public Assistance Grants	97.036	Z-05-024710-00	144,547
Community Emergency Response Teams	97.054	Z-03-019261-00	6,074
Total U.S. Department of Homeland Security			\$ 310,176
Total Expenditures of Federal Awards			\$ 8,709,515
<u>State Grants</u>			
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 28,550
Waste Tire Program - State Department of Environment & Conservation	N/A	(2)	17,034
Litter Program - State Department of Transportation	N/A	(2)	6,494
Airport Maintenance - State Department of Transportation	N/A	(2)	102,197
Aging Program - State Commission on Aging	N/A	(2)	8,607
Health Department Programs - State Department of Health	N/A	(2)	335,941
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	9,000
Safe Schools Act - State Department of Education	N/A	(2)	36,514
Early Childhood Education Program - State Department of Education	N/A	(2)	106,424
Families First State Grant - State Department of Labor	N/A	(2)	15,040
Family Resource Center State Grant - State Department of Education	N/A	(2)	59,094
Total State Grants			\$ 724,895

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) - Presented in conformity with general accepted accounting principles using the modified accrual basis of accounting.

(2) - Information not available.

(3) - Total for CFDA No. 20.106 (Airport Improvement Program) was \$706,909.

(4) - Total for CFDA No. 23.001 (Appalachian Regional Development) was \$261,824.

(5) - Total for CFDA No. 97.004 (State Domestic Preparedness Equipment Support Group) was \$159,555.

Campbell County, Tennessee, and the Campbell County School Department
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Campbell County, Tennessee, and the Campbell County School Department for the year ended June 30, 2004, which have not been corrected.

CAMPBELL COUNTY AND CAMPBELL COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.11	20	Accounting records for short-term accounts were not maintained properly in the Office of Circuit and General Sessions Courts Clerk.

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.12	21	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register

**CAMPBELL COUNTY, TENNESSEE, AND THE
CAMPBELL COUNTY SCHOOL DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Campbell County and the Campbell County School Department.
2. The audit of the financial statements of Campbell County and the Campbell County School Department disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Campbell County and the Campbell County School Department.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Airport Improvement Program (CFDA No. 20.106); the Special Education Cluster: the Special Education-Grants to States and the Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173); the Reading First State Grants (CFDA No. 84.357); and the Improving Teacher Quality State Grants (CFDA No. 84.367) 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. Campbell County and the Campbell 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 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.

CAMPBELL COUNTY AND CAMPBELL COUNTY SCHOOL DEPARTMENT

FINDING 05.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing Standards)

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

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

RECOMMENDATION

Campbell County and the Campbell 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 costs 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 CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 05.02 THE DOCKET TRIAL BALANCE AND SUBSIDIARY RECORDS FOR SHORT-TERM ACCOUNTS WERE NOT RECONCILED WITH THE GENERAL LEDGER ACCOUNTS
(Internal Control – Reportable Condition Under Government Auditing Standards)

The clerk did not reconcile the general ledger control accounts with the docket trial balance in Circuit Court, as well as with the subsidiary records of short-term accounts in both Circuit and General Sessions Courts. These reconciliations are necessary to detect posting errors and to ensure that balances are properly reflected in the accounting records.

RECOMMENDATION

Docket trial balances and subsidiary records of short-term accounts should be reconciled with general ledger control accounts monthly.

OTHER FINDING

FINDING 05.03 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, 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 Trustee, County Clerk, 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 receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader’s attention in this report.

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

There were no findings and questioned costs for federal awards.

**CAMPBELL COUNTY, TENNESSEE, AND THE
CAMPBELL COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005**

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.