

**ANNUAL FINANCIAL REPORT
OF
CHEATHAM COUNTY, TENNESSEE
AND
CHEATHAM 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
CHEATHAM COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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

CHEATHAM COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Cheatham County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Cheatham County as of and for the year ended June 30, 2005.

Results

Our report on the aggregately discretely presented component units expresses an adverse opinion because the component units are omitted. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in nine findings and recommendations, which we have reviewed with Cheatham County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The director of accounts and budgets did not maintain accounting records for the Road Department as required by the Fiscal Control Acts of 1957.
- ◆ The office had accounting deficiencies. General ledger debits did not equal credits in the General and Solid Waste/Sanitation Funds. Payroll deduction accounts and the trustee's cash balances were not reconciled with fund accounting records on a current basis. A detailed listing of outstanding purchase orders did not reconcile with the general ledger encumbrance account.
- ◆ Expenditures exceeded appropriations approved by the County Commission at the major category level of control (legal level of control) of the General Fund. Expenditures and encumbrances exceeded total appropriations in the Solid Waste/Sanitation, Education Debt Service, and Unemployment Compensation Funds. The General Fund's actual fund balance at July 1, 2004, exceeded the estimated fund balance presented to the County Commission by \$940,162.
- ◆ The office did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster.

OFFICE OF ROAD SUPERINTENDENT

- ◆ The office had accounting deficiencies. Payroll deduction accounts and the trustee's cash balance were not reconciled with fund accounting records on a current basis. Also, the detailed listing of outstanding purchase orders did not reconcile with the general ledger encumbrance account.
 - ◆ Highway/Public Works Fund expenditures and encumbrances exceeded appropriations approved by the County Commission at the major category level of control.
-

OTHER FINDINGS

- ◆ The general sessions judge allowed contributions to charitable or civic organizations, which were contrary to a state attorney general's opinion.
- ◆ County officials had not held a delinquent property tax sale in recent years.
- ◆ Duties were not segregated adequately among employees in the Ambulance Service and the Offices of Trustee and Sheriff.

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

INTRODUCTORY SECTION

Cheatham County Officials

June 30, 2005

Officials:

William Orange, County Mayor
Jerry Carney, Road Superintendent
Betty Balthrop, Assessor of Property
Dorothy Jones, Trustee
W. J. Hall, County Clerk
Julie Womack, Circuit and General Sessions Courts Clerk
Pam Jenkins, Clerk and Master
Dolores Moulton, Register
John Holder, Sheriff
Frank Luppe, Director of Accounts and Budgets

Board of County Commissioners:

Karl Francis, Chairman	Bill Anderson
Ronnie Davidson	Ricky Burton
Donnie Jordan	Brenda Montgomery
Jack McCanless	Gary Jackson
Ann Jarreau	David Davidson
Carmel Maddox	David McCullough

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

October 25, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Cheatham County primary government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cheatham County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards 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.

The financial statements referred to above include only the primary government of Cheatham County, Tennessee, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the county's legal entity. The financial statements do not include the financial data for the county's legally separate component units (the Cheatham County School Department, the Cheatham County Emergency Communications District, and the Cheatham County Water and Wastewater Authority)

which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government's financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Cheatham County, Tennessee, as of June 30, 2005, and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Cheatham County, Tennessee, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2005, on our consideration of Cheatham County primary government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note IV.B., the primary government of Cheatham 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 management of Cheatham County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The budgetary comparison information on pages 51 through 58 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 basic financial statements of the primary government of Cheatham County, Tennessee. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and

the Education Debt Service 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 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/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Cheatham County, Tennessee
Statement of Net Assets
June 30, 2005

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 2,230
Equity in Pool Cash and Investments	7,700,343
Inventories	3,034
Accounts Receivable	1,454,452
Allowance for Uncollectibles	(515,019)
Taxes Receivable	733,521
Allowance for Uncollectible Taxes	9,277,277
Due from Other Governments	(313,393)
Notes Receivable - Current	13,000
Deferred Charges - Debt Issuance Costs	179,504
Capital Assets:	
Assets Not Depreciated:	
Land	1,071,554
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	5,960,187
Infrastructure	7,661,978
Other Capital Assets	956,759
Total Assets	<u>\$ 34,185,427</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 276,404
Accrued Interest Payable	175,004
Payroll Deductions Payable	62,621
Due To Litigants, Heirs, and Others	1,275
Matured Interest on Bonds	12,211
Deferred Revenue - Current Taxes	8,677,449
Noncurrent Liabilities:	
Due Within One Year	3,868,036
Due In More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	28,328,103
Total Liabilities	<u>\$ 41,401,103</u>

(Continued)

Exhibit A

Cheatham County, Tennessee
Statement of Net Assets (Cont.)

	<u>Primary Government Governmental Activities</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 12,440,243
Restricted for:	
Debt Service	4,128,194
Other Purposes	2,640,740
Unrestricted	<u>(26,424,853)</u>
Total Net Assets	<u>\$ (7,215,676)</u>

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

Exhibit B

Cheatham County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 1,415,417	\$ 729,952	\$ 38,950	\$ 0	\$ (646,515)
Finance	945,763	897,660	11,918	0	(36,185)
Administration of Justice	1,004,707	732,707	72,861	0	(199,139)
Public Safety	4,030,689	377,636	66,275	81,661	(3,505,117)
Public Health and Welfare	2,221,435	907,266	103,417	73,710	(1,137,042)
Social, Cultural and Rec Services	346,183	0	13,000	0	(333,183)
Agriculture & Natural Resources	106,385	0	0	0	(106,385)
Other Operations	455,181	0	15,800	0	(439,381)
Highways/Public Works	2,940,451	800	1,779,871	133,787	(1,025,993)
Education	3,159,467	0	0	0	(3,159,467)
Interest on Long-term Debt	1,597,659	0	0	0	(1,597,659)
Other Debt Service	53,465	0	0	0	(53,465)
Total Governmental Activities	\$ 18,276,802	\$ 3,646,021	\$ 2,102,092	\$ 289,158	\$ (12,239,531)
Total Primary Government	\$ 18,276,802	\$ 3,646,021	\$ 2,102,092	\$ 289,158	\$ (12,239,531)

(Continued)

Exhibit B

Cheatham County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 5,641,187
Property taxes levied for debt service					3,562,628
Local option sales tax					1,187,178
Other local taxes					4,010,314
Grants & contributions not restricted for specific programs					831,956
Unrestricted investment earnings					411,421
Gain on sale of capital assets					29,737
Total General Revenues					<u>\$ 15,674,421</u>
Change in net assets					\$ 3,434,890
Net assets, July 1, 2004					<u>(10,650,566)</u>
Net assets, June 30, 2005					<u><u>\$ (7,215,676)</u></u>

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	Education Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 1,000	\$ 0	\$ 0	\$ 1,230	\$ 2,230
Equity in Pooled Cash and Investments	2,786,369	2,029,653	1,141,024	1,743,297	7,700,343
Inventories	3,034	0	0	0	3,034
Accounts Receivable	1,278,691	9,516	143,765	22,480	1,454,452
Allowance for Uncollectibles	(515,019)	0	0	0	(515,019)
Due from Other Governments	100,194	428,330	204,997	0	733,521
Due from Other Funds	43,643	0	777,500	0	821,143
Property Taxes Receivable	4,257,337	470,619	3,503,500	1,045,821	9,277,277
Allowance for Uncollectible Property Taxes	(147,703)	(15,533)	(115,638)	(34,519)	(313,393)
Notes Receivable - Current	0	0	0	13,000	13,000
Total Assets	\$ 7,807,546	\$ 2,922,585	\$ 5,655,148	\$ 2,791,309	\$ 19,176,588

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	\$ 139,929	\$ 65,676	\$ 13,244	\$ 57,555	\$ 276,404
Payroll Deductions Payable	20,800	41,649	0	172	62,621
Due to Other Funds	777,500	0	0	43,643	821,143
Due to Litigants, Heirs, and Others	0	0	0	1,275	1,275
Matured Interest on Bonds	0	0	12,211	0	12,211
Deferred Revenue - Current Property Taxes	3,971,036	441,226	3,284,684	980,503	8,677,449
Deferred Revenue - Delinquent Property Taxes	115,432	11,522	85,774	25,959	238,687
Other Deferred Revenues	633,396	143,096	121,966	0	898,458
Total Liabilities	\$ 5,658,093	\$ 703,169	\$ 3,517,879	\$ 1,109,107	\$ 10,988,248

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	Education Debt Service	Funds Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>					
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 200,429	\$ 118,000	\$ 0	\$ 3,043	\$ 321,472
Reserved for Alcohol and Drug Treatment	23,348	0	0	0	23,348
Reserved for Litter Enforcement Awards	21,005	0	0	0	21,005
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	211,906	0	0	0	211,906
Reserved for Sexual Offender Registration	1,080	0	0	0	1,080
Reserved for Computer System - Register	13,347	0	0	0	13,347
Reserved for Automation Purposes - Circuit Court	1,510	0	0	0	1,510
Reserved for Automation Purposes - General Sessions Court	18,346	0	0	0	18,346
Reserved for Automation Purposes - Chancery Court	948	0	0	0	948
Reserved for Automation Purposes - Sheriff	359	0	0	0	359
Unreserved, Reported In:					
General Fund	1,657,175	0	0	0	1,657,175
Special Revenue Funds	0	2,101,416	0	274,623	2,376,039
Debt Service Funds	0	0	2,137,269	1,404,536	3,541,805
Total Fund Balances	<u>\$ 2,149,453</u>	<u>\$ 2,219,416</u>	<u>\$ 2,137,269</u>	<u>\$ 1,682,202</u>	<u>\$ 8,188,340</u>
Total Liabilities and Fund Balances	<u>\$ 7,807,546</u>	<u>\$ 2,922,585</u>	<u>\$ 5,655,148</u>	<u>\$ 2,791,309</u>	<u>\$ 19,176,588</u>

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

Exhibit C-2

Cheatham County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 8,188,340
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,650,478
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(32,191,639)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>1,137,145</u>
Net assets of governmental activities (Exhibit A)	<u>\$ (7,215,676)</u>

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

Exhibit D-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	Education Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 6,553,536	\$ 811,411	\$ 6,353,377	\$ 0	\$ 1,215,359	\$ 14,933,683
Licenses and Permits	314,346	0	64,309	0	0	378,655
Fines, Forfeitures and Penalties	218,994	0	0	0	42,717	261,711
Charges for Current Services	782,734	5,051	0	0	127,741	915,526
Other Local Revenues	576,874	2,489	5,727	0	115,275	700,365
Fees Received from County Officials	1,665,429	0	0	0	0	1,665,429
State of Tennessee	550,402	1,831,972	67,536	0	29,555	2,479,465
Federal Government	101,281	0	0	0	0	101,281
Other Governments and Citizens Groups	143,340	0	0	0	0	143,340
Total Revenues	\$ 10,906,936	\$ 2,650,923	\$ 6,490,949	\$ 0	\$ 1,530,647	\$ 21,579,455
<u>Expenditures</u>						
Current:						
General Government	\$ 1,073,915	\$ 0	\$ 96,208	\$ 0	\$ 141,704	\$ 1,311,827
Finance	944,434	0	0	0	0	944,434
Administration of Justice	1,006,264	0	0	0	0	1,006,264
Public Safety	3,775,950	0	0	0	80,159	3,856,109
Public Health and Welfare	1,508,481	0	0	0	928,762	2,437,243
Social, Cultural, and Recreational Services	314,812	0	0	0	0	314,812
Agricultural and Natural Resources	105,452	0	0	0	0	105,452
Other Operations	450,035	0	0	0	4,747	454,782
Highways	0	2,506,215	0	0	0	2,506,215
Capital Outlay	0	0	0	3,159,467	0	3,159,467
Debt Service:						
Principal	0	60,084	9,865,614	0	339,053	10,264,751
Interest	0	6,619	1,444,995	0	84,600	1,536,214
Other Debt Service	0	0	192,148	0	1,302	193,450
Capital Projects	1,082,501	0	0	0	0	1,082,501
Total Expenditures	\$ 10,261,844	\$ 2,572,918	\$ 11,598,965	\$ 3,159,467	\$ 1,580,327	\$ 29,173,521
Excess (Deficiency) of Revenues Over Expenditures	\$ 645,092	\$ 78,005	\$ (5,108,016)	\$ (3,159,467)	\$ (49,680)	\$ (7,594,066)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 221,526	\$ 0	\$ 221,526

(Continued)

Exhibit D-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Capital Leases Issued	\$ 0	\$ 123,974	\$ 0	\$ 0	\$ 0	\$ 123,974
Refunding Debt Issued	0	0	9,605,000	0	0	9,605,000
Other Loans Issued	0	0	0	2,937,941	0	2,937,941
Transfers In	0	0	777,500	0	217,800	995,300
Transfers Out	(995,300)	0	0	0	0	(995,300)
Payments to Refunded Debt Escrow Agent	0	0	(9,440,986)	0	0	(9,440,986)
Total Other Financing Sources (Uses)	<u>\$ (995,300)</u>	<u>\$ 123,974</u>	<u>\$ 941,514</u>	<u>\$ 3,159,467</u>	<u>\$ 217,800</u>	<u>\$ 3,447,455</u>
Net Change in Fund Balances	\$ (350,208)	\$ 201,979	\$ (4,166,502)	\$ 0	\$ 168,120	\$ (4,146,611)
Fund Balance, July 1, 2004	2,499,661	2,017,437	6,303,771	0	1,514,082	12,334,951
Fund Balance, June 30, 2005	<u>\$ 2,149,453</u>	<u>\$ 2,219,416</u>	<u>\$ 2,137,269</u>	<u>\$ 0</u>	<u>\$ 1,682,202</u>	<u>\$ 8,188,340</u>

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

Exhibit D-2

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

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ (4,146,611)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,533,914
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(855,704)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,497
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,916,974
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(23,180)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 3,434,890</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 806,388
Due from Other Governments	<u>336,194</u>
Total Assets	<u>\$ 1,142,582</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 336,194
Due to Litigants, Heirs, and Others	<u>806,388</u>
Total Liabilities	<u>\$ 1,142,582</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Cheatham County is a public municipal corporation governed by an elected 12-member board. As required by GAAP, Cheatham County's (the primary government) financial statements should include its component units; however, the Cheatham County School Department did not prepare government-wide financial statements, and the Cheatham County Water and Wastewater Authority's and the Cheatham County Emergency Communications District's financial statements were not available from other auditors in time for inclusion in this report.

Blended Component Units – There are no legally separate component units of Cheatham 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. These entities would have been presented as separate columns in the financial statements of this report to emphasize that they are legally separate from the county.

The Cheatham County School Department operates the public school system in the county, and the voters of Cheatham 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. As noted above, the School Department has not prepared government-wide financial statements to include in this report.

The Cheatham County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cheatham County, and the Cheatham 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 financial statements of the Cheatham County

Emergency Communications District were not available from other auditors in time for inclusion in the financial statements of this report.

The Cheatham County Water and Wastewater Authority provides water and wastewater treatment services for industries in the Cheatham County Industrial Park and to some county schools, and the Cheatham County Commission appoints its governing body. The authority is funded primarily from user service fees. The financial statements of the Cheatham County Water and Wastewater Authority were not available from other auditors in time for inclusion in the financial statements of this report.

The Cheatham County School Department, the Cheatham County Emergency Communications District, and the Cheatham County Water and Wastewater Authority issue separate financial statements from those of the county. The School Department's financial statements are published as a separate report, but under the same cover as the county's financial statements. The Cheatham County Emergency Communications District's and the Cheatham County Water and Wastewater Authority's financial statements are published as separate reports. Although required by GAAP, the financial statements of the Cheatham County Emergency Communications District and the Cheatham County Water and Wastewater Authority were not available in time for inclusion, as previously mentioned. Complete financial statements of the Cheatham County Emergency Communications District and the Cheatham County Water and Wastewater Authority can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Cheatham County Emergency Communications District
P. O. Box 682
Ashland City, TN 37015

Cheatham County Water and Wastewater Authority
100 Public Square
Suite 115
Ashland City, TN 37015

Related Organization – The Cheatham County Industrial Development Board is a related organization of Cheatham County. The county's officials are responsible for appointing the members of the board, but the county's accountability for this organization does not extend beyond making the appointments. During the year ended June 30, 2005, the county did not appropriate any operating subsidies to the Cheatham County Industrial Development Board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Cheatham County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Cheatham County issues all debt for the discretely presented Cheatham County School Department. Net debt issues (\$3,159,467) were contributed by the county to the School Department during the year ended June 30, 2005.

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Cheatham 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, Cheatham 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 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. Cheatham 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 debt service funds for payments to be made early in the following year.

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

Cheatham County reports the following major governmental funds:

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

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

Education 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.

Education Capital Projects Fund – This fund accounts for debt issued by Cheatham County that is subsequently contributed to the discretely presented Cheatham County School Department for construction and renovation projects.

Additionally, Cheatham 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 Cheatham 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.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables

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

All ambulance and property tax receivables are shown with an allowance for uncollectibles. Accounts receivable in the General Fund are 86 percent ambulance receivables and 14 percent other receivables. Ambulance receivables' allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of

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

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

3. Inventories

Inventories in the General Fund consist of expendable supplies held for consumption and are valued at cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (infrastructure \$50,000) or more and an estimated useful life exceeding five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Land Improvements	10-20
Other Capital Assets	5-10
Infrastructure	20-40

5. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation (with the exception of the Offices of County Clerk, Circuit and General Sessions Courts Clerk, and Register) and sick pay benefits. There is no liability for unpaid accumulated sick leave (with the exception of the Road Department) since Cheatham County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including and 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 and landfill closure and postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

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

As of June 30, 2005, Cheatham County has \$27,948,479 outstanding debt for capital purposes of the discretely presented Cheatham County School Department. The debt is a liability of Cheatham County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Cheatham County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The General Fund reflected the following designations at June 30, 2005:

<u>Designation Purpose</u>	<u>Amount</u>
Capital Purchases	\$ 286,271
Capital Improvements Committee	139,635
Kingston Springs Library	7,643
Parks and Recreation	254,413

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$32,191,639 difference are as follows:

Bonds payable	\$ (21,420,000)
Accrued interest payable	(175,004)
Notes payable	(1,034,340)
Capital leases payable	(209,645)
Other loans payable	(8,494,729)
Landfill closure/postclosure care costs	(1,008,374)
Compensated absences	(576,303)
Deferred amount on refunding	547,252
Deferred charges - debt issuance costs (to be amortized over life of debt)	<u>179,504</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (32,191,639)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Exhibit D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$1,533,914 difference are as follows:

Capital outlay	\$ 2,586,620
Depreciation expense	<u>(1,052,706)</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,533,914</u>
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Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. The details of this \$855,704 difference are as follows:

Donations of capital assets	\$ 133,787
Capital asset disposals	<u>(989,491)</u>

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (855,704)</u>
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Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, notes, leases, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$6,916,974 difference are as follows:

Debt issued or incurred:	
Issuance of capital outlay notes	\$ (221,526)
Issuance of other loans	(2,937,941)
Issuance of capital leases	(123,974)
Issuance of refunding bonds	(9,605,000)
Related items:	
Deferred debt issuance costs	690,664
Payment to refunding agent	8,850,000

Principal repayments:	
Bonds	\$ 2,105,000
Notes	594,203
Capital leases	60,084
Other loans	<u>7,505,464</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,916,974</u>
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Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$23,180 difference are as follows:

Net change in compensated absences	\$ (5,495)
Net change in landfill closure/postclosure care costs	14,500
Net change in accrued interest on notes	2,786
Net change in accrued interest on bonds	<u>(34,971)</u>

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (23,180)</u>
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III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in several major categories (the legal level of control) of the following funds:

<u>Fund/Category</u>	<u>Amount</u>
General:	
County Coroner/Medical Examiner	\$ 1,629
Parks and Fair Boards	52,000
Other Charges	9,371
General Administration Projects	47,398
Highway/Public Works:	
Capital Outlay	19,499
Drug Control:	
Other General Administration	39

Expenditures and encumbrances exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund (\$19,354), the Education Debt Service Fund (\$106,285), and the Unemployment Compensation Fund (\$45,476).

Such overexpenditures are a violation of state statutes. These overexpenditures were funded either by greater than anticipated revenues or by available fund balance.

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

The actual fund balance in the General Fund was \$2,083,548 at July 1, 2004; however, the estimated fund balance reflected in the county's budget was \$1,143,386. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission by \$940,162.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

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.

Investment Balances. As of June 30, 2005, Cheatham County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Cheatham County and the discretely presented Cheatham County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 1,347,158

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cheatham County has no investment policy that would further limit its investment choices. As of June 30, 2005, Cheatham County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable

The General Debt Service Fund had notes receivable (\$13,000) on June 30, 2005, from financing projects for the discretely presented Cheatham County Emergency Communications District.

C. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,059,257	\$ 12,297	\$ 0	\$ 1,071,554
Construction in Progress	448,760	535,154	(983,914)	0
Total Capital Assets Not Depreciated	<u>\$ 1,508,017</u>	<u>\$ 547,451</u>	<u>\$ (983,914)</u>	<u>\$ 1,071,554</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,498,285	\$ 1,654,618	\$ 0	\$ 9,152,903
Infrastructure	16,053,243	122,400	0	16,175,643
Other capital assets	4,570,164	395,938	(192,428)	4,773,674
Total Capital Assets Depreciated	<u>\$ 28,121,692</u>	<u>\$ 2,172,956</u>	<u>\$ (192,428)</u>	<u>\$ 30,102,220</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,965,671	\$ 227,045	\$ 0	\$ 3,192,716
Infrastructure	8,004,074	509,591	0	8,513,665
Other capital assets	3,687,696	316,070	(186,851)	3,816,915
Total Accumulated Depreciation	<u>\$ 14,657,441</u>	<u>\$ 1,052,706</u>	<u>\$ (186,851)</u>	<u>\$ 15,523,296</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,464,251</u>	<u>\$ 1,120,250</u>	<u>\$ (5,577)</u>	<u>\$ 14,578,924</u>
Capital Assets, Net	<u><u>\$ 14,972,268</u></u>	<u><u>\$ 1,667,701</u></u>	<u><u>\$ (989,491)</u></u>	<u><u>\$ 15,650,478</u></u>

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

Governmental Activities:

General Government	\$	78,433
Public Safety		213,954
Public Health and Welfare		116,920
Social, Cultural, and Recreational Services		32,797
Highway/Public Works		<u>610,602</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,052,706</u></u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Drug Control	\$ 43,643
Education Debt Service	General	777,500

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenses occur and payment 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>	
	Education Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 777,500	\$ 217,800
Total	<u>\$ 777,500</u>	<u>\$ 217,800</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Leases

Cheatham County has entered into various capital leases for the purchase of highway equipment as follows:

<u>Asset Description</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>		<u>Lease Issuance Date</u>	<u>Last Payment Date</u>
Dump Truck	\$ 79,995	4.09	%	6-27-02	7-16-06
Tractor/Mower	56,730	4.05		10-1-02	1-21-08
Tractors/Mowers	71,800	4.95		3-1-03	3-21-08
Dump Truck	42,500	6.37		2-14-05	1-14-09
Two Tractors	81,474	5.15		4-15-05	4-15-10

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2006	\$ 77,961
2007	60,546
2008	49,531
2009	25,460
2010	15,417
Total Minimum Lease Payments	\$ 228,915
Amounts Representing Interest	(19,270)
Present Value of Minimum Lease Payments	<u>\$ 209,645</u>

F. Long-term Debt

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were

issued for original terms of up to 25 years for bonds, up to 20 years for other loans, and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, capital outlay notes, and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service and Education Debt Service Funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	2.7 to 6.75%	\$ 31,500,000	\$ 11,590,000
General Obligation Bonds - Refunding	2 to 9	10,295,000	9,830,000
Capital Outlay Notes	3 to 5.95	1,178,500	1,034,340
Other Loans	variable	17,225,087	8,494,729
Capital Leases	4.05 to 6.37	332,499	209,645

In prior years, Cheatham County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority has loaned \$7,040,703, \$2,262,948, and \$7,921,436 to Cheatham County for various renovation and construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2005, the variable interest rates were 2.39 percent on the \$7,040,703 and \$2,262,948 loans, and 2.18 percent on the \$7,921,436 loan; and other fees based on the outstanding loan principal amounted to approximately .2 percent on the \$7,040,703 loan, .15 percent on the \$2,262,948 and \$7,921,436 loans (letter of credit); .08 percent (remarketing fee); and \$100 per month per loan (trustee fee).

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 2,345,000	\$ 908,336	\$ 147,710	\$ 50,456
2007	990,000	800,211	151,400	43,061
2008	1,035,000	748,417	160,230	36,974
2009	1,100,000	700,889	60,000	32,610
2010	1,075,000	662,164	65,000	29,640
2011-2015	6,235,000	2,687,757	365,000	93,064
2016-2020	6,690,000	1,343,635	85,000	5,056
2021-2022	1,950,000	137,094	0	0
Total	\$ 21,420,000	\$ 7,988,503	\$ 1,034,340	\$ 290,861

Year Ending June 30	Other Loans (\$7,040,703)			
	Principal	Interest	Other Fees	Total
2006	\$ 303,253	\$ 136,894	\$ 17,238	\$ 457,385
2007	318,416	129,646	16,389	464,451
2008	334,337	122,036	15,497	471,870
2009	351,054	114,045	14,561	479,660
2010	368,606	105,655	13,578	487,839
2011-2015	2,632,591	432,715	57,895	3,123,201
2016-2019	1,419,518	63,971	10,995	1,494,484
Total	\$ 5,727,775	\$ 1,104,962	\$ 146,152	\$ 6,978,890

Year Ending June 30	Other Loans (\$2,262,948)			
	Principal	Interest	Other Fees	Total
2006	\$ 100,318	\$ 45,583	\$ 5,587	\$ 151,487
2007	105,334	43,185	5,356	153,875
2008	110,600	40,668	5,114	156,381
2009	116,130	38,024	4,859	159,014
2010	121,937	35,249	4,592	161,778
2011-2015	707,468	129,504	18,463	855,435
2016-2019	645,439	37,481	8,307	691,227
Total	\$ 1,907,226	\$ 369,693	\$ 52,278	\$ 2,329,197

Year Ending June 30	Other Loans (\$7,921,436)			
	Principal	Interest	Other Fees	Total
2006	\$ 859,728	\$ 18,742	\$ 3,191	\$ 881,661
Total	\$ 859,728	\$ 18,742	\$ 3,191	\$ 881,661

There is \$1,404,536 available in the General Debt Service Fund and \$2,137,269 in the Education Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$596, based on the 2000 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases, amounted to \$868, 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:

Governmental Activities	Bonds	Notes	Other Loans
Balance, July 1, 2004	\$ 22,770,000	\$ 1,407,017	\$ 13,062,252
Additions	9,605,000	221,526	2,937,941
Deductions	(10,955,000)	(594,203)	(7,505,464)
Balance, June 30, 2005	\$ 21,420,000	\$ 1,034,340	\$ 8,494,729
Balance Due Within One Year	\$ 2,345,000	\$ 147,710	\$ 1,263,299

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2004	\$ 145,755	\$ 570,808	\$ 1,022,874
Additions	123,974	819,029	0
Deductions	(60,084)	(813,534)	(14,500)
Balance, June 30, 2005	\$ 209,645	\$ 576,303	\$ 1,008,374
Balance Due Within One Year	\$ 69,212	\$ 28,815	\$ 14,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 32,743,391
Less: Due Within One Year	(3,868,036)
Less: Deferred Amount on Refunding	(547,252)

Noncurrent Liabilities - Due In More Than One Year - Exhibit A	\$ 28,328,103
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Compensated absences payable will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Advance Refunding

On September 15, 2004, Cheatham County advance refunded several general obligation bond issues with a separate general obligation bond issue. The county issued \$9,605,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county’s long-term debt. As a result of the advance refunding, total debt service payments over the next 18 years will be reduced by \$439,708, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$336,393 was obtained.

G. Short-term Debt

Cheatham County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General and Solid Waste/Sanitation Funds. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Tax Anticipation Notes	\$ 0	\$ 1,100,000	\$ (1,100,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Cheatham 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 TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 for each insured event.

Cheatham County purchases its employees’ health insurance through the State of Tennessee’s Group Insurance Program.

B. Accounting Change

During the year, Cheatham 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. Subsequent Events

On August 15, 2005, Cheatham County authorized a \$1,000,000 tax anticipation note for the General Fund for temporary operating funds.

Frank Luppe, Director of Accounts and Budgets, resigned August 31, 2005, and was succeeded by Tara Patterson effective September 19, 2005.

On September 8, 2005, county's General Debt Service Fund issued a \$500,000 tax anticipation note to the discretely presented Cheatham County School Department's General Purpose School Fund for temporary operating funds.

On September 28, 2005, Cheatham County issued \$175,000 in capital outlay notes for renovation of the nursing home.

On September 29, 2005, Cheatham County issued \$400,000 in capital outlay notes for acquisition and installation of an emergency communications tower.

On October 17, 2005, Cheatham County authorized \$696,050 in capital outlay notes for purchasing school buses.

D. Contingent Liabilities

The county's attorney advised that there were no pending lawsuits against the county at June 30, 2005.

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs generally are paid only near or after the date that the landfill stops accepting waste, a portion of these closure and postclosure care costs are recorded as a liability in each accounting period based on landfill capacity used as of each balance sheet date. Cheatham County stopped accepting waste during March 1994 and has contracted its waste management to a private vendor. The \$1,008,374 reported as landfill closure and postclosure liability at June 30, 2005, represents the cumulative amount recorded to date based on landfill capacity used. Dollar estimates are based on what it would cost to perform all closure

and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Cheatham County Joint Economic and Community Development Board is a joint venture between Cheatham County and the cities of Ashland City, Kingston Springs, Pegram, and Pleasant View. The board comprises the county mayor, city mayors, and eight additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. Cheatham County did not appropriate any funds to the Cheatham County Joint Economic and Community Development Board during the 2004-05 year.

The Twenty-Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general and the sheriffs and police chiefs of participating law enforcement agencies within the judicial district. Cheatham County made no contributions to the DTF for the year ended June 30, 2005.

G. Jointly Governed Organization

The Cheatham County Rail Authority was created by the county in conjunction with Metropolitan Davidson County. The Cheatham County Rail Authority's board includes seven members. Five members are appointed by the Cheatham County Commission, and two members are appointed by Metropolitan Davidson County. Cheatham County did not appropriate any funds to the authority for the year ended June 30, 2005. Funding sources for the Cheatham County Rail Authority are grants, freight service fees, interest, and private contributions.

H. Retirement Commitments

Plan Description

Employees of Cheatham 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 ten 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 ten 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 Cheatham 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

Cheatham 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 4.05 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cheatham County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Cheatham County's annual pension cost of \$389,562 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. Cheatham 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 Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$389,562	100%	\$0
6-30-04	316,141	100	0
6-30-03	334,537	100	0

Required Supplementary Information

Schedule of Funding Progress for Cheatham County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$16,900	\$17,184	\$284	98.35%	\$11,074	2.56%
6-30-01	14,790	15,208	418	97.25	10,222	4.09
6-30-99	12,579	13,155	576	95.62	9,678	5.95

I. Office of Central Accounting and Budgeting

Cheatham County operates under the central accounting and budgeting provisions of the Fiscal Control Acts of 1957 for funds administered by the county mayor and the road superintendent. These funds were maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

J. Purchasing Laws

Offices of County Mayor and Road Superintendent

Purchasing procedures for these offices are governed by Chapter 250, Private Acts of 1933, and the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). Purchasing procedures for the Road Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. Chapter 250, Private Acts of 1933, provides for the establishment of a Purchasing Commission whose responsibility is to establish guidelines for bid requirements and purchasing procedures and to

keep a record of all purchases. The County Purchasing Law of 1983 provides for purchases exceeding \$5,000 and the Uniform Road Law provides for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. In January 1987, the County Commission adopted a resolution requiring all purchases exceeding \$50 to be authorized by department heads and requiring the department head to obtain a purchase order issued by the director of accounts and budgets.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Cheatham 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	\$ 6,553,536	\$ 0	\$ 0	\$ 6,553,536	\$ 6,205,826	\$ 6,205,826	\$ 347,710
Licenses and Permits	314,346	0	0	314,346	320,950	320,950	(6,604)
Fines, Forfeitures and Penalties	218,994	0	0	218,994	265,000	265,000	(46,006)
Charges for Current Services	782,734	0	0	782,734	667,901	667,901	114,833
Other Local Revenues	576,874	0	0	576,874	419,341	442,626	134,248
Fees Received from County Officials	1,665,429	0	0	1,665,429	1,714,000	1,714,000	(48,571)
State of Tennessee	550,402	0	0	550,402	578,047	578,047	(27,645)
Federal Government	101,281	0	0	101,281	43,359	84,994	16,287
Other Governments and Citizens Groups	143,340	0	0	143,340	47,000	79,583	63,757
Total Revenues	\$ 10,906,936	\$ 0	\$ 0	\$ 10,906,936	\$ 10,261,424	\$ 10,358,927	\$ 548,009
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 81,959	\$ 0	\$ 0	\$ 81,959	\$ 82,061	\$ 82,061	\$ 102
Other Boards and Committees	149	0	0	149	1,000	1,000	851
County Mayor	148,269	(7,079)	376	141,566	150,809	144,529	2,963
Personnel Office	51,817	0	1,605	53,422	55,642	54,642	1,220
Election Commission	106,992	0	0	106,992	111,173	111,173	4,181
Register of Deeds	147,787	0	5,638	153,425	160,825	155,525	2,100
Planning	182,751	(348)	4,100	186,503	199,341	188,637	2,134
County Buildings	354,191	(2,386)	3,798	355,603	381,148	370,058	14,455
<u>Finance</u>							
Accounting and Budgeting	242,837	0	11,866	254,703	252,642	259,725	5,022
Property Assessor's Office	232,361	0	0	232,361	247,310	241,810	9,449
Reappraisal Program	38,138	0	0	38,138	39,523	38,627	489
County Trustee's Office	160,578	0	0	160,578	164,262	164,262	3,684
County Clerk's Office	270,520	(42)	0	270,478	280,866	280,866	10,388

(Continued)

Exhibit F-1

Cheatham 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>Administration of Justice</u>							
Circuit Court	\$ 367,626	\$ (968)	\$ 283	\$ 366,941	\$ 361,874	\$ 371,917	\$ 4,976
General Sessions Court	102,127	0	0	102,127	104,630	104,630	2,503
Chancery Court	179,991	(268)	0	179,723	176,080	181,897	2,174
Juvenile Court	241,633	(450)	83	241,266	261,477	249,023	7,757
Other Administration of Justice	114,887	0	36	114,923	100,600	124,761	9,838
<u>Public Safety</u>							
Sheriff's Department	1,614,695	(19,337)	1,934	1,597,292	1,697,165	1,667,048	69,756
Jail	1,212,592	(999)	344	1,211,937	1,164,137	1,236,137	24,200
Fire Prevention and Control	200,000	0	0	200,000	200,000	200,000	0
Rural Fire Protection	210,189	0	0	210,189	222,887	222,887	12,698
Other Emergency Management	122,398	(2,254)	9,187	129,331	68,166	132,011	2,680
County Coroner/Medical Examiner	34,624	0	0	34,624	28,600	32,995	(1,629)
Other Public Safety	381,452	0	0	381,452	389,804	386,404	4,952
<u>Public Health and Welfare</u>							
Local Health Center	51,902	(25,227)	0	26,675	61,508	61,508	34,833
Rabies and Animal Control	44,059	0	881	44,940	78,205	75,578	30,638
Ambulance/Emergency Medical Services	1,289,663	(2,494)	0	1,287,169	1,311,009	1,325,448	38,279
Nursing Home	18,691	0	0	18,691	0	18,750	59
Crippled Children Services	1,575	0	0	1,575	1,575	1,575	0
Other Local Health Services	31,512	0	0	31,512	32,211	32,211	699
Regional Mental Health Center	7,500	0	0	7,500	7,500	7,500	0
General Welfare Assistance	28,300	0	0	28,300	32,000	28,300	0
Sanitation Education/Information	35,279	0	200	35,479	36,876	36,876	1,397
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	27,833	0	0	27,833	32,000	32,000	4,167
Libraries	176,979	(3,894)	1,961	175,046	167,066	185,026	9,980

(Continued)

Exhibit F-1

Cheatham 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>Social, Cultural and Recreational Services (Cont.)</u>							
Parks and Fair Boards	\$ 110,000	\$ 0	\$ 0	\$ 110,000	\$ 58,000	\$ 58,000	\$ (52,000)
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	77,207	(3,264)	0	73,943	75,796	77,189	3,246
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	27,245	0	0	27,245	29,848	30,700	3,455
<u>Other Operations</u>							
Other Economic and Community Development	73,874	0	5,000	78,874	68,884	84,684	5,810
Veterans' Services	1,517	0	0	1,517	1,991	1,991	474
Other Charges	129,371	0	0	129,371	120,000	120,000	(9,371)
Contributions to Other Agencies	21,055	0	0	21,055	21,167	21,167	112
Employee Benefits	15,092	0	0	15,092	25,000	27,000	11,908
Miscellaneous	209,126	0	0	209,126	213,043	216,644	7,518
<u>Capital Projects</u>							
General Administration Projects	1,082,501	(347,103)	153,137	888,535	421,028	841,137	(47,398)
Total Expenditures	\$ 10,261,844	\$ (416,113)	\$ 200,429	\$ 10,046,160	\$ 9,697,729	\$ 10,286,909	\$ 240,749
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 645,092	\$ 416,113	\$ (200,429)	\$ 860,776	\$ 563,695	\$ 72,018	\$ 788,758
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 375,000	\$ (375,000)
Transfers Out	(995,300)	0	0	(995,300)	(579,808)	(797,608)	(197,692)
Total Other Financing Sources (Uses)	\$ (995,300)	\$ 0	\$ 0	\$ (995,300)	\$ (579,808)	\$ (422,608)	\$ (572,692)

(Continued)

Exhibit F-1

Cheatham 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	
Net Change in Fund Balance	\$ (350,208)	\$ 416,113	\$ (200,429)	\$ (134,524)	\$ (16,113)	\$ (350,590)	\$ 216,066
Fund Balance, July 1, 2004	2,499,661	(416,113)	0	2,083,548	1,143,386	1,143,386	940,162
Fund Balance, June 30, 2005	\$ 2,149,453	\$ 0	\$ (200,429)	\$ 1,949,024	\$ 1,127,273	\$ 792,796	\$ 1,156,228

Exhibit F-2

Cheatham 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	\$ 811,411	\$ 0	\$ 0	\$ 811,411	\$ 758,400	\$ 758,400	\$ 53,011
Charges for Current Services	5,051	0	0	5,051	5,100	5,100	(49)
Other Local Revenues	2,489	0	0	2,489	12,900	12,900	(10,411)
State of Tennessee	1,831,972	0	0	1,831,972	2,478,770	2,478,770	(646,798)
Total Revenues	\$ 2,650,923	\$ 0	\$ 0	\$ 2,650,923	\$ 3,255,170	\$ 3,255,170	\$ (604,247)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 151,134	\$ 0	\$ 0	\$ 151,134	\$ 159,724	\$ 159,724	\$ 8,590
Highway and Bridge Maintenance	1,539,093	(20,500)	118,000	1,636,593	2,495,223	2,495,223	858,630
Operation and Maintenance of Equipment	223,427	(1,050)	0	222,377	297,173	302,173	79,796
Other Charges	122,768	0	0	122,768	122,250	138,250	15,482
Employee Benefits	285,325	0	0	285,325	301,514	301,514	16,189
Capital Outlay	184,468	0	0	184,468	137,698	164,969	(19,499)
<u>Principal</u>							
Highways and Streets	60,084	0	0	60,084	0	60,084	0
<u>Interest</u>							
Highways and Streets	6,619	0	0	6,619	0	6,619	0
Total Expenditures	\$ 2,572,918	\$ (21,550)	\$ 118,000	\$ 2,669,368	\$ 3,513,582	\$ 3,628,556	\$ 959,188
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 78,005	\$ 21,550	\$ (118,000)	\$ (18,445)	\$ (258,412)	\$ (373,386)	\$ 354,941
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 123,974	\$ 0	\$ 0	\$ 123,974	\$ 0	\$ 123,974	\$ 0
Total Other Financing Sources (Uses)	\$ 123,974	\$ 0	\$ 0	\$ 123,974	\$ 0	\$ 123,974	\$ 0

(Continued)

Exhibit F-2

Cheatham 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	\$ 201,979	\$ 21,550	\$ (118,000)	\$ 105,529	\$ (258,412)	\$ (249,412)	\$ 354,941
Fund Balance, July 1, 2004	2,017,437	(21,550)	0	1,995,887	1,995,887	1,995,887	0
Fund Balance, June 30, 2005	\$ 2,219,416	\$ 0	\$ (118,000)	\$ 2,101,416	\$ 1,737,475	\$ 1,746,475	\$ 354,941

CHEATHAM COUNTY, TENNESSEE
NOTES TO THE 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. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

<u>Fund/Category</u>	<u>Amount</u>
General:	
County Coroner/Medical Examiner	\$ 1,629
Parks and Fair Boards	52,000
Other Charges	9,371
General Administration Projects	47,398
Highway/Public Works:	
Capital Outlay	19,499

Such overexpenditures are a violation of state statutes. These overexpenditures were funded either by greater than anticipated revenues or by available fund balance.

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

The actual fund balance in the General Fund was \$2,083,548 at July 1, 2004; however, the estimated fund balance reflected in the county's budget was \$1,143,386. Therefore, the actual fund balance was \$940,162 more than the estimated fund balance presented to the County Commission during the budget approval process.

**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.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions of Cheatham County’s recycling/convenience centers.

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.

Unemployment Compensation Fund – The Unemployment Compensation Fund is used to account for transactions of the county’s unemployment compensation plan.

Debt Service Fund

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

Exhibit G-1

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

	Special Revenue Funds						Debt Service Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Unemployment Compensation	Total	General Debt Service	
<u>ASSETS</u>								
Cash	\$ 0	\$ 150	\$ 0	\$ 1,080	\$ 0	\$ 1,230	\$ 0	\$ 1,230
Equity in Pooled Cash and Investments	22,731	215,552	103,497	0	22,087	363,867	1,379,430	1,743,297
Accounts Receivable	2,436	6,394	2,648	195	0	11,673	10,807	22,480
Property Taxes Receivable	0	784,365	0	0	0	784,365	261,456	1,045,821
Allowance for Uncollectible Property Taxes	0	(25,889)	0	0	0	(25,889)	(8,630)	(34,519)
Notes Receivable - Current	0	0	0	0	0	0	13,000	13,000
Total Assets	\$ 25,167	\$ 980,572	\$ 106,145	\$ 1,275	\$ 22,087	\$ 1,135,246	\$ 1,656,063	\$ 2,791,309
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 0	\$ 56,127	\$ 86	\$ 0	\$ 1,342	\$ 57,555	\$ 0	\$ 57,555
Payroll Deductions Payable	0	172	0	0	0	172	0	172
Due to Other Funds	0	0	43,643	0	0	43,643	0	43,643
Due to Litigants, Heirs, and Others	0	0	0	1,275	0	1,275	0	1,275
Deferred Revenue - Current Property Taxes	0	735,377	0	0	0	735,377	245,126	980,503
Deferred Revenue - Delinquent Property Taxes	0	19,558	0	0	0	19,558	6,401	25,959
Total Liabilities	\$ 0	\$ 811,234	\$ 43,729	\$ 1,275	\$ 1,342	\$ 857,580	\$ 251,527	\$ 1,109,107
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 395	\$ 2,648	\$ 0	\$ 0	\$ 0	\$ 3,043	\$ 0	\$ 3,043
Unreserved	24,772	166,690	62,416	0	20,745	274,623	1,404,536	1,679,159
Total Fund Balances	\$ 25,167	\$ 169,338	\$ 62,416	\$ 0	\$ 20,745	\$ 277,666	\$ 1,404,536	\$ 1,682,202
Total Liabilities and Fund Balances	\$ 25,167	\$ 980,572	\$ 106,145	\$ 1,275	\$ 22,087	\$ 1,135,246	\$ 1,656,063	\$ 2,791,309

Exhibit G-2

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

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Unemployment Compensation	Total	General Debt Service	
<u>Revenues</u>							
Local Taxes	\$ 29,352	\$ 773,279	\$ 0	\$ 0	\$ 802,631	\$ 412,728	\$ 1,215,359
Fines, Forfeitures and Penalties	0	0	42,717	0	42,717	0	42,717
Charges for Current Services	0	68,741	0	59,000	127,741	0	127,741
Other Local Revenues	0	987	2,165	0	3,152	112,123	115,275
State of Tennessee	0	24,515	0	0	24,515	5,040	29,555
Total Revenues	\$ 29,352	\$ 867,522	\$ 44,882	\$ 59,000	\$ 1,000,756	\$ 529,891	\$ 1,530,647
<u>Expenditures</u>							
Current:							
General Government	\$ 58,018	\$ 16,000	\$ 339	\$ 60,476	\$ 134,833	\$ 6,871	\$ 141,704
Public Safety	0	0	80,159	0	80,159	0	80,159
Public Health and Welfare	0	928,762	0	0	928,762	0	928,762
Other Operations	0	4,747	0	0	4,747	0	4,747
Debt Service:							
Principal	0	0	0	0	0	339,053	339,053
Interest	0	0	0	0	0	84,600	84,600
Other Debt Service	0	0	0	0	0	1,302	1,302
Total Expenditures	\$ 58,018	\$ 949,509	\$ 80,498	\$ 60,476	\$ 1,148,501	\$ 431,826	\$ 1,580,327
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,666)	\$ (81,987)	\$ (35,616)	\$ (1,476)	\$ (147,745)	\$ 98,065	\$ (49,680)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 217,800	\$ 0	\$ 0	\$ 217,800	\$ 0	\$ 217,800
Total Other Financing Sources (Uses)	\$ 0	\$ 217,800	\$ 0	\$ 0	\$ 217,800	\$ 0	\$ 217,800
Net Change in Fund Balances	\$ (28,666)	\$ 135,813	\$ (35,616)	\$ (1,476)	\$ 70,055	\$ 98,065	\$ 168,120
Fund Balance, July 1, 2004	53,833	33,525	98,032	22,221	207,611	1,306,471	1,514,082
Fund Balance, June 30, 2005	\$ 25,167	\$ 169,338	\$ 62,416	\$ 20,745	\$ 277,666	\$ 1,404,536	\$ 1,682,202

Exhibit G-3

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse & Jail Maintenance 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	\$ 29,352	\$ 0	\$ 0	\$ 29,352	\$ 26,000	\$ 26,000	\$ 3,352
Total Revenues	\$ 29,352	\$ 0	\$ 0	\$ 29,352	\$ 26,000	\$ 26,000	\$ 3,352
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 57,723	\$ (23,350)	\$ 395	\$ 34,768	\$ 25,000	\$ 37,500	\$ 2,732
Other General Administration	295	0	0	295	350	350	55
Total Expenditures	\$ 58,018	\$ (23,350)	\$ 395	\$ 35,063	\$ 25,350	\$ 37,850	\$ 2,787
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,666)	\$ 23,350	\$ (395)	\$ (5,711)	\$ 650	\$ (11,850)	\$ 6,139
Net Change in Fund Balance	\$ (28,666)	\$ 23,350	\$ (395)	\$ (5,711)	\$ 650	\$ (11,850)	\$ 6,139
Fund Balance, July 1, 2004	53,833	(23,350)	0	30,483	30,483	30,483	0
Fund Balance, June 30, 2005	\$ 25,167	\$ 0	\$ (395)	\$ 24,772	\$ 31,133	\$ 18,633	\$ 6,139

Exhibit G-4

Cheatham 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	\$ 773,279	\$ 0	\$ 0	\$ 773,279	\$ 785,600	\$ 785,600	\$ (12,321)
Charges for Current Services	68,741	0	0	68,741	55,000	55,000	13,741
Other Local Revenues	987	0	0	987	9,100	1,015	(28)
State of Tennessee	24,515	0	0	24,515	9,000	18,000	6,515
Total Revenues	\$ 867,522	\$ 0	\$ 0	\$ 867,522	\$ 858,700	\$ 859,615	\$ 7,907
<u>Expenditures</u>							
<u>General Government</u>							
Other General Administration	\$ 16,000	\$ 0	\$ 0	\$ 16,000	\$ 13,000	\$ 13,000	\$ (3,000)
<u>Public Health and Welfare</u>							
Sanitation Management	99,877	0	0	99,877	105,350	101,950	2,073
Convenience Centers	784,291	(4,136)	1,505	781,660	488,835	746,887	(34,773)
Landfill Operation and Maintenance	44,594	(11,801)	1,143	33,936	53,800	50,282	16,346
<u>Other Operations</u>							
Employee Benefits	3,518	0	0	3,518	7,166	3,518	0
Miscellaneous	1,229	0	0	1,229	0	1,229	0
Total Expenditures	\$ 949,509	\$ (15,937)	\$ 2,648	\$ 936,220	\$ 668,151	\$ 916,866	\$ (19,354)
Excess (Deficiency) of Revenues Over Expenditures	\$ (81,987)	\$ 15,937	\$ (2,648)	\$ (68,698)	\$ 190,549	\$ (57,251)	\$ (11,447)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 217,800	\$ 0	\$ 0	\$ 217,800	\$ 0	\$ 117,800	\$ 100,000
Total Other Financing Sources (Uses)	\$ 217,800	\$ 0	\$ 0	\$ 217,800	\$ 0	\$ 117,800	\$ 100,000

(Continued)

Exhibit G-4

Cheatham 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	\$ 135,813	\$ 15,937	\$ (2,648)	\$ 149,102	\$ 190,549	\$ 60,549	\$ 88,553
Fund Balance, July 1, 2004	33,525	(15,937)	0	17,588	17,588	17,588	0
Fund Balance, June 30, 2005	\$ 169,338	\$ 0	\$ (2,648)	\$ 166,690	\$ 208,137	\$ 78,137	\$ 88,553

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures and Penalties	\$ 42,717	\$ 30,000	\$ 30,000	\$ 12,717
Other Local Revenues	2,165	0	0	2,165
Total Revenues	<u>\$ 44,882</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 14,882</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 339	\$ 300	\$ 300	\$ (39)
<u>Public Safety</u>				
Drug Enforcement	80,159	90,178	90,178	10,019
Total Expenditures	<u>\$ 80,498</u>	<u>\$ 90,478</u>	<u>\$ 90,478</u>	<u>\$ 9,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,616)</u>	<u>\$ (60,478)</u>	<u>\$ (60,478)</u>	<u>\$ 24,862</u>
Net Change in Fund Balance	\$ (35,616)	\$ (60,478)	\$ (60,478)	\$ 24,862
Fund Balance, July 1, 2004	<u>98,032</u>	<u>98,032</u>	<u>98,032</u>	<u>0</u>
Fund Balance, June 30, 2005	<u><u>\$ 62,416</u></u>	<u><u>\$ 37,554</u></u>	<u><u>\$ 37,554</u></u>	<u><u>\$ 24,862</u></u>

Exhibit G-6

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Unemployment Compensation Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 59,000	\$ 22,400	\$ 22,400	\$ 36,600
Total Revenues	\$ 59,000	\$ 22,400	\$ 22,400	\$ 36,600
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 60,476	\$ 15,000	\$ 15,000	\$ (45,476)
Total Expenditures	\$ 60,476	\$ 15,000	\$ 15,000	\$ (45,476)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,476)	\$ 7,400	\$ 7,400	\$ (8,876)
Net Change in Fund Balance	\$ (1,476)	\$ 7,400	\$ 7,400	\$ (8,876)
Fund Balance, July 1, 2004	22,221	22,221	22,221	0
Fund Balance, June 30, 2005	\$ 20,745	\$ 29,621	\$ 29,621	\$ (8,876)

Exhibit G-7

Cheatham 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	\$ 412,728	\$ 407,139	\$ 407,139	\$ 5,589
Other Local Revenues	112,123	7,300	102,140	9,983
State of Tennessee	5,040	7,000	7,000	(1,960)
Total Revenues	<u>\$ 529,891</u>	<u>\$ 421,439</u>	<u>\$ 516,279</u>	<u>\$ 13,612</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 6,871	\$ 8,000	\$ 8,000	\$ 1,129
<u>Principal</u>				
General Government	339,053	631,160	631,160	292,107
<u>Interest</u>				
General Government	84,600	127,855	127,855	43,255
<u>Other Debt Service</u>				
General Government	1,302	4,100	4,100	2,798
Total Expenditures	<u>\$ 431,826</u>	<u>\$ 771,115</u>	<u>\$ 771,115</u>	<u>\$ 339,289</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 98,065	\$ (349,676)	\$ (254,836)	\$ 352,901
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 159,647	\$ 64,807	\$ (64,807)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 159,647</u>	<u>\$ 64,807</u>	<u>\$ (64,807)</u>
Net Change in Fund Balance	\$ 98,065	\$ (190,029)	\$ (190,029)	\$ 288,094
Fund Balance, July 1, 2004	1,306,471	1,306,471	1,306,471	0
Fund Balance, June 30, 2005	<u>\$ 1,404,536</u>	<u>\$ 1,116,442</u>	<u>\$ 1,116,442</u>	<u>\$ 288,094</u>

Major Governmental Fund

Education Debt Service Fund

The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education related debt principal, interest, and related costs.

Exhibit H

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education 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	\$ 6,353,377	\$ 5,204,270	\$ 5,204,270	\$ 1,149,107
Licenses and Permits	64,309	466,796	466,796	(402,487)
Other Local Revenues	5,727	0	0	5,727
State of Tennessee	67,536	66,800	66,800	736
Total Revenues	<u>\$ 6,490,949</u>	<u>\$ 5,737,866</u>	<u>\$ 5,737,866</u>	<u>\$ 753,083</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 96,208	\$ 72,200	\$ 72,200	\$ (24,008)
<u>Principal</u>				
Education	9,865,614	3,512,613	9,512,613	(353,001)
<u>Interest</u>				
Education	1,444,995	1,722,625	1,722,625	277,630
<u>Other Debt Service</u>				
Education	192,148	17,800	185,242	(6,906)
Total Expenditures	<u>\$ 11,598,965</u>	<u>\$ 5,325,238</u>	<u>\$ 11,492,680</u>	<u>\$ (106,285)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,108,016)</u>	<u>\$ 412,628</u>	<u>\$ (5,754,814)</u>	<u>\$ 646,798</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 0	\$ 515,000	\$ 515,000	\$ (515,000)
Refunding Debt Issued	9,605,000	0	9,605,000	0
Transfers In	777,500	0	0	777,500
Payments to Refunded Debt Escrow Agent	(9,440,986)	0	(9,437,558)	(3,428)
Total Other Financing Sources (Uses)	<u>\$ 941,514</u>	<u>\$ 515,000</u>	<u>\$ 682,442</u>	<u>\$ 259,072</u>
Net Change in Fund Balance	<u>\$ (4,166,502)</u>	<u>\$ 927,628</u>	<u>\$ (5,072,372)</u>	<u>\$ 905,870</u>
Fund Balance, July 1, 2004	<u>6,303,771</u>	<u>6,303,771</u>	<u>6,303,771</u>	<u>0</u>
Fund Balance, June 30, 2005	<u><u>\$ 2,137,269</u></u>	<u><u>\$ 7,231,399</u></u>	<u><u>\$ 1,231,399</u></u>	<u><u>\$ 905,870</u></u>

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 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 I-1

Cheatham County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2005

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency		Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 806,388	\$	806,388
Due from Other Governments	336,194	0		336,194
Total Assets	<u>\$ 336,194</u>	<u>\$ 806,388</u>	<u>\$</u>	<u>1,142,582</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 336,194	\$ 0	\$	336,194
Due to Litigants, Heirs, and Others	0	806,388		806,388
Total Liabilities	<u>\$ 336,194</u>	<u>\$ 806,388</u>	<u>\$</u>	<u>1,142,582</u>

Exhibit I-2

Cheatham 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	\$ 1,849,201	\$ 1,849,201	\$ 0
Due From Other Governments	309,484	336,194	309,484	336,194
Total Assets	\$ 309,484	\$ 2,185,395	\$ 2,158,685	\$ 336,194
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 309,484	\$ 2,185,395	\$ 2,158,685	\$ 336,194
Total Liabilities	\$ 309,484	\$ 2,185,395	\$ 2,158,685	\$ 336,194
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 482,339	\$ 8,816,690	\$ 8,492,641	\$ 806,388
Total Assets	\$ 482,339	\$ 8,816,690	\$ 8,492,641	\$ 806,388
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 482,339	\$ 8,816,690	\$ 8,492,641	\$ 806,388
Total Liabilities	\$ 482,339	\$ 8,816,690	\$ 8,492,641	\$ 806,388
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 482,339	\$ 8,816,690	\$ 8,492,641	\$ 806,388
Equity in Pooled Cash and Investments	0	1,849,201	1,849,201	0
Due From Other Governments	309,484	336,194	309,484	336,194
Total Assets	\$ 791,823	\$ 11,002,085	\$ 10,651,326	\$ 1,142,582
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 309,484	\$ 2,185,395	\$ 2,158,685	\$ 336,194
Due to Litigants, Heirs, and Others	482,339	8,816,690	8,492,641	806,388
Total Liabilities	\$ 791,823	\$ 11,002,085	\$ 10,651,326	\$ 1,142,582

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cheatham County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
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
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Animal Control Facility	\$ 378,500	3.98 %	12-15-03	11-1-07	\$ 378,500	\$ 0	\$ 89,160	\$ 0	\$ 289,340
Nursing Home Facility	800,000	3.95 to 5.95	3-23-04	3-15-16	800,000	0	55,000	0	745,000
Public Library	129,000	3	6-29-04	6-23-05	129,000	0	129,000	0	0
Total Payable through General Debt Service Fund					\$ 1,307,500	\$ 0	\$ 273,160	\$ 0	\$ 1,034,340
<u>Payable through Education Debt Service Fund</u>									
School Buses	597,102	4.1	3-1-1999	3-31-05	\$ 99,517	\$ 0	\$ 99,517	\$ 0	\$ 0
School Buses	94,476	3	8-3-04	10-14-04	0	94,476	94,476	0	0
School Buses	127,050	3.2	10-6-04	1-6-05	0	127,050	127,050	0	0
Total Payable through Education Debt Service Fund					\$ 99,517	\$ 221,526	\$ 321,043	\$ 0	\$ 0
Total Notes Payable					\$ 1,407,017	\$ 221,526	\$ 594,203	\$ 0	\$ 1,034,340
CAPITAL LEASES									
<u>Payable through Highway/Public Works Fund</u>									
Backhoe	53,450	5.75	7-16-01	6-15-05	\$ 10,805	\$ 0	\$ 10,805	\$ 0	\$ 0
Dump Truck	79,995	4.09	6-27-02	7-15-06	37,880	0	17,781	0	20,099
Tractor/Mower	56,730	4.05	10-1-02	1-21-08	41,852	0	11,050	0	30,802
Two Tractor/Mowers	71,800	4.95	3-21-03	3-21-08	55,218	0	13,897	0	41,321
Dump Truck	42,500	6.37	2-14-05	1-14-09	0	42,500	4,157	0	38,343
Two Tractors	81,474	5.15	4-15-05	4-15-10	0	81,474	2,394	0	79,080
Total Capital Leases					\$ 145,755	\$ 123,974	\$ 60,084	\$ 0	\$ 209,645
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Public Works Projects	1,977,211	Variable	11-1-1999	5-25-19	\$ 1,762,143	\$ 0	\$ 20,893	\$ 0	\$ 1,741,250
Total Payable through General Debt Service Fund					\$ 1,762,143	\$ 0	\$ 20,893	\$ 0	\$ 1,741,250
<u>Payable through Education Debt Service Fund</u>									
Public Works Projects	5,063,492	Variable	11-1-1999	5-25-19	\$ 4,313,847	\$ 0	\$ 327,322	\$ 0	\$ 3,986,525
Public Works Projects	2,262,948	Variable	6-14-00	5-25-19	2,002,767	0	95,541	0	1,907,226
Public Works Projects	7,921,436	Variable	9-2-03	5-25-11	4,983,495	2,937,941	7,061,708	0	859,728
Total Payable through Education Debt Service Fund					\$ 11,300,109	\$ 2,937,941	\$ 7,484,571	\$ 0	\$ 6,753,479
Total Other Loans Payable					\$ 13,062,252	\$ 2,937,941	\$ 7,505,464	\$ 0	\$ 8,494,729

(Continued)

Exhibit J-1

Cheatham County, Tennessee

Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds (Cont.)

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>GENERAL BONDED DEBT</u>									
<u>Payable through General Debt Service Fund</u>									
Refunding Bond - Nursing Home	\$ 690,000	7 to 9 %	1-1-1989	1-1-09	\$ 270,000	\$ 0	\$ 45,000	\$ 0	\$ 225,000
Total Payable through General Debt Service Fund					\$ 270,000	\$ 0	\$ 45,000	\$ 0	\$ 225,000
<u>Payable through Education Debt Service Fund</u>									
Schools	8,000,000	2.7 to 4.5	3-2-1994	4-1-06	\$ 2,750,000	\$ 0	\$ 1,325,000	\$ 0	\$ 1,425,000
Schools	8,000,000	3.85 to 6.75	12-1-1996	6-1-21	6,600,000	0	250,000	4,425,000	1,925,000
Schools	8,000,000	4.85 to 6.75	12-1-1996	6-1-22	7,250,000	0	175,000	4,425,000	2,650,000
Schools	7,500,000	4 to 4.85	7-1-1998	6-1-18	5,900,000	0	310,000	0	5,590,000
Refunding	9,605,000	2 to 4	9-15-04	6-1-19	0	9,605,000	0	0	9,605,000
Total Payable through Education Debt Service Fund					\$ 22,500,000	\$ 9,605,000	\$ 2,060,000	\$ 8,850,000	\$ 21,195,000
Total General Bonded Debt					\$ 22,770,000	\$ 9,605,000	\$ 2,105,000	\$ 8,850,000	\$ 21,420,000

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 2,345,000	\$ 908,336	\$ 3,253,336
2007	990,000	800,211	1,790,211
2008	1,035,000	748,417	1,783,417
2009	1,100,000	700,889	1,800,889
2010	1,075,000	662,164	1,737,164
2011	1,130,000	625,022	1,755,022
2012	1,185,000	585,046	1,770,046
2013	1,245,000	541,457	1,786,457
2014	1,305,000	494,047	1,799,047
2015	1,370,000	442,185	1,812,185
2016	1,430,000	387,475	1,817,475
2017	1,495,000	329,210	1,824,210
2018	1,560,000	267,000	1,827,000
2019	1,055,000	201,075	1,256,075
2020	1,150,000	158,875	1,308,875
2021	1,225,000	99,938	1,324,938
2022	725,000	37,156	762,156
Total	<u>\$ 21,420,000</u>	<u>\$ 7,988,503</u>	<u>\$ 29,408,503</u>

Exhibit J-3

Cheatham County, Tennessee
Schedule of Notes Receivable - All Funds
For the Year Ended June 30, 2005

<u>Description</u>	<u>Debtor</u>	<u>Original Amount of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance 6-30-05</u>
<u>General Debt Service Fund</u>						
Loan	Emergency Communications District	\$ 193,000	7-8-1999	12-1-05	4.4 %	<u>\$ 13,000</u>
Total Notes Receivable						<u><u>\$ 13,000</u></u>

Exhibit J-4

Cheatham 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>
General	Solid Waste/Sanitation	Provide for operations	\$ 217,800
General	Education Debt Service	Development tax	<u>777,500</u>
Total Transfers			<u><u>\$ 995,300</u></u>

Exhibit J-5

Cheatham 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, <u>TCA</u>	\$ 62,333	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	59,365	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	53,969	1,096,200	RLI Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	53,969	10,000	Western Surety Company
Director of Accounts and Budgets	County Commission	53,969	25,000	RLI Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	53,969	50,000	"
Register	Section 8-24-102, <u>TCA</u>	53,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	59,884 (1)	50,000	"
<u>Employee Bonds</u>				
General Employee Blanket Bond			500,000	The Local Government Property and Casualty Fund
Director of Emergency Medical Services and Coroner		34,440	20,200	RLI Insurance Company
Emergency Management Coordinator		27,020	25,000	"

(1) Includes a law enforcement training supplement of \$519.

Exhibit J-6

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

	Special Revenue Funds						Debt Service Funds		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Unemployment Compensation	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 4,200,907	\$ 0	\$ 699,813	\$ 0	\$ 0	\$ 439,379	\$ 233,385	\$ 3,127,433	\$ 8,700,917
Trustee's Collections - Prior Year	147,869	0	17,245	0	0	13,093	8,624	114,757	301,588
Circuit/Clerk & Master Collections - Prior Years	65,658	0	8,181	0	0	7,240	5,451	53,546	140,076
Interest and Penalty	41,467	0	5,204	0	0	6,240	3,092	31,705	87,708
Pick-up Taxes	4,493	0	760	0	0	819	253	3,394	9,719
Payments in Lieu of Taxes - Local Utilities	234,915	0	38,756	0	0	2,066	12,995	174,132	462,864
Payments in Lieu of Taxes - Other	1,799	0	301	0	0	3	116	1,346	3,565
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	0	0	0	0	0	0	1,179,668	1,179,668
Hotel/Motel Tax	40,666	0	0	0	0	0	0	0	40,666
Wheel Tax	0	0	0	0	0	340,281	0	1,022,578	1,362,859
Litigation Tax - General	129,297	29,352	0	0	0	0	0	0	158,649
Litigation Tax - Jail, Workhouse, or Courthouse	49,756	0	0	0	0	0	0	0	49,756
Business Tax	0	0	0	0	0	0	147,806	0	147,806
Mineral Severance Tax	0	0	0	0	0	479	0	0	479
Adequate Facilities/Development Tax	1,166,250	0	0	0	0	0	0	631,335	1,797,585
Other County Local Option Taxes	227,491	0	0	0	0	0	0	0	227,491
<u>Statutory Local Taxes</u>									
Bank Excise Tax	18,111	0	3,019	0	0	1,811	1,006	13,483	37,430
Wholesale Beer Tax	220,780	0	0	0	0	0	0	0	220,780
Interstate Telecommunications Tax	4,077	0	0	0	0	0	0	0	4,077
Total Local Taxes	\$ 6,553,536	\$ 29,352	\$ 773,279	\$ 0	\$ 0	\$ 811,411	\$ 412,728	\$ 6,353,377	\$ 14,933,683
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 574
Animal Vaccination	126	0	0	0	0	0	0	0	126
Cable TV Franchise	104,457	0	0	0	0	0	0	0	104,457
<u>Permits</u>									
Beer Permits	2,233	0	0	0	0	0	0	0	2,233
Building Permits	182,786	0	0	0	0	0	0	64,309	247,095
Other Permits	24,170	0	0	0	0	0	0	0	24,170
Total Licenses and Permits	\$ 314,346	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,309	\$ 378,655

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Funds		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Unemployment Compensation	Highway / Public Works	General Debt Service	Education Debt Service	
Fines, Forfeitures and Penalties									
<u>Circuit Court</u>									
Fines	\$ 8,360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,360
Officers Costs	4,495	0	0	0	0	0	0	0	4,495
Data Entry Fee - Circuit Court	658	0	0	0	0	0	0	0	658
<u>Criminal Court</u>									
Drug Control Fines	175	0	0	0	0	0	0	0	175
<u>General Sessions Court</u>									
Fines	33,244	0	0	0	0	0	0	0	33,244
Fines for Littering	475	0	0	0	0	0	0	0	475
Officers Costs	128,006	0	0	0	0	0	0	0	128,006
Game and Fish Fines	637	0	0	0	0	0	0	0	637
Jail Fees	17,513	0	0	0	0	0	0	0	17,513
Judicial Commissioner Fees	1,764	0	0	0	0	0	0	0	1,764
DUI Treatment Fines	5,390	0	0	0	0	0	0	0	5,390
Data Entry Fee - General Sessions Court	9,533	0	0	0	0	0	0	0	9,533
<u>Juvenile Court</u>									
Fines	2,757	0	0	0	0	0	0	0	2,757
Drug Control Fines	2,001	0	0	0	0	0	0	0	2,001
<u>Chancery Court</u>									
Officers Costs	2,313	0	0	0	0	0	0	0	2,313
Data Entry Fee - Chancery Court	948	0	0	0	0	0	0	0	948
<u>Other Courts - In-county</u>									
Drug Control Fines	0	0	0	42,717	0	0	0	0	42,717
DUI Treatment Fines	542	0	0	0	0	0	0	0	542
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	183	0	0	0	0	0	0	0	183
Total Fines, Forfeitures and Penalties	\$ 218,994	\$ 0	\$ 0	\$ 42,717	\$ 0	\$ 0	\$ 0	\$ 0	261,711
Charges for Current Services									
<u>General Service Charges</u>									
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,000	\$ 0	\$ 0	\$ 0	59,000
Tipping Fees	0	0	68,741	0	0	0	0	0	68,741
Patient Charges	705,981	0	0	0	0	0	0	0	705,981

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Funds		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Unemployment Compensation	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Charges for Current Services (Cont.)</u>									
<u>General Service Charges (Cont.)</u>									
Work Release Charges for Board	\$ 6,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,030
Other General Service Charges	5,705	0	0	0	0	4,981	0	0	10,686
<u>Fees</u>									
Copy Fees	3,069	0	0	0	0	0	0	0	3,069
Telephone Commissions	18,766	0	0	0	0	0	0	0	18,766
Vending Machine Collections	2,250	0	0	0	0	70	0	0	2,320
Constitutional Officers' Fees and Commissions	20,020	0	0	0	0	0	0	0	20,020
Data Processing Fee - Register	19,474	0	0	0	0	0	0	0	19,474
Data Processing Fee - Sheriff	359	0	0	0	0	0	0	0	359
Sexual Offender Registration Fee	1,080	0	0	0	0	0	0	0	1,080
Total Charges for Current Services	\$ 782,734	\$ 0	\$ 68,741	\$ 0	\$ 59,000	\$ 5,051	\$ 0	\$ 0	915,526
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 406,867	\$ 0	\$ 67	\$ 0	\$ 0	\$ 198	\$ 4,289	\$ 0	411,421
Lease/Rentals	95,572	0	0	0	0	0	94,840	0	190,412
Sale of Materials and Supplies	0	0	0	0	0	800	0	0	800
Sale of Maps	0	0	0	0	0	4	0	0	4
Retirees' Insurance Payments	0	0	0	0	0	969	0	0	969
Miscellaneous Refunds	165	0	5	0	0	518	1,947	27	2,662
<u>Nonrecurring Items</u>									
Accrued Interest on Debt Issues	0	0	0	0	0	0	11,047	0	11,047
Insurance Recovery	1,829	0	915	0	0	0	0	0	2,744
Sale of Equipment	16,466	0	0	2,165	0	0	0	5,700	24,331
Contributions & Gifts	44,487	0	0	0	0	0	0	0	44,487
Performance Bond Forfeitures	749	0	0	0	0	0	0	0	749
<u>Other Local Revenues</u>									
Other Local Revenues	10,739	0	0	0	0	0	0	0	10,739
Total Other Local Revenues	\$ 576,874	\$ 0	\$ 987	\$ 2,165	\$ 0	\$ 2,489	\$ 112,123	\$ 5,727	700,365

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Funds		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Unemployment Compensation	Highway / Public Works	General Debt Service	Education Debt Service	
Fees Received from County Officials									
<u>Fees In Lieu of Salary</u>									
County Clerk	\$ 365,106	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 365,106
Circuit Court Clerk	351,811	0	0	0	0	0	0	0	351,811
Clerk and Master	116,997	0	0	0	0	0	0	0	116,997
Register	291,331	0	0	0	0	0	0	0	291,331
Sheriff	27,650	0	0	0	0	0	0	0	27,650
Trustee	512,534	0	0	0	0	0	0	0	512,534
Total Fees Received from County Officials	\$ 1,665,429	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,665,429
State of Tennessee									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,400
State Reappraisal Grant	11,918	0	0	0	0	0	0	0	11,918
<u>Health and Welfare Grants</u>									
Health Department Programs	13,606	0	0	0	0	0	0	0	13,606
<u>Public Works Grants</u>									
Litter Program	29,090	0	0	0	0	0	0	0	29,090
<u>Other State Revenues</u>									
Flood Control	1,937	0	0	0	0	0	0	0	1,937
Income Tax	33,006	0	0	0	0	0	0	0	33,006
Beer Tax	16,836	0	0	0	0	0	0	0	16,836
Alcoholic Beverage Tax	27,635	0	0	0	0	0	0	0	27,635
State Revenue Sharing - T.V.A.	118,303	0	15,120	0	0	9,072	5,040	67,536	215,071
Prisoner Transportation	255	0	0	0	0	0	0	0	255
Contracted Prisoner Boarding	269,600	0	0	0	0	0	0	0	269,600
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,741,604	0	0	1,741,604
Petroleum Special Tax	0	0	0	0	0	31,296	0	0	31,296
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	50,000	0	0	50,000
Other State Revenues	2,436	0	9,395	0	0	0	0	0	11,831
Total State of Tennessee	\$ 550,402	\$ 0	\$ 24,515	\$ 0	\$ 0	\$ 1,831,972	\$ 5,040	\$ 67,536	\$ 2,479,465

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Debt Service Funds		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Unemployment Compensation	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 18,359	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,359
Other Federal through State	38,018	0	0	0	0	0	0	0	38,018
<u>Direct Federal Revenue</u>									
Police Service (Lake Area)	44,904	0	0	0	0	0	0	0	44,904
Total Federal Government	\$ 101,281	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101,281
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 135,245	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,245
Contracted Services	8,095	0	0	0	0	0	0	0	8,095
Total Other Governments and Citizens Groups	\$ 143,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143,340
Total	\$ 10,906,936	\$ 29,352	\$ 867,522	\$ 44,882	\$ 59,000	\$ 2,650,923	\$ 529,891	\$ 6,490,949	\$ 21,579,455

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	49,866	
Social Security		3,815	
Audit Services		8,248	
Dues and Memberships		1,400	
Legal Services		17,024	
Other Supplies and Materials		1,606	
Total County Commission			\$ 81,959

Other Boards and Committees

Board and Committee Members Fees	\$	124	
Other Supplies and Materials		25	
Total Other Boards and Committees			149

County Mayor

County Official/Administrative Officer	\$	62,333	
Secretary(s)		29,100	
Social Security		6,879	
State Retirement		3,703	
Employee and Dependent Insurance		2,386	
Communication		11,744	
Consultants		7,079	
Dues and Memberships		10,262	
Legal Services		9,279	
Maintenance & Repair Services- Office Equipment		200	
Travel		1,197	
Gasoline		893	
Office Supplies		2,631	
Furniture and Fixtures		583	
Total County Mayor			148,269

Personnel Office

County Official/Administrative Officer	\$	42,369	
Social Security		3,171	
State Retirement		1,716	
Employee and Dependent Insurance		3,666	
Printing, Stationery and Forms		292	
Instructional Supplies and Materials		4	
Office Supplies		14	
Office Equipment		585	
Total Personnel Office			51,817

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	43,175	
Part-time Personnel		11,660	
Board and Committee Members Fees		3,820	
Election Workers		20,515	
In-Service Training		1,677	
Other Per Diem & Fees		3,702	
Social Security		4,404	
State Retirement		1,748	
Employee and Dependent Insurance		3,666	
Advertising		3,196	
Communication		843	
Dues and Memberships		150	
Maintenance & Repair Services- Equipment		3,082	
Printing, Stationery and Forms		2,800	
Travel		437	
Office Supplies		1,275	
Data Processing Equipment		132	
Office Equipment		710	
Total Election Commission			\$ 106,992

Register of Deeds

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		44,530	
Part-time Personnel		4,824	
Social Security		7,757	
State Retirement		3,525	
Employee and Dependent Insurance		7,332	
Communication		1,879	
Data Processing Services		12,755	
Dues and Memberships		708	
Maintenance & Repair Services- Office Equipment		1,874	
Travel		717	
Office Supplies		7,917	
Total Register of Deeds			147,787

Planning

Assistant(s)	\$	12,886	
Supervisor/Director		41,265	
Investigator(s)		24,083	
Secretary(s)		21,711	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Part-time Personnel	\$	880	
Board and Committee Members Fees		2,150	
In-Service Training		369	
Social Security		7,752	
State Retirement		4,048	
Employee and Dependent Insurance		10,998	
Communication		4,063	
Contracts with Government Agencies		10,082	
Data Processing Services		8,319	
Dues and Memberships		100	
Engineering Services		5,670	
Legal Services		5,060	
Maintenance & Repair Services- Equipment		2,738	
Maintenance & Repair Services- Vehicles		2,249	
Printing, Stationery and Forms		1,462	
Other Contracted Services		9,617	
Gasoline		2,392	
Office Supplies		1,953	
Communication Equipment		228	
Office Equipment		2,676	
Total Planning			\$ 182,751

County Buildings

Supervisor/Director	\$	32,508	
Custodial Personnel		37,178	
Social Security		4,780	
State Retirement		2,822	
Employee and Dependent Insurance		10,442	
Maintenance & Repair Services- Buildings		49,306	
Maintenance & Repair Services- Vehicles		1,480	
Pest Control		4,115	
Custodial Supplies		5,427	
Electricity		105,120	
Gasoline		3,305	
Natural Gas		37,486	
Propane Gas		4,010	
Water and Sewer		52,022	
Other Supplies and Materials		475	
Building Improvements		3,715	
Total County Buildings			354,191

(Continued)

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	53,969	
Assistant(s)		39,473	
Data Processing Personnel		24,030	
Clerical Personnel		26,664	
In-Service Training		1,290	
Social Security		10,687	
State Retirement		5,838	
Employee and Dependent Insurance		11,580	
Advertising		15,259	
Data Processing Services		6,720	
Postal Charges		39,719	
Printing, Stationery and Forms		3,632	
Travel		1,170	
Office Supplies		1,104	
Office Equipment		1,702	
Total Accounting and Budgeting	\$		242,837

Property Assessor's Office

County Official/Administrative Officer	\$	53,969	
Assistant(s)		34,506	
Assessment Personnel		25,864	
Clerical Personnel		25,864	
Other Salaries & Wages		8,578	
Board and Committee Members Fees		2,940	
Social Security		11,077	
State Retirement		5,678	
Employee and Dependent Insurance		10,998	
Communication		1,005	
Contracts with Private Agencies		19,725	
Data Processing Services		10,026	
Dues and Memberships		1,068	
Maintenance & Repair Services- Office Equipment		396	
Maintenance & Repair Services- Vehicles		610	
Printing, Stationery and Forms		45	
Travel		160	
Gasoline		961	
Office Supplies		675	
Office Equipment		18,216	
Total Property Assessor's Office			232,361

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Other Salaries & Wages	\$	30,229	
Social Security		1,861	
State Retirement		1,224	
Employee and Dependent Insurance		4,824	
Total Reappraisal Program			\$ 38,138

County Trustee's Office

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		55,485	
Part-time Personnel		9,064	
In-Service Training		50	
Social Security		8,593	
State Retirement		4,433	
Employee and Dependent Insurance		10,998	
Communication		2,057	
Contracts with Other Public Agencies		1,200	
Data Processing Services		9,550	
Dues and Memberships		508	
Travel		247	
Office Supplies		3,687	
Data Processing Equipment		414	
Office Equipment		323	
Total County Trustee's Office			160,578

County Clerk's Office

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		116,304	
Part-time Personnel		27,748	
Other Salaries & Wages		8,310	
In-Service Training		600	
Social Security		14,546	
State Retirement		5,743	
Employee and Dependent Insurance		20,384	
Communication		2,983	
Data Processing Services		9,520	
Dues and Memberships		535	
Maintenance & Repair Services- Office Equipment		1,238	
Printing, Stationery and Forms		3,691	
Travel		962	
Office Supplies		2,763	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 1,224	
Total County Clerk's Office		\$ 270,520

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 53,969	
Deputy(ies)	199,221	
Part-time Personnel	3,176	
Board and Committee Members Fees	463	
Jury and Witness Fees	14,944	
Social Security	19,088	
State Retirement	9,485	
Employee and Dependent Insurance	20,250	
Communication	1,027	
Contracts with Government Agencies	3,000	
Data Processing Services	6,392	
Dues and Memberships	90	
Maintenance & Repair Services- Office Equipment	1,369	
Matching Share	18,000	
Travel	30	
Office Supplies	7,485	
Office Equipment	9,637	
Total Circuit Court		367,626

General Sessions Court

Judge(s)	\$ 57,572	
Deputy(ies)	26,379	
Social Security	6,181	
State Retirement	3,400	
Employee and Dependent Insurance	3,666	
Communication	687	
Data Processing Services	2,791	
Dues and Memberships	300	
Travel	368	
Library Books/Media	783	
Total General Sessions Court		102,127

Chancery Court

County Official/Administrative Officer	\$ 53,969
Deputy(ies)	76,393

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Social Security	\$	9,300	
State Retirement		4,890	
Employee and Dependent Insurance		15,193	
Communication		1,277	
Data Processing Services		7,542	
Dues and Memberships		523	
Legal Notices, Recording and Court Costs		130	
Maintenance & Repair Services- Office Equipment		640	
Office Supplies		5,274	
Office Equipment		4,860	
Total Chancery Court			\$ 179,991

Juvenile Court

Judge(s)	\$	33,812	
Assistant(s)		13,272	
Probation Officer(s)		50,087	
Guidance Personnel		27,742	
Social Workers		37,555	
Salary Supplements		15,627	
Other Salaries & Wages		10,807	
Social Security		13,648	
State Retirement		5,861	
Employee and Dependent Insurance		18,522	
Communication		4,547	
Contracts with Government Agencies		1,490	
Data Processing Services		1,200	
Dues and Memberships		1,119	
Maintenance & Repair Services- Office Equipment		495	
Travel		2,992	
Drugs and Medical Supplies		550	
Gasoline		1,040	
Library Books/Media		28	
Office Supplies		1,148	
Office Equipment		91	
Total Juvenile Court			241,633

Other Administration of Justice

Probation Officer(s)	\$	67,633	
Part-time Personnel		5,869	
In-Service Training		275	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Social Security	\$	5,402	
State Retirement		2,152	
Employee and Dependent Insurance		3,666	
Communication		1,899	
Maintenance & Repair Services- Office Equipment		495	
Printing, Stationery and Forms		457	
Travel		436	
Drugs and Medical Supplies		8,023	
Office Supplies		784	
Office Equipment		962	
Other Equipment		16,834	
Total Other Administration of Justice			\$ 114,887

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	59,365
Assistant(s)		29,100
Supervisor/Director		48,098
Deputy(ies)		555,610
Detective(s)		41,312
Investigator(s)		143,535
Sergeant(s)		138,069
Clerical Personnel		75,922
Other Salaries & Wages		32,214
In-Service Training		1,084
Social Security		81,459
State Retirement		42,862
Employee and Dependent Insurance		96,370
Communication		30,156
Contracts with Government Agencies		175
Data Processing Services		5,100
Dues and Memberships		1,700
Maintenance & Repair Services- Equipment		3,652
Maintenance & Repair Services- Vehicles		20,151
Travel		3,522
Gasoline		78,732
Instructional Supplies and Materials		261
Law Enforcement Supplies		9,760
Office Supplies		7,400
Tires and Tubes		10,367

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	9,361	
Other Supplies and Materials		1,910	
Liability Insurance		20,900	
Vehicle and Equipment Insurance		29,815	
Workers' Compensation Insurance		20,949	
Data Processing Equipment		3,000	
Office Equipment		12,784	
Total Sheriff's Department			\$ 1,614,695

Jail

Supervisor/Director	\$	41,312	
Sergeant(s)		120,155	
Foremen		55,466	
Guards		444,655	
Clerical Personnel		27,741	
Cafeteria Personnel		26,785	
Board and Committee Members Fees		650	
Jury and Witness Fees		27,235	
Social Security		56,225	
State Retirement		25,248	
Employee and Dependent Insurance		62,845	
Maintenance & Repair Services- Equipment		7,424	
Medical and Dental Services		220,779	
Custodial Supplies		19,048	
Food Supplies		74,053	
Law Enforcement Supplies		235	
Other Supplies and Materials		2,076	
Other Equipment		660	
Total Jail			1,212,592

Fire Prevention and Control

Contracts with Other Public Agencies	\$	200,000	
Total Fire Prevention and Control			200,000

Rural Fire Protection

Remittance of Revenue Collected	\$	210,189	
Total Rural Fire Protection			210,189

Other Emergency Management

Assistant(s)	\$	27,020	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Supervisor/Director	\$	38,599	
In-Service Training		550	
Social Security		4,564	
State Retirement		2,658	
Employee and Dependent Insurance		5,720	
Communication		3,343	
Maintenance & Repair Services- Equipment		495	
Maintenance & Repair Services- Vehicles		1,690	
Gasoline		1,676	
Instructional Supplies and Materials		30	
Office Supplies		727	
Other Supplies and Materials		30,124	
Other Charges		2,272	
Communication Equipment		1,407	
Other Equipment		1,523	
Total Other Emergency Management			\$ 122,398

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	34,440	
Social Security		120	
State Retirement		64	
Total County Coroner/Medical Examiner			34,624

Other Public Safety

County Official/Administrative Officer	\$	35,551	
Dispatchers/Radio Operators		269,401	
Part-time Personnel		24,552	
Social Security		24,865	
State Retirement		8,491	
Employee and Dependent Insurance		18,592	
Total Other Public Safety			381,452

Public Health and Welfare

Local Health Center

Attendants	\$	2,608	
Social Security		199	
State Retirement		106	
Communication		6,231	
Janitorial Services		9,000	
Postal Charges		2,933	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Travel	\$	23	
Custodial Supplies		1,342	
Drugs and Medical Supplies		1,709	
Office Supplies		431	
Other Supplies and Materials		835	
Other Charges		1,874	
Site Development		24,611	
Total Local Health Center			\$ 51,902

Rabies and Animal Control

Supervisor/Director	\$	10,917	
Attendants		4,316	
In-Service Training		135	
Social Security		1,158	
Employee and Dependent Insurance		320	
Communication		344	
Dues and Memberships		125	
Maintenance & Repair Services- Buildings		507	
Maintenance & Repair Services- Equipment		900	
Maintenance & Repair Services- Vehicles		417	
Printing, Stationery and Forms		491	
Veterinary Services		1,276	
Custodial Supplies		554	
Drugs and Medical Supplies		2,943	
Electricity		740	
Gasoline		390	
Office Supplies		551	
Propane Gas		1,742	
Uniforms		719	
Water and Sewer		308	
Other Supplies and Materials		3,647	
Office Equipment		2,174	
Other Equipment		9,385	
Total Rabies and Animal Control			44,059

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,454	
Accountants/Bookkeepers		25,030	
Attendants		767,874	
Part-time Personnel		110,744	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Overtime Pay	\$	72	
Social Security		71,060	
State Retirement		30,498	
Employee and Dependent Insurance		63,526	
Communication		8,167	
Consultants		4,915	
Contracts with Private Agencies		3,422	
Dues and Memberships		160	
Licenses		850	
Maintenance & Repair Services- Equipment		292	
Maintenance & Repair Services- Office Equipment		454	
Maintenance & Repair Services- Vehicles		32,157	
Rentals		10,838	
Disposal Fees		2,897	
Custodial Supplies		1,339	
Drugs and Medical Supplies		42,279	
Gasoline		25,552	
Office Supplies		1,600	
Tires and Tubes		2,387	
Uniforms		3,751	
Other Supplies and Materials		1,574	
Vehicle and Equipment Insurance		5,298	
Workers' Compensation Insurance		20,949	
In Service/Staff Development		1,845	
Communication Equipment		679	
Total Ambulance/Emergency Medical Services			\$ 1,289,663

Nursing Home

Refunds	\$	18,691	
Total Nursing Home			18,691

Crippled Children Services

Contracts with Government Agencies	\$	1,575	
Total Crippled Children Services			1,575

Other Local Health Services

Secretary(s)	\$	23,919	
Social Security		1,704	
State Retirement		969	
Employee and Dependent Insurance		3,666	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Communication	\$	1,105	
Office Supplies		149	
Total Other Local Health Services			\$ 31,512

Regional Mental Health Center

Contracts with Other Public Agencies	\$	7,500	
Total Regional Mental Health Center			7,500

General Welfare Assistance

Contracts with Government Agencies	\$	28,300	
Total General Welfare Assistance			28,300

Sanitation Education/Information

Foremen	\$	21,361	
Social Security		1,634	
State Retirement		865	
Maintenance & Repair Services- Vehicles		1,227	
Gasoline		2,256	
Instructional Supplies and Materials		6,830	
Other Supplies and Materials		1,106	
Total Sanitation Education/Information			35,279

Social, Cultural and Recreational Services

Senior Citizens Assistance

Matching Share	\$	27,833	
Total Senior Citizens Assistance			27,833

Libraries

Supervisor/Director	\$	60,911	
Part-time Personnel		50,505	
Social Security		8,308	
State Retirement		2,467	
Employee and Dependent Insurance		7,332	
Communication		1,214	
Library Books/Media		21,777	
Office Supplies		8,108	
Office Equipment		16,357	
Total Libraries			176,979

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$ 110,000	
Total Parks and Fair Boards		\$ 110,000

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 69,461	
Board and Committee Members Fees	229	
In-Service Training	500	
Social Security	13	
Communication	2,824	
Rentals	20	
Travel	896	
Office Equipment	3,264	
Total Agriculture Extension Service		77,207

Forest Service

Contracts with Government Agencies	\$ 1,000	
Total Forest Service		1,000

Soil Conservation

Social Security	\$ 1,120	
State Retirement	464	
Employee and Dependent Insurance	4,812	
Contracts with Government Agencies	19,849	
Other Contracted Services	1,000	
Total Soil Conservation		27,245

Other Operations

Other Economic and Community Development

Supervisor/Director	\$ 44,880	
Advertising	7,196	
Consultants	20,125	
Travel	1,673	
Total Other Economic and Community Development		73,874

Veterans' Services

Supervisor/Director	\$ 1,409	
Social Security	108	
Total Veterans' Services		1,517

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Trustee's Commission	\$ 129,371	
Total Other Charges		\$ 129,371

Contributions to Other Agencies

Contributions	\$ 21,055	
Total Contributions to Other Agencies		21,055

Employee Benefits

Medical Insurance	\$ 10,092	
Other Charges	5,000	
Total Employee Benefits		15,092

Miscellaneous

Longevity Pay	\$ 77,967	
Boiler Insurance	982	
Building and Contents Insurance	34,834	
Liability Insurance	48,014	
Premiums on Corporate Surety Bonds	5,300	
Refunds	1,193	
Vehicle and Equipment Insurance	4,951	
Workers' Compensation Insurance	35,885	
Total Miscellaneous		209,126

Capital Projects

General Administration Projects

Contracts with Private Agencies	\$ 3,360	
Building Construction	287,142	
Building Improvements	443,688	
Motor Vehicles	236,387	
Building Purchases	111,924	
Total General Administration Projects		1,082,501

Total General Fund		\$ 10,261,844
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Courthouse & Jail Maintenance Fund

General Government

County Buildings

Building Improvements	\$ 57,723	
Total County Buildings		\$ 57,723

(Continued)

Exhibit J-7

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

Courthouse & Jail Maintenance Fund (Cont.)

General Government (Cont.)

Other General Administration

Trustee's Commission	\$ 295	
Total Other General Administration		\$ 295

Total Courthouse & Jail Maintenance Fund \$ 58,018

Solid Waste/Sanitation Fund

General Government

Other General Administration

Trustee's Commission	\$ 16,000	
Total Other General Administration		\$ 16,000

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 44,034	
Clerical Personnel	17,815	
Part-time Personnel	709	
Other Salaries & Wages	12,005	
Social Security	5,688	
State Retirement	2,200	
Communication	2,199	
Electricity	1,542	
Instructional Supplies and Materials	141	
Office Supplies	1,133	
Water and Sewer	1,433	
Premiums on Corporate Surety Bonds	50	
Vehicle and Equipment Insurance	3,169	
Workers' Compensation Insurance	7,759	
Total Sanitation Management		99,877

Convenience Centers

Laborers	\$ 48,594	
Social Security	3,717	
Communication	3,964	
Contracts with Government Agencies	430,635	
Contracts with Private Agencies	47,434	
Maintenance & Repair Services- Equipment	4,575	
Rentals	3,280	
Diesel Fuel	16,942	
Electricity	2,590	
Equipment and Machinery Parts	4,175	

(Continued)

Exhibit J-7

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

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

Convenience Centers (Cont.)

Lubricants	\$	1,289	
Tires and Tubes		1,847	
Other Equipment		215,249	
Total Convenience Centers			\$ 784,291

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	3,905	
Evaluation and Testing		14,500	
Maintenance & Repair Services- Equipment		8,368	
Crushed Stone		9,901	
Equipment and Machinery Parts		2,659	
Fertilizer, Lime and Seed		108	
Small Tools		978	
Other Supplies and Materials		175	
Other Equipment		4,000	
Total Landfill Operation and Maintenance			44,594

Other Operations

Employee Benefits

Other Charges	\$	3,518	
Total Employee Benefits			3,518

Miscellaneous

Longevity Pay	\$	1,229	
Total Miscellaneous			1,229

Total Solid Waste/Sanitation Fund \$ 949,509

Drug Control Fund

General Government

Other General Administration

Trustee's Commission	\$	339	
Total Other General Administration			\$ 339

Public Safety

Drug Enforcement

Detective(s)	\$	35,882	
In-Service Training		100	
Social Security		2,643	
State Retirement		1,454	

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Employee and Dependent Insurance	\$	3,666	
Confidential Drug Enforcement Payments		16,000	
Animal Food and Supplies		241	
Law Enforcement Supplies		1,560	
Other Supplies and Materials		878	
Law Enforcement Equipment		17,735	
Total Drug Enforcement			\$ 80,159

Total Drug Control Fund \$ 80,498

Unemployment Compensation Fund

General Government

Other General Administration

Unemployment Compensation	\$	60,476	
Total Other General Administration			\$ 60,476

Total Unemployment Compensation Fund 60,476

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,365	
Secretary(s)		31,981	
Clerical Personnel		37,530	
Advertising		851	
Contracts with Private Agencies		4,887	
Data Processing Services		1,213	
Dues and Memberships		3,805	
Legal Services		2,368	
Licenses		51	
Printing, Stationery and Forms		199	
Rentals		796	
Travel		1,069	
Custodial Supplies		626	
Data Processing Supplies		60	
Drugs and Medical Supplies		93	
Office Supplies		639	
Other Supplies and Materials		1,310	
Furniture and Fixtures		316	
Office Equipment		3,975	
Total Administration	\$		151,134

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	184,242	
Equipment Operators - Heavy		325,290	
Truck Drivers		259,140	
Laborers		11,554	
Overtime Pay		4,814	
Other Contracted Services		65,122	
Asphalt - Cold Mix		2,678	
Asphalt - Hot Mix		391,838	
Asphalt - Liquid		49,245	
Concrete		560	
Crushed Stone		40,497	
Other Road Supplies		1,306	
Pipe - Metal		5,509	
Road Signs		4,761	
Salt		6,191	
Other Supplies and Materials		3,491	
Bridge Construction		182,855	
Total Highway and Bridge Maintenance			\$ 1,539,093

Operation and Maintenance of Equipment

Foremen	\$	38,814	
Mechanic(s)		61,266	
Overtime Pay		851	
Rentals		1,265	
Diesel Fuel		34,670	
Equipment Parts - Light		23,983	
Equipment and Machinery Parts		19,581	
Garage Supplies		5,777	
Gasoline		17,349	
Lubricants		3,747	
Propane Gas		1,804	
Small Tools		1,058	
Tires and Tubes		9,861	
Uniforms		3,401	
Total Operation and Maintenance of Equipment			223,427

Other Charges

Communication	\$	5,546	
Maintenance & Repair Services- Buildings		376	
Maintenance & Repair Services- Equipment		50	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Electricity	\$	8,016	
Natural Gas		3,137	
Water and Sewer		511	
Judgments		16,000	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		28,992	
Vehicle and Equipment Insurance		22,308	
Workers' Compensation Insurance		37,482	
Total Other Charges			\$ 122,768

Employee Benefits

Longevity Pay	\$	18,628	
Social Security		74,302	
State Retirement		49,027	
Life Insurance		2,109	
Medical Insurance		139,259	
Unemployment Compensation		2,000	
Total Employee Benefits			285,325

Capital Outlay

Communication Equipment	\$	390	
Highway Equipment		66,419	
Motor Vehicles		117,137	
Other Equipment		522	
Total Capital Outlay			184,468

Principal

Highways and Streets

Principal on Capitalized Leases	\$	60,084	
Total Highways and Streets			60,084

Interest

Highways and Streets

Interest on Capitalized Leases	\$	6,619	
Total Highways and Streets			6,619

Total Highway/Public Works Fund \$ 2,572,918

(Continued)

Exhibit J-7

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

General Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$ 6,871	
Total Other General Administration		\$ 6,871

Principal

General Government

Principal on Bonds	\$ 45,000	
Principal on Notes	273,160	
Principal on Other Loans Payable	20,893	
Total General Government		339,053

Interest

General Government

Interest on Bonds	\$ 19,808	
Interest on Notes	57,059	
Interest on Other Loans Payable	7,733	
Total General Government		84,600

Other Debt Service

General Government

Bank Charges	\$ 582	
Fiscal Agent Charges	720	
Total General Government		1,302

Total General Debt Service Fund		\$ 431,826
---------------------------------	--	------------

Education Debt Service Fund

General Government

Other General Administration

Trustee's Commission	\$ 96,208	
Total Other General Administration		\$ 96,208

Principal

Education

Principal on Bonds	\$ 2,060,000	
Principal on Notes	321,043	
Principal on Other Loans Payable	7,484,571	
Total Education		9,865,614

(Continued)

Exhibit J-7

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

Education Debt Service Fund (Cont.)

Interest

Education

Interest on Bonds	\$	1,119,860	
Interest on Notes		5,592	
Interest on Other Loans Payable		319,543	
Total Education		<u>319,543</u>	\$ 1,444,995

Other Debt Service

Education

Bank Charges	\$	24,706	
Underwriter's Discount		55,229	
Other Debt Issuance Charges		112,213	
Total Education		<u>112,213</u>	<u>192,148</u>

Total Education Debt Service Fund \$ 11,598,965

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Contributions	\$	3,159,467	
Total Regular Capital Outlay		<u>3,159,467</u>	<u>\$ 3,159,467</u>

Total Education Capital Projects Fund 3,159,467

Total Governmental Funds - Primary Government \$ 29,173,521

Exhibit J-8

Cheatham 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	\$ 1,849,201
Total Cash Receipts	<u>\$ 1,849,201</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,830,709
Trustee's Commission	18,492
Total Cash Disbursements	<u>\$ 1,849,201</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

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

<u>Year</u>	<u>Amount</u>
1994	\$ 4,521
1995	5,172
1996	4,968
1997	5,055
1998	10,298
1999	21,403
2000	37,633
2001	90,172
2002	138,742
2003	<u>202,924</u>
Total	<u>\$ 520,888</u>

Table 2

Cheatham County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<u>County</u>										
General	\$ 0.56	\$ 0.52	\$ 0.64	\$ 0.92	\$ 0.95	\$ 0.84	\$ 0.78	\$ 0.83	\$ 0.87	\$ 0.90
Solid Waste/Sanitation	0.12	0.12	0.18	0.07	0.12	0.12	0.10	0.10	0.10	0.15
Highway/Public Works	0.07	0.07	0.10	0.11	0.11	0.11	0.10	0.09	0.09	0.09
General Purpose School	1.42	1.46	1.55	1.39	1.39	1.39	1.33	1.33	1.31	1.27
General Debt Service	0.38	0.43	0.55	0.07	0.19	0.71	0.07	0.07	0.05	0.05
Education Debt Service	0.40	0.55	0.13	0.39	0.19	0.07	0.71	0.67	0.67	0.67
Total County	\$ 2.95	\$ 3.15	\$ 3.15	\$ 2.95	\$ 2.95	\$ 3.24	\$ 3.09	\$ 3.09	\$ 3.09	\$ 3.13
<u>Kingston Springs Rural Fire District</u>										
General	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.048	\$ 1.048	\$ 0.00	\$ 0.00
Solid Waste/Sanitation	0.00	0.00	0.00	0.00	0.00	0.00	0.100	0.100	0.00	0.00
Highway/Public Works	0.00	0.00	0.00	0.00	0.00	0.00	0.100	0.100	0.00	0.00
General Purpose School	0.00	0.00	0.00	0.00	0.00	0.00	1.330	1.330	0.00	0.00
General Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.070	0.070	0.00	0.00
Education Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.710	0.710	0.00	0.00
Total Kingston Springs Rural Fire District	\$ 0.00	\$ 3.358	\$ 3.358	\$ 0.00	\$ 0.00					
<u>Town of Pegram and Pegram Rural Fire District</u>										
General	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.977	\$ 0.977	\$ 0.00	\$ 0.00
Solid Waste/Sanitation	0.00	0.00	0.00	0.00	0.00	0.00	0.100	0.100	0.00	0.00
Highway/Public Works	0.00	0.00	0.00	0.00	0.00	0.00	0.100	0.100	0.00	0.00
General Purpose School	0.00	0.00	0.00	0.00	0.00	0.00	1.330	1.330	0.00	0.00
General Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.070	0.070	0.00	0.00
Education Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.710	0.710	0.00	0.00
Total Town of Pegram and Pegram Rural Fire District	\$ 0.00	\$ 3.287	\$ 3.287	\$ 0.00	\$ 0.00					
<u>Assessed Valuation</u>										
Real and Personal	\$ 242,883,903	\$ 257,912,617	\$ 273,876,761	\$ 348,535,225	\$ 368,589,473	\$ 380,173,339	\$ 446,985,526	\$ 459,247,205	\$ 468,022,983	\$ 487,486,795
Public Utilities	18,523,569	19,886,406	15,325,022	19,740,907	20,887,060	19,428,883	22,248,628	22,361,745	20,705,786	21,434,274
Total Assessed Valuation	\$ 261,407,472	\$ 277,799,023	\$ 289,201,783	\$ 368,276,132	\$ 389,476,533	\$ 399,602,222	\$ 469,234,154	\$ 481,608,950	\$ 488,728,769	\$ 508,921,069

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

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

EUGENE HAMPTON, II, CGFM
Auditor 4

KRISTEN LEONARD
WENDY HEATH, CFE
State Auditors

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

**CHEATHAM COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CHEATHAM COUNTY, TENNESSEE
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Audit Highlights
Annual Financial Report
Cheatham County School Department
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 the Cheatham County School Department as of and for the year ended June 30, 2005.

Results

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

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

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Several purchase orders were materially understated in the administration of federal grant purchases.

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

INTRODUCTORY SECTION

Cheatham County School Officials
June 30, 2005

Official:

Lynn Seifert, Interim Director of Schools

Board of Education:

Michael Stuart, Chairman
Rickey Thomas
Barry Breen

Dreama McCool Davidson
Susan Greer
Todd Ford

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

October 25, 2005

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Cheatham County School Department, a component unit of Cheatham 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 Cheatham 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 Cheatham 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 Cheatham 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 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 Cheatham 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 and the aggregate remaining fund information of the Cheatham 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.

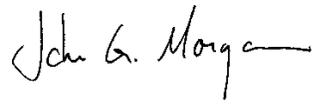
In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2005, on our consideration of the Cheatham County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Cheatham 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 27 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 Cheatham County School Department's basic financial statements. The introductory section, combining and individual nonmajor governmental funds, budgetary comparison schedules of nonmajor governmental funds, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor governmental funds, budgetary comparison schedules of nonmajor governmental funds, and 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 black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,819,612	\$ 796,816	\$ 2,616,428
Accounts Receivable	180,063	8,124	188,187
Due from Other Governments	442,915	172,511	615,426
Due from Other Funds	38,435	0	38,435
Property Taxes Receivable	6,640,963	0	6,640,963
Allowance for Uncollectible Property Taxes	(219,193)	0	(219,193)
Total Assets	<u>\$ 8,902,795</u>	<u>\$ 977,451</u>	<u>\$ 9,880,246</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 178,349	\$ 20,059	\$ 198,408
Accrued Payroll	13,996	5,554	19,550
Due to Other Funds	0	38,435	38,435
Deferred Revenue - Current Property Taxes	6,226,193	0	6,226,193
Deferred Revenue - Delinquent Property Taxes	162,302	0	162,302
Other Deferred Revenues	164,207	0	164,207
Total Liabilities	<u>\$ 6,745,047</u>	<u>\$ 64,048</u>	<u>\$ 6,809,095</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 798,937	\$ 14,000	\$ 812,937
Reserved for Title I Grants to Local Education Agencies	0	2,879	2,879
Reserved for Special Education - Grants to States	0	3,803	3,803
Other Federal Reserves	0	2,321	2,321
Unreserved, Reported In:			
General Fund	1,358,811	0	1,358,811
Special Revenue Funds	0	890,400	890,400
Total Fund Balances	<u>\$ 2,157,748</u>	<u>\$ 913,403</u>	<u>\$ 3,071,151</u>
Total Liabilities and Fund Balances	<u>\$ 8,902,795</u>	<u>\$ 977,451</u>	<u>\$ 9,880,246</u>

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

Exhibit B

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,506,868	\$ 0	\$ 8,506,868
Licenses and Permits	3,458	0	3,458
Charges for Current Services	963,456	1,580,434	2,543,890
Other Local Revenues	165,916	7,127	173,043
State of Tennessee	25,971,243	34,445	26,005,688
Federal Government	560,347	3,245,543	3,805,890
Other Governments and Citizens Groups	888,537	2,937,941	3,826,478
Total Revenues	<u>\$ 37,059,825</u>	<u>\$ 7,805,490</u>	<u>\$ 44,865,315</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,560,239	\$ 1,566,281	\$ 25,126,520
Support Services	11,746,124	789,109	12,535,233
Operation of Non-Instructional Services	875,337	2,269,265	3,144,602
Capital Outlay	402,029	0	402,029
Capital Projects	0	2,937,941	2,937,941
Total Expenditures	<u>\$ 36,583,729</u>	<u>\$ 7,562,596</u>	<u>\$ 44,146,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 476,096</u>	<u>\$ 242,894</u>	<u>\$ 718,990</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 14,876	\$ 0	\$ 14,876
Transfers Out	0	(14,876)	(14,876)
Total Other Financing Sources (Uses)	<u>\$ 14,876</u>	<u>\$ (14,876)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 490,972	\$ 228,018	\$ 718,990
Fund Balance, July 1, 2004	1,666,776	685,385	2,352,161
Fund Balance, June 30, 2005	<u>\$ 2,157,748</u>	<u>\$ 913,403</u>	<u>\$ 3,071,151</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cheatham 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 Cheatham County, and the voters of Cheatham County elect its six-member board. The School Department is a component unit of Cheatham County, the primary government. The School Department is fiscally dependent on Cheatham County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Cheatham County Commission's approval. The School Department's taxes are levied under the taxing

authority of Cheatham County and are included as part of Cheatham 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.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School Department considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. The School Department considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. 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 fund:

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

Additionally, the School Department reports the following fund types:

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.

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

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 Cheatham County primary government funds and the School Department. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Fund. Cheatham 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 state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital 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 specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The General Purpose School Fund had a designation for daycare totaling \$194,248 at June 30, 2005.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cheatham County and the Cheatham County 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 or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

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. Public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

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.

Investment Balances. As of June 30, 2005, Cheatham County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Cheatham County and the discretely presented Cheatham County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,347,158

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Cheatham County has no investment policy that would further limit its investment choices. As of June 30, 2005, Cheatham County's investment in the State Treasurer's Investment Pool was unrated.

B. Interfund Receivables, 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 Purpose School	Nonmajor governmental	\$ 38,435

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

Interfund Transfers:

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

	<u>Transfers In</u>
	General Purpose School Fund
<u>Transfers Out</u>	
Nonmajor governmental fund	<u>\$ 14,876</u>

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

III. OTHER INFORMATION

A. Risk Management

The 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 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 TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 for each insured event.

The School Department purchases its employees' health insurance through the State of Tennessee's Group Insurance Program.

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. Subsequent Events

On September 8, 2005, Cheatham County's General Debt Service Fund issued a \$500,000 tax anticipation note to the School Department's General Purpose School Fund for temporary operating funds.

On September 12, 2005, Lynn Seifert was named director of schools.

D. Contingent Liabilities

The School Department's attorney advised that there were no pending lawsuits against the School Department at June 30, 2005.

E. Change in Administration

Bruce Gibbs, director of schools, resigned on July 31, 2004. Lynn Seifert was appointed interim director on August 2, 2004.

F. Retirement Commitments

Plan Description

Employees of Cheatham 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 Cheatham 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 Cheatham County School Department participates in Cheatham County's plan, retirement information for the Cheatham 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. H. of the Annual Financial Report of Cheatham County, Tennessee.

SCHOOL TEACHERS

Plan Description

The Cheatham 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.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 Cheatham 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 Cheatham 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, \$1,114,458, \$636,838, and \$606,207, respectively, equal to the required contributions for each year.

G. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Cheatham 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	\$ 8,506,868	\$ 0	\$ 0	\$ 8,506,868	\$ 8,451,648	\$ 8,486,648	\$ 20,220
Licenses and Permits	3,458	0	0	3,458	3,700	3,700	(242)
Charges for Current Services	963,456	0	0	963,456	825,925	875,925	87,531
Other Local Revenues	165,916	0	0	165,916	103,600	167,943	(2,027)
State of Tennessee	25,971,243	0	0	25,971,243	25,569,979	25,989,093	(17,850)
Federal Government	560,347	0	0	560,347	642,685	694,479	(134,132)
Other Governments and Citizens Groups	888,537	0	0	888,537	0	794,061	94,476
Total Revenues	\$ 37,059,825	\$ 0	\$ 0	\$ 37,059,825	\$ 35,597,537	\$ 37,011,849	\$ 47,976
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,784,070	\$ (18,624)	\$ 46,394	\$ 19,811,840	\$ 19,500,778	\$ 19,836,681	\$ 24,841
Alternative Instruction Program	60,469	0	0	60,469	48,986	61,707	1,238
Special Education Program	2,577,862	(13,322)	0	2,564,540	2,551,303	2,598,372	33,832
Vocational Education Program	1,038,705	(900)	0	1,037,805	1,007,636	1,039,055	1,250
Adult Education Program	99,133	0	3,594	102,727	137,684	146,603	43,876
<u>Support Services</u>							
Attendance	83,848	(1,824)	0	82,024	84,213	84,741	2,717
Health Services	135,389	0	1,043	136,432	139,738	138,744	2,312
Other Student Support	1,081,244	0	0	1,081,244	1,050,149	1,088,212	6,968
Regular Instruction Program	1,374,335	(260)	646	1,374,721	1,464,887	1,477,864	103,143
Alternative Instruction Program	74,825	(265)	491	75,051	75,399	76,427	1,376
Special Education Program	340,815	0	0	340,815	345,837	348,856	8,041
Vocational Education Program	115,451	0	0	115,451	112,784	116,480	1,029
Adult Programs	96,827	(910)	0	95,917	103,457	103,457	7,540
Board of Education	543,569	0	0	543,569	512,532	545,032	1,463

(Continued)

Exhibit C

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Cheatham 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>							
Director of Schools	\$ 223,268	\$ 0	\$ 0	\$ 223,268	\$ 237,043	\$ 231,050	\$ 7,782
Office of the Principal	2,001,166	0	0	2,001,166	2,034,475	2,027,940	26,774
Fiscal Services	246,933	0	0	246,933	251,038	251,038	4,105
Operation of Plant	2,897,070	0	0	2,897,070	2,680,702	2,929,702	32,632
Maintenance of Plant	808,283	(400)	43,557	851,440	876,983	874,584	23,144
Transportation	1,723,101	(110,851)	690,125	2,302,375	1,462,511	2,351,668	49,293
<u>Operation of Non-Instructional Services</u>							
Community Services	875,337	(335)	127	875,129	879,115	932,549	57,420
<u>Capital Outlay</u>							
Regular Capital Outlay	402,029	(284)	12,960	414,705	473,587	473,587	58,882
Total Expenditures	\$ 36,583,729	\$ (147,975)	\$ 798,937	\$ 37,234,691	\$ 36,030,837	\$ 37,734,349	\$ 499,658
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 476,096	\$ 147,975	\$ (798,937)	\$ (174,866)	\$ (433,300)	\$ (722,500)	\$ 547,634
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 14,876	\$ 0	\$ 0	\$ 14,876	\$ 11,500	\$ 11,500	\$ 3,376
Total Other Financing Sources (Uses)	\$ 14,876	\$ 0	\$ 0	\$ 14,876	\$ 11,500	\$ 11,500	\$ 3,376
Net Change in Fund Balance							
Fund Balance, July 1, 2004	\$ 490,972	\$ 147,975	\$ (798,937)	\$ (159,990)	\$ (421,800)	\$ (711,000)	\$ 551,010
	1,666,776	(147,975)	0	1,518,801	1,591,889	1,591,889	(73,088)
Fund Balance, June 30, 2005							
	\$ 2,157,748	\$ 0	\$ (798,937)	\$ 1,358,811	\$ 1,170,089	\$ 880,889	\$ 477,922

**CHEATHAM COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CHEATHAM COUNTY, TENNESSEE
NOTES TO THE 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 Cheatham 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: Instruction-Regular Instruction Program, Support Services-Attendance, Operation of Non-Instructional Services-Food Service, etc.). Management may make revisions within major categories, but only the Cheatham County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

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.

Education Capital Projects Fund – The Education Capital Projects Fund accounts for debt issued by Cheatham County that is subsequently contributed to the School Department for building construction and renovations.

Cheatham County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Cheatham County School Department
June 30, 2005

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,857	\$ 791,959	\$ 796,816
Accounts Receivable	1	8,123	8,124
Due from Other Governments	80,203	92,308	172,511
Total Assets	<u>\$ 85,061</u>	<u>\$ 892,390</u>	<u>\$ 977,451</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 18,069	\$ 1,990	\$ 20,059
Accrued Payroll	5,554	0	5,554
Due to Other Funds	38,435	0	38,435
Total Liabilities	<u>\$ 62,058</u>	<u>\$ 1,990</u>	<u>\$ 64,048</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 14,000	\$ 0	\$ 14,000
Reserved for Title I Grants to Local Education Agencies	2,879	0	2,879
Reserved for Special Education - Grants to States	3,803	0	3,803
Other Federal Reserves	2,321	0	2,321
Unreserved	0	890,400	890,400
Total Fund Balances	<u>\$ 23,003</u>	<u>\$ 890,400</u>	<u>\$ 913,403</u>
Total Liabilities and Fund Balances	<u>\$ 85,061</u>	<u>\$ 892,390</u>	<u>\$ 977,451</u>

Exhibit D-2

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,580,434	\$ 1,580,434	\$ 0	\$ 1,580,434
Other Local Revenues	0	7,127	7,127	0	7,127
State of Tennessee	0	34,445	34,445	0	34,445
Federal Government	2,343,173	902,370	3,245,543	0	3,245,543
Other Governments and Citizens Groups	0	0	0	2,937,941	2,937,941
Total Revenues	<u>\$ 2,343,173</u>	<u>\$ 2,524,376</u>	<u>\$ 4,867,549</u>	<u>\$ 2,937,941</u>	<u>\$ 7,805,490</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,566,281	\$ 0	\$ 1,566,281	\$ 0	\$ 1,566,281
Support Services	789,109	0	789,109	0	789,109
Operation of Non-Instructional Services	0	2,269,265	2,269,265	0	2,269,265
Capital Projects	0	0	0	2,937,941	2,937,941
Total Expenditures	<u>\$ 2,355,390</u>	<u>\$ 2,269,265</u>	<u>\$ 4,624,655</u>	<u>\$ 2,937,941</u>	<u>\$ 7,562,596</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (12,217)</u>	<u>\$ 255,111</u>	<u>\$ 242,894</u>	<u>\$ 0</u>	<u>\$ 242,894</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (14,876)	\$ 0	\$ (14,876)	\$ 0	\$ (14,876)
Total Other Financing Sources (Uses)	<u>\$ (14,876)</u>	<u>\$ 0</u>	<u>\$ (14,876)</u>	<u>\$ 0</u>	<u>\$ (14,876)</u>
Net Change in Fund Balances	\$ (27,093)	\$ 255,111	\$ 228,018	\$ 0	\$ 228,018
Fund Balance, July 1, 2004	50,096	635,289	685,385	0	685,385
Fund Balance, June 30, 2005	<u>\$ 23,003</u>	<u>\$ 890,400</u>	<u>\$ 913,403</u>	<u>\$ 0</u>	<u>\$ 913,403</u>

Exhibit D-3

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Cheatham County School Department
School Federal 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>							
Federal Government	\$ 2,343,173	\$ 0	\$ 0	\$ 2,343,173	\$ 2,546,350	\$ 2,730,519	\$ (387,346)
Total Revenues	\$ 2,343,173	\$ 0	\$ 0	\$ 2,343,173	\$ 2,546,350	\$ 2,730,519	\$ (387,346)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 711,001	\$ (196)	\$ 0	\$ 710,805	\$ 652,036	\$ 755,936	\$ 45,131
Special Education Program	750,734	(21,971)	0	728,763	973,299	956,371	227,608
Vocational Education Program	104,546	(18,970)	9,186	94,762	94,861	94,861	99
<u>Support Services</u>							
Other Student Support	39,270	0	0	39,270	9,000	61,020	21,750
Regular Instruction Program	257,338	(1,250)	4,650	260,738	296,334	342,075	81,337
Special Education Program	468,685	(275)	164	468,574	483,569	560,872	92,298
Vocational Education Program	5,305	0	0	5,305	5,306	5,306	1
Transportation	18,511	0	0	18,511	25,315	19,656	1,145
Total Expenditures	\$ 2,355,390	\$ (42,662)	\$ 14,000	\$ 2,326,728	\$ 2,539,720	\$ 2,796,097	\$ 469,369
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (12,217)	\$ 42,662	\$ (14,000)	\$ 16,445	\$ 6,630	\$ (65,578)	\$ 82,023
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (14,876)	\$ 0	\$ 0	\$ (14,876)	\$ (14,064)	\$ (17,035)	\$ 2,159
Total Other Financing Sources (Uses)	\$ (14,876)	\$ 0	\$ 0	\$ (14,876)	\$ (14,064)	\$ (17,035)	\$ 2,159

(Continued)

Exhibit D-3

Cheatham County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Cheatham County School Department
School Federal 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	\$ (27,093)	\$ 42,662	\$ (14,000)	\$ 1,569	\$ (7,434)	\$ (82,613)	\$ 84,182
Fund Balance, July 1, 2004	50,096	(42,662)	0	7,434	50,096	82,613	(75,179)
Fund Balance, June 30, 2005	\$ 23,003	\$ 0	\$ (14,000)	\$ 9,003	\$ 42,662	\$ 0	\$ 9,003

Exhibit D-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,580,434	\$ 1,636,654	\$ 1,636,654	\$ (56,220)
Other Local Revenues	7,127	3,500	3,500	3,627
State of Tennessee	34,445	35,000	35,000	(555)
Federal Government	902,370	866,000	866,000	36,370
Total Revenues	<u>\$ 2,524,376</u>	<u>\$ 2,541,154</u>	<u>\$ 2,541,154</u>	<u>\$ (16,778)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,269,265	\$ 2,536,299	\$ 2,536,299	\$ 267,034
Total Expenditures	<u>\$ 2,269,265</u>	<u>\$ 2,536,299</u>	<u>\$ 2,536,299</u>	<u>\$ 267,034</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 255,111</u>	<u>\$ 4,855</u>	<u>\$ 4,855</u>	<u>\$ 250,256</u>
Net Change in Fund Balance	\$ 255,111	\$ 4,855	\$ 4,855	\$ 250,256
Fund Balance, July 1, 2004	<u>635,289</u>	<u>590,081</u>	<u>590,081</u>	<u>45,208</u>
Fund Balance, June 30, 2005	<u>\$ 890,400</u>	<u>\$ 594,936</u>	<u>\$ 594,936</u>	<u>\$ 295,464</u>

MISCELLANEOUS SCHEDULES

Exhibit E-1

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 14,876</u>
Total Transfers			<u><u>\$ 14,876</u></u>

Exhibit E-2

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools: Bruce Gibbs (7-1-04 to 7-31-04)	State Board of Education and Local Board of Education	\$ 45,424 (1)	\$ 150,000	Tennessee School Boards Risk Management Trust
Interim: Lynn Seifert (8-2-04 to 6-30-05)	State Board of Education and Local Board of Education	73,648 (2)	(3)	
<u>Employee Bonds</u>				
School Employee Blanket Bond			150,000	"

- (1) Includes \$38,543 for severance pay.
Does not include \$400 for automobile allowance for the month of July.
- (2) Includes \$1,000 for chief executive officer training supplement.
- (3) Covered under the School Employee Blanket Bond.

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,166,757	\$ 0	\$ 0	\$ 0	\$ 6,166,757
Trustee's Collections - Prior Year	224,664	0	0	0	224,664
Circuit/Clerk & Master Collections - Prior Years	105,175	0	0	0	105,175
Interest and Penalty	92,376	0	0	0	92,376
Pick-up Taxes	11,273	0	0	0	11,273
Payments in Lieu of Taxes - Local Utilities	58,263	0	0	0	58,263
Payments in Lieu of Taxes - Other	2,618	0	0	0	2,618
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,480,582	0	0	0	1,480,582
Wheel Tax	339,603	0	0	0	339,603
<u>Statutory Local Taxes</u>					
Bank Excise Tax	25,557	0	0	0	25,557
Total Local Taxes	\$ 8,506,868	\$ 0	\$ 0	\$ 0	\$ 8,506,868
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,458	\$ 0	\$ 0	\$ 0	\$ 3,458
Total Licenses and Permits	\$ 3,458	\$ 0	\$ 0	\$ 0	\$ 3,458
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 5,530	\$ 0	\$ 0	\$ 0	\$ 5,530
Tuition - Summer School	4,225	0	0	0	4,225
Lunch Payments - Children	0	0	934,662	0	934,662
Lunch Payments - Adults	0	0	63,042	0	63,042
Income from Breakfast	0	0	107,966	0	107,966
A la carte Sales	0	0	430,441	0	430,441
School Based Health Services - FFS	2,133	0	0	0	2,133
Receipts from Individual Schools	161,707	0	0	0	161,707
Community Service Fees - Children	789,833	0	0	0	789,833
TBI Criminal Background Fee	28	0	0	0	28
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	44,323	0	44,323
Total Charges for Current Services	\$ 963,456	\$ 0	\$ 1,580,434	\$ 0	\$ 2,543,890
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 5,180	\$ 0	\$ 6,517	\$ 0	\$ 11,697
Lease/Rentals	2,930	0	0	0	2,930
Miscellaneous Refunds	89	0	0	0	89
<u>Nonrecurring Items</u>					
Insurance Recovery	50,050	0	0	0	50,050
Sale of Equipment	2,900	0	0	0	2,900
Damages Recovered from Individuals	2,426	0	610	0	3,036
Contributions & Gifts	16,437	0	0	0	16,437
<u>Other Local Revenues</u>					
Other Local Revenues	85,904	0	0	0	85,904
Total Other Local Revenues	\$ 165,916	\$ 0	\$ 7,127	\$ 0	\$ 173,043
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 24,998,503	\$ 0	\$ 0	\$ 0	\$ 24,998,503
School Food Service	0	0	34,445	0	34,445
Driver Education	11,040	0	0	0	11,040
Other State Education Funds	399,611	0	0	0	399,611

(Continued)

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Career Ladder Program	\$ 338,788	\$ 0	\$ 0	\$ 0	\$ 338,788
Career Ladder - Extended Contract	95,284	0	0	0	95,284
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	128,017	0	0	0	128,017
Total State of Tennessee	\$ 25,971,243	\$ 0	\$ 34,445	\$ 0	\$ 26,005,688
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 698,820	\$ 0	\$ 698,820
Breakfast	0	0	203,550	0	203,550
Adult Education State Grant Program	109,189	0	0	0	109,189
Vocational Education - Basic Grants to States	0	100,067	0	0	100,067
Title I Grants to Local Education Agencies	0	670,976	0	0	670,976
Innovative Education Program Strategies	0	29,816	0	0	29,816
Special Education - Grants to States	75,300	1,186,215	0	0	1,261,515
Special Education Preschool Grants	0	32,999	0	0	32,999
Eisenhower Professional Development State Grants	0	315,526	0	0	315,526
Other Federal through State	262,093	7,574	0	0	269,667
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	113,765	0	0	0	113,765
Total Federal Government	\$ 560,347	\$ 2,343,173	\$ 902,370	\$ 0	\$ 3,805,890
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 888,537	\$ 0	\$ 0	\$ 2,937,941	\$ 3,826,478
Total Other Governments and Citizens Groups	\$ 888,537	\$ 0	\$ 0	\$ 2,937,941	\$ 3,826,478
Total	\$ 37,059,825	\$ 2,343,173	\$ 2,524,376	\$ 2,937,941	\$ 44,865,315

Exhibit E-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,438,269	
Career Ladder Program	193,947	
Career Ladder Extended Contracts	73,500	
Homebound Teachers	70,682	
Educational Assistants	750,798	
Certified Substitute Teachers	234,587	
Social Security	886,637	
State Retirement	770,608	
Life Insurance	22,744	
Medical Insurance	2,016,462	
Dental Insurance	16,779	
Disability Insurance	46,221	
Employer Medicare	207,357	
Maintenance & Repair Services- Equipment	96,385	
Tuition	10,017	
Other Contracted Services	34,329	
Instructional Supplies and Materials	110,444	
Textbooks	393,281	
Other Supplies and Materials	33,192	
Fee Waivers	84,049	
Other Charges	5,984	
Regular Instruction Equipment	287,798	
Total Regular Instruction Program		\$ 19,784,070

Alternative Instruction Program

Teachers	\$ 21,376	
Career Ladder Program	1,500	
Educational Assistants	26,041	
Social Security	2,198	
State Retirement	1,055	
Medical Insurance	6,885	
Employer Medicare	514	
Instructional Supplies and Materials	900	
Total Alternative Instruction Program		60,469

Special Education Program

Teachers	\$ 1,769,788
Career Ladder Program	19,995
Homebound Teachers	1,355

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Educational Assistants	\$	51,584	
Certified Substitute Teachers		7,522	
Social Security		110,844	
State Retirement		99,386	
Medical Insurance		269,159	
Dental Insurance		1,890	
Employer Medicare		25,924	
Contracts with Private Agencies		193,868	
Maintenance & Repair Services- Equipment		922	
Other Supplies and Materials		13,944	
Special Education Equipment		11,681	
Total Special Education Program	\$		2,577,862

Vocational Education Program

Teachers	\$	800,195	
Career Ladder Program		11,500	
Certified Substitute Teachers		1,632	
Social Security		49,310	
State Retirement		43,424	
Medical Insurance		99,022	
Dental Insurance		2,054	
Employer Medicare		11,532	
Maintenance & Repair Services- Equipment		4,944	
Instructional Supplies and Materials		9,634	
Other Supplies and Materials		1,455	
Vocational Instruction Equipment		4,003	
Total Vocational Education Program			1,038,705

Adult Education Program

Teachers	\$	69,316	
Social Security		4,298	
State Retirement		3,575	
Dental Insurance		364	
Employer Medicare		1,005	
Other Contracted Services		1,093	
Instructional Supplies and Materials		11,499	
Other Equipment		7,983	
Total Adult Education Program			99,133

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	64,692	
Career Ladder Program		1,000	
Social Security		4,054	
State Retirement		3,613	
Medical Insurance		4,585	
Employer Medicare		948	
Dues and Memberships		75	
Travel		352	
Other Supplies and Materials		2,127	
In Service/Staff Development		278	
Attendance Equipment		2,124	
Total Attendance			\$ 83,848

Health Services

Medical Personnel	\$	91,365	
Other Salaries & Wages		420	
Social Security		5,279	
State Retirement		3,700	
Medical Insurance		24,921	
Employer Medicare		1,235	
Maintenance & Repair Services- Equipment		156	
Travel		4,182	
Drugs and Medical Supplies		3,148	
Other Supplies and Materials		373	
In Service/Staff Development		610	
Total Health Services			135,389

Other Student Support

Career Ladder Program	\$	13,175	
Guidance Personnel		792,727	
Social Security		48,765	
State Retirement		44,325	
Medical Insurance		92,304	
Dental Insurance		1,890	
Employer Medicare		11,405	
Other Contracted Services		55,000	
Other Supplies and Materials		21,653	
Total Other Student Support			1,081,244

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	272,145	
Career Ladder Program		23,985	
Career Ladder Extended Contracts		10,000	
Librarians		488,190	
Materials Supervisor		13,016	
Secretary(s)		61,569	
Other Salaries & Wages		76,487	
Social Security		57,365	
State Retirement		48,948	
Medical Insurance		85,266	
Dental Insurance		1,890	
Employer Medicare		13,416	
Dues and Memberships		665	
Travel		19,381	
Other Contracted Services		56,975	
Library Books/Media		62,816	
Other Supplies and Materials		17,959	
In Service/Staff Development		64,262	
Total Regular Instruction Program			\$ 1,374,335

Alternative Instruction Program

Supervisor/Director	\$	57,019	
Career Ladder Program		1,000	
Social Security		3,410	
State Retirement		3,191	
Medical Insurance		7,974	
Employer Medicare		797	
Maintenance & Repair Services- Equipment		1,169	
Library Books/Media		265	
Total Alternative Instruction Program			74,825

Special Education Program

Supervisor/Director	\$	57,780	
Career Ladder Program		2,000	
Psychological Personnel		39,926	
Secretary(s)		55,602	
Other Salaries & Wages		97,745	
Social Security		15,343	
State Retirement		9,254	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	25,636	
Employer Medicare		3,588	
Travel		11,754	
Other Contracted Services		11,916	
Other Supplies and Materials		3,011	
In Service/Staff Development		7,260	
Total Special Education Program			\$ 340,815

Vocational Education Program

Supervisor/Director	\$	59,610	
Career Ladder Program		1,000	
Secretary(s)		20,703	
Social Security		4,939	
State Retirement		4,172	
Medical Insurance		5,501	
Employer Medicare		1,155	
Communication		2,399	
Travel		907	
Other Contracted Services		15,000	
In Service/Staff Development		65	
Total Vocational Education Program			115,451

Adult Programs

Supervisor/Director	\$	51,490	
Career Ladder Program		900	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		13,927	
Other Salaries & Wages		12,406	
Social Security		5,003	
State Retirement		3,382	
Medical Insurance		357	
Dental Insurance		859	
Employer Medicare		1,170	
Travel		710	
In Service/Staff Development		4,623	
Total Adult Programs			96,827

Board of Education

Other Salaries & Wages	\$	515	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Board and Committee Members Fees	\$	6,660	
Social Security		444	
State Retirement		22	
Unemployment Compensation		48,000	
Employer Medicare		104	
Audit Services		8,000	
Dues and Memberships		10,536	
Legal Services		11,312	
Other Contracted Services		206	
Other Supplies and Materials		151	
Liability Insurance		50,143	
Trustee's Commission		215,965	
Workers' Compensation Insurance		177,261	
In Service/Staff Development		2,815	
Criminal Investigation of Applicants - TBI		7,893	
Other Charges		3,542	
Total Board of Education			\$ 543,569

Director of Schools

County Official/Administrative Officer	\$	119,072	
Secretary(s)		29,852	
Social Security		9,015	
State Retirement		5,661	
Medical Insurance		8,516	
Employer Medicare		2,136	
Communication		15,342	
Dues and Memberships		2,365	
Maintenance & Repair Services- Equipment		720	
Postal Charges		8,549	
Travel		1,953	
Other Contracted Services		11,122	
Office Supplies		5,962	
In Service/Staff Development		2,304	
Other Charges		699	
Total Director of Schools			223,268

Office of the Principal

Principals	\$	753,717	
Career Ladder Program		27,412	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Extended Contracts	\$	16,000	
Assistant Principals		372,686	
Secretary(s)		402,719	
Social Security		94,148	
State Retirement		78,581	
Medical Insurance		136,771	
Dental Insurance		2,905	
Employer Medicare		22,019	
Communication		76,033	
Dues and Memberships		4,800	
Other Contracted Services		897	
Office Supplies		5,132	
Other Charges		7,346	
Total Office of the Principal			\$ 2,001,166

Fiscal Services

Supervisor/Director	\$	51,981	
Accountants/Bookkeepers		129,192	
Social Security		10,722	
State Retirement		7,338	
Medical Insurance		16,461	
Dental Insurance		999	
Employer Medicare		2,508	
Data Processing Services		6,614	
Dues and Memberships		15	
Maintenance & Repair Services- Equipment		6,192	
Travel		552	
Other Contracted Services		6,700	
Data Processing Supplies		6,025	
Office Supplies		426	
In Service/Staff Development		1,208	
Total Fiscal Services			246,933

Operation of Plant

Other Salaries & Wages	\$	15,000	
Social Security		930	
State Retirement		825	
Employer Medicare		217	
Janitorial Services		1,192,170	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Travel	\$	905	
Disposal Fees		25,584	
Other Contracted Services		122,028	
Custodial Supplies		63,344	
Electricity		1,042,031	
Natural Gas		107,357	
Water and Sewer		166,191	
Other Supplies and Materials		10,058	
Building and Contents Insurance		150,430	
Total Operation of Plant			\$ 2,897,070

Maintenance of Plant

Supervisor/Director	\$	39,909	
Secretary(s)		22,450	
Maintenance Personnel		232,173	
Social Security		17,445	
State Retirement		10,425	
Medical Insurance		26,601	
Employer Medicare		4,080	
Communication		8,242	
Laundry Service		10,801	
Maintenance & Repair Services- Buildings		111,806	
Maintenance & Repair Services- Equipment		88,685	
Maintenance & Repair Services- Vehicles		1,519	
Pest Control		8,011	
Travel		217	
Disposal Fees		2,020	
Other Contracted Services		4,894	
Equipment and Machinery Parts		65,708	
Gasoline		11,991	
General Construction Materials		14,663	
Other Supplies and Materials		23,395	
Vehicle and Equipment Insurance		6,604	
Other Charges		42,250	
Other Equipment		54,394	
Total Maintenance of Plant			808,283

Transportation

Supervisor/Director	\$	40,221	
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(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Mechanic(s)	\$	123,785	
Bus Drivers		736,197	
Other Salaries & Wages		37,221	
In-Service Training		6,907	
Social Security		57,412	
State Retirement		35,439	
Medical Insurance		16,576	
Dental Insurance		250	
Employer Medicare		13,427	
Communication		7,977	
Contracts with Parents		13,655	
Laundry Service		8,653	
Maintenance & Repair Services- Equipment		7,060	
Maintenance & Repair Services- Vehicles		8,592	
Medical and Dental Services		6,388	
Travel		12	
Disposal Fees		379	
Other Contracted Services		18,800	
Crushed Stone		1,422	
Diesel Fuel		186,678	
Garage Supplies		3,158	
Gasoline		7,251	
Lubricants		4,201	
Tires and Tubes		33,525	
Vehicle Parts		92,576	
Other Supplies and Materials		8,764	
Vehicle and Equipment Insurance		37,424	
In Service/Staff Development		409	
Other Charges		3,471	
Transportation Equipment		205,271	
Total Transportation			\$ 1,723,101

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	84,629
Teachers		72,344
Career Ladder Program		1,000
Other Salaries & Wages		503,814
Social Security		38,961

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

State Retirement	\$	16,653	
Medical Insurance		29,644	
Employer Medicare		9,112	
Communication		5,272	
Travel		3,869	
Other Contracted Services		3,000	
Instructional Supplies and Materials		2,152	
Other Supplies and Materials		102,606	
In Service/Staff Development		2,281	
Total Community Services			\$ 875,337

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	43,454	
Furniture and Fixtures		172,739	
Motor Vehicles		8,995	
Other Capital Outlay		176,841	
Total Regular Capital Outlay			402,029

Total General Purpose School Fund \$ 36,583,729

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	353,520	
Educational Assistants		98,401	
Other Salaries & Wages		33,087	
Certified Substitute Teachers		984	
Social Security		28,422	
State Retirement		24,211	
Medical Insurance		63,257	
Employer Medicare		6,648	
Other Contracted Services		5,934	
Instructional Supplies and Materials		20,526	
Other Supplies and Materials		18,011	
Regular Instruction Equipment		58,000	
Total Regular Instruction Program			\$ 711,001

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	4,384	
Educational Assistants		413,545	
Other Salaries & Wages		51,105	
Social Security		27,785	
State Retirement		15,433	
Medical Insurance		42,373	
Employer Medicare		6,498	
Other Contracted Services		37,154	
Instructional Supplies and Materials		107,030	
Other Supplies and Materials		792	
Special Education Equipment		44,635	
Total Special Education Program			\$ 750,734

Vocational Education Program

Clerical Personnel	\$	11,888	
Social Security		737	
State Retirement		482	
Employer Medicare		172	
Travel		201	
Instructional Supplies and Materials		23,907	
Vocational Instruction Equipment		67,159	
Total Vocational Education Program			104,546

Support Services

Other Student Support

Other Salaries & Wages	\$	21,503	
Social Security		1,324	
State Retirement		1,183	
Medical Insurance		2,399	
Employer Medicare		309	
Other Charges		12,552	
Total Other Student Support			39,270

Regular Instruction Program

Supervisor/Director	\$	49,124	
Secretary(s)		27,272	
Social Security		4,492	
State Retirement		3,806	
Medical Insurance		9,406	

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	1,051	
Maintenance & Repair Services- Equipment		290	
Travel		853	
Other Supplies and Materials		2,424	
In Service/Staff Development		155,644	
Other Equipment		2,976	
Total Regular Instruction Program			\$ 257,338

Special Education Program

Psychological Personnel	\$	118,774	
Other Salaries & Wages		192,823	
Social Security		18,605	
State Retirement		17,138	
Medical Insurance		24,271	
Dental Insurance		945	
Employer Medicare		4,351	
Other Contracted Services		9,990	
Other Supplies and Materials		61,687	
In Service/Staff Development		19,127	
Other Charges		974	
Total Special Education Program			468,685

Vocational Education Program

Travel	\$	1,029	
In Service/Staff Development		4,276	
Total Vocational Education Program			5,305

Transportation

Bus Drivers	\$	16,450	
In-Service Training		122	
Social Security		1,028	
State Retirement		671	
Employer Medicare		240	
Total Transportation			18,511

Total School Federal Projects Fund \$ 2,355,390

(Continued)

Exhibit E-4

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	45,962	
Clerical Personnel		55,246	
Cafeteria Personnel		776,888	
Social Security		53,180	
State Retirement		22,652	
Life Insurance		2,422	
Medical Insurance		32,233	
Unemployment Compensation		500	
Employer Medicare		12,437	
Communication		11,140	
Maintenance & Repair Services- Equipment		49,567	
Transportation - Other than Students		14,691	
Travel		1,393	
Other Contracted Services		67,496	
Food Preparation Supplies		82,388	
Food Supplies		888,775	
Office Supplies		14,109	
Uniforms		948	
Utilities		115,489	
Other Supplies and Materials		165	
In Service/Staff Development		2,210	
Other Charges		777	
Food Service Equipment		18,597	
Total Food Service			\$ 2,269,265

Total Central Cafeteria Fund \$ 2,269,265

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	36,319	
Other Contracted Services		22,480	
Building Construction		2,879,142	
Total Education Capital Projects			\$ 2,937,941

Total Education Capital Projects Fund 2,937,941

Total Governmental Funds - Cheatham County School Department \$ 44,146,325

SINGLE AUDIT REPORT
CHEATHAM COUNTY, TENNESSEE
AND
CHEATHAM 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

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

EUGENE HAMPTON, II, CGFM
Auditor 4

KRISTEN LEONARD
WENDY HEATH, CFE
State Auditors

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

SINGLE AUDIT REPORT TABLE OF CONTENTS

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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

October 25, 2005

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cheatham County, Tennessee, and each major fund and the aggregate remaining fund information of the Cheatham County School Department, as of and for the year ended June 30, 2005, which collectively comprise Cheatham County's and a portion of the Cheatham County School Department's basic financial statements and have issued our reports thereon dated October 25, 2005. Our report on the financial statements of Cheatham County expressed an adverse opinion because the financial statements of the county's legally separate component units were not included, as required by accounting principles generally accepted in the United States of America. Our report on the financial statements of the Cheatham County School Department expressed an adverse opinion because management did not present government-wide financial statements, as required by accounting principles generally accepted in the United States of America. 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 Cheatham County's and the Cheatham 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 Cheatham County's and the Cheatham 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, 05.03(C), 05.04, 05.05, 05.08, and 05.11.

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, of the reportable conditions described above, we consider item 05.03(C) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cheatham County's and the Cheatham County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.03(A,B), 05.06, 05.07, 05.09, and 05.10.

We noted certain matters that we reported to the management of Cheatham County and the Cheatham 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/yu



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

October 25, 2005

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

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

Compliance

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

In our opinion, Cheatham County and the Cheatham 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 Cheatham County and the Cheatham County School Department are responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cheatham County's and the Cheatham 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.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Cheatham County School Department's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. This reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as items 05.08 and 05.12.

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 the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cheatham County, Tennessee, and the Cheatham County School Department, as of and for the year ended June 30, 2005, and have issued our reports thereon dated October 25, 2005. Our report on the financial statements of Cheatham County expressed an adverse opinion because the financial statements of the county's legally separate component units were not included, as required by accounting principles generally accepted in the United States of America. Our report on the financial statements of the Cheatham County School Department expressed an adverse

opinion because management did not present government-wide financial statements, as required by accounting principles generally accepted in the United States of America. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of these financial statements. Such information has been subjected to the auditing procedures applied in the audit of these financial statements and, in our opinion, is fairly stated, in all material respects, in relation to these financial statements taken as a whole.

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

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Cheatham County, Tennessee, and the Cheatham County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the 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 Distribution (Noncash Assistance)	10.550	(2)	\$ 164,067
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	203,550
National School Lunch Program	10.555	(2)	698,820
Total U.S. Department of Agriculture			<u>\$ 1,066,437</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 6,186
Total U.S. Department of Interior			<u>\$ 6,186</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Incentive Grants - Section 503 Grants to States	17.267	Z-05-023779-00	\$ 551
Total U.S. Department of Labor			<u>\$ 551</u>
U.S. Office of Library Services:			
Passed-through Tennessee Secretary of State:			
State Library Program	45.310	Z-04-018404-00	\$ 5,344
Total U.S. Office of Library Services			<u>\$ 5,344</u>
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215X	N/A	\$ 113,765
Passed-through State Department of Human Services:			
Adult Education-State Grant Program	84.002	Z-04-016652-00	8,403 (3)
Passed-through State Department of Labor and Workforce Development:			
Adult Education-State Grant Program	84.002	Z-05-022204-00	104,179 (3)
Passed-through the University of Tennessee:			
Adult Education-State Grant Program	84.002	(2)	9,774 (3)
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies			
Special Education Cluster:	84.010	N/A	668,292
Special Education - Grants to States	84.027	N/A	1,281,060
Special Education - Preschool Grants	84.173	N/A	32,041
Vocational Education - Basic Grants to States	84.048	N/A	109,851
Emergency Immigrant Education Program	84.162A	N/A	7,535
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	27,481 (4)
Safe and Drug-Free Schools and Communities - State Grants	84.186B	190-05-1-1	45,000 (4)
Even Start - State Educational Agencies	84.213C	Z-05-020456-00	191,434
State Grants for Innovative Programs	84.298	N/A	33,325
Improving Teacher Quality State Grants	84.367	N/A	313,462
Total U.S. Department of Education			<u>\$ 2,945,602</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
Temporary Assistance for Needy Families	93.558	Z-05-022297-00	\$ 28,235
Total U.S. Department of Health and Human Services			<u>\$ 28,235</u>
U.S. Office of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	Z-04-022425-00	\$ 32,674
Emergency Management Performance Grants	97.042	Z-05-025384-00	18,359
Total U.S. Office of Homeland Security			<u>\$ 51,033</u>
Total Expenditure of Federal Awards			<u>\$ 4,103,388</u>

(Continued)

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

Federal/Pass Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	(2)	\$ 29,090
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	11,918
Juvenile Services Program - State Children's Services Commission	N/A	Z-04-015530-00	9,400
Adult Basic Education - State Department of Labor and Workforce	N/A	Z-04-016652-00	2,234
Adult Basic Education - State Department of Labor and Workforce	N/A	Z-05-022204-00	26,748
Families First - State Department of Labor and Workforce	N/A	Z-05-022297-00	13,287
Rural Local Health Services Grant - State Department of Health	N/A	Z-04-015402-00	13,606
Safe Schools Act - State Department of Education	N/A	(2)	41,392
Optional Safety Project - State Department of Transportation	N/A	(2)	50,000
Waste Tire Program - State Department of Environment and Conservation	N/A	Z-03-011361-00	9,395
Total State Grants			<u>\$ 207,070</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Total Adult Education-State Grant Program (CFDA No. 84.002) from the U.S. Department of Education \$122,356.

(4) Total Safe and Drug Free Schools and Communities - State Grants (CFDA No. 84.186) from the U.S. Department of Education \$72,481.

Cheatham County, Tennessee, and the Cheatham 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 Cheatham County, Tennessee, and the Cheatham County School Department for the year ended June 30, 2004, which have not been corrected.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

Finding Number	Page Number	Subject
04.01	12	The director of accounts and budgets did not maintain accounting records for the Road Department
04.02	12-13	The office had accounting deficiencies
04.03	13-14	The office had deficiencies in budget operations
04.04	14-15	The office did not develop a disaster recovery plan

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
04.05	15	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OTHER FINDINGS AND RECOMMENDATIONS

Finding Number	Page Number	Subject
04.08	16-17	County officials had not held a delinquent property tax sale in recent years
04.10	17	Duties were not segregated adequately in the Offices of Trustee and Sheriff

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of the discretely presented component units, and an unqualified opinion was issued on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cheatham County.
2. The audit of the financial statements of Cheatham County and the Cheatham County School Department disclosed reportable conditions in internal control. One of these conditions was considered to be a material weakness of Cheatham County.
3. The audit disclosed three instances of noncompliance that are material to the financial statements of Cheatham County, and one instance of noncompliance that is material to the financial statements of the Cheatham County School Department.
4. The audit disclosed one reportable condition in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education Grants to States and Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173), and 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. Cheatham County and the Cheatham County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We have reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the general sessions judge, the School Department's supervisor of nutrition, the clerk and master, and the ambulance service director are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 05.01 **THE DIRECTOR OF ACCOUNTS AND BUDGETS DID NOT MAINTAIN ACCOUNTING RECORDS FOR THE ROAD DEPARTMENT**

(Material Noncompliance Under Government Auditing Standards)

Cheatham County operates under the Fiscal Control Acts of 1957, which require the director of accounts and budgets to maintain accounting records for funds administered by the county mayor and road superintendent. However, the director of accounts and budgets did not maintain accounting records for the Road Department. Road Department personnel entered all of the department's accounting data into the computer system, reconciled the accounts, generated the reports, and stored the accounting records.

RECOMMENDATION

The director of accounts and budgets should maintain all accounting records of the Road Department as required by the Fiscal Control Acts of 1957.

FINDING 05.02 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**

(Internal Control – Reportable Condition Under Government Auditing Standards)

Our audit revealed the following accounting deficiencies:

- A. At June 30, 2005, general ledger debits did not equal credits in the General Fund (\$100) and the Solid Waste/Sanitation Fund (\$19,934), and the director of accounts and budgets was unable to provide any explanation. Audit adjustments were provided to management for proper presentation in the financial statements of this report.
- B. General Fund payroll deduction accounts were not reconciled with subsidiary records and reports on a current basis. The failure to reconcile payroll deduction accounts on a current basis allowed errors to remain undiscovered and uncorrected for several months.

- C. Finance Department personnel did not reconcile the trustee’s cash balances with fund accounting records until requested by auditors. As a result, errors were not detected and corrected promptly.
- D. Encumbrances totaling \$200,429 were reflected on the general ledger of the General Fund at June 30, 2005. However, the client provided detailed listing of outstanding purchase orders generated on June 30, 2005, totaled \$213,999. Our audit indicated that the \$200,429 should be reflected in the financial statements of this report.

RECOMMENDATION

When fund accounting records’ general ledger debits do not equal credits, Finance Department personnel should immediately investigate and resolve the problem. The office should reconcile all payroll deduction accounts and the trustee’s cash balances with fund accounting records monthly. The detailed listing of outstanding purchase orders at June 30 should reconcile with encumbrances reflected on the general ledger.

FINDING 05.03 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
 (A., and B. Material Noncompliance Under Government Auditing Standards; C. Internal Control – Material Weakness Under Government Auditing Standards)

Our examination revealed the following deficiencies in budget operations:

- A. General Fund expenditures exceeded appropriations at the major appropriation category (the legal level of control) in the following categories:

County Coroner/Medical Examiner	\$ 1,629
Parks and Fair Boards	52,000
Other Charges	9,371
General Administration Projects	47,398
- B. Expenditures and encumbrances exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund (\$19,354), the Education Debt Service Fund (\$106,285), and the Unemployment Compensation Fund (\$45,476).

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

- C. The General Fund's actual fund balance at July 1, 2004, was \$2,083,548; however, the estimated fund balance reflected in the county's budget for July 1, 2004, was \$1,143,386. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission by \$940,162.

RECOMMENDATION

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

FINDING 05.04 **THE OFFICE DID NOT DEVELOP A DISASTER RECOVERY PLAN**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of Director of Accounts and Budgets did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster. Without a formal, written plan, critical computerized applications could be disrupted indefinitely until the system could be repaired or a backup facility could be found and made operational.

RECOMMENDATION

Management should develop and regularly update a disaster recovery plan defining procedures for personnel to follow in the event of a major hardware or software failure, or temporary or permanent destruction of facilities. The plan should contain provisions for a contingency operations site, as well as the adequate backup of data files, system programs, user documentation, supplies, and computer hardware so that operations could continue as normally as possible. A copy of the plan should be kept in a secure area within the office, as well as at a secure, off-site location.

OFFICE OF ROAD SUPERINTENDENT

FINDING 05.05 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Our audit revealed the following accounting deficiencies:

- A. Payroll deduction accounts were not reconciled with subsidiary records and reports on a current basis in the Highway/Public Works Fund. The failure to

reconcile payroll deduction accounts on a current basis allowed errors to remain undiscovered and uncorrected for several months.

- B. Highway Department personnel did not properly reconcile the trustee's cash balance with fund accounting records. As a result, errors were not detected and corrected promptly.
- C. Encumbrances totaling \$273,964 were reflected on the general ledger of the Highway/Public Works Fund at June 30, 2005. However, the detailed listing of outstanding purchase orders generated at year-end totaled \$118,000, resulting in a difference of \$155,964. Our audit indicated that the \$118,000 should be reflected in the financial statements of this report.

RECOMMENDATION

The office should reconcile all payroll deduction accounts and the trustee's cash balance with fund accounting records monthly. The detailed listing of outstanding purchase orders at June 30 should reconcile with encumbrances reflected on the general ledger.

**FINDING 05.06 EXPENDITURES AND ENCUMBRANCES EXCEEDED
APPROPRIATIONS APPROVED BY THE COUNTY
COMMISSION**
(Noncompliance Under Government Auditing Standards)

Highway/Public Works Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Capital Outlay major appropriation category (the legal level of control) by \$19,499. Section 5-9-401, Tennessee Code Annotated, states that "All funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Expenditures and encumbrances should be held within appropriations approved by the County Commission as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.07 GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(Material Noncompliance Under Government Auditing Standards)

The Cheatham County School Department did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, the School Department was unable to provide the information necessary to prepare government-wide financial statements for all of its 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, the School Department’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued an adverse opinion on the 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. The School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

The 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 its capital assets. These records should document the historical costs of the School Department’s capital assets and the related depreciation amounts of these assets. This information is necessary to present the School Department’s financial statements in accordance with generally accepted accounting principles.

FINDING 05.08 SEVERAL PURCHASE ORDERS WERE MATERIALLY UNDERSTATED
(Internal Control – Reportable Condition Under Government Auditing Standards and Under OMB Circular A-133)

In several instances, the actual costs of items purchased materially exceeded the estimated amounts on the approved purchase orders issued for the Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555). Materially understated purchase orders diminish the usefulness of the purchase orders as a management tool in the budgetary process. Accurately issued purchase orders are necessary to properly quantify purchasing commitments.

The United States Office of Management and Budget (OMB) establishes compliance requirements for federal grants. Those procedures require School Departments to comply with state and local procurement practices.

RECOMMENDATION

Purchase orders should be issued for reasonable cost estimates of the items requested. If purchases are determined to materially exceed the amount of the approved purchase order, a new or amended purchase order should be obtained.

MANAGEMENT'S RESPONSE – SUPERVISOR OF NUTRITION

We plan to use historical averages to help determine the amount for purchase orders on routine purchases. For other purchases, we will use blanket purchase orders with set dollar amounts.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.09 **THE GENERAL SESSIONS JUDGE ALLOWED CONTRIBUTIONS TO CHARITABLE OR CIVIC ORGANIZATIONS CONTRARY TO A STATE ATTORNEY GENERAL'S OPINION**
(Noncompliance Under Government Auditing Standards)

The general sessions judge allowed defendants to make contributions to charitable or civic organizations for hurricane relief in lieu of fines and costs on certain General Sessions Court cases. The contributions were collected from defendants by the general sessions court clerk and paid to the charitable or civic organization designated by the judge. The state attorney general opined in opinion number U91-80 that the general sessions judge does not have the authority to order a defendant to make a contribution to a designated charitable or civic organization in addition to a fine or as an alternative to incarceration.

RECOMMENDATION

All General Sessions Court cases should be adjudicated in accordance with provisions specifically authorized by state statutes or other legal authority.

MANAGEMENT'S RESPONSE – GENERAL SESSIONS JUDGE

The normal policy is to allow the speeding offenders to pay a court cost. On this particular day (and only on this day), they were allowed to make this contribution instead. Before any alternative was offered, those in attendance were told specifically that they were not being required to make a donation toward hurricane relief. They were made to understand that any donation would be optional. There were some that did choose to donate to the relief effort, but, (as is not uncommon), did not have the funds at that time. Some asked for time

to submit their donation, but never tendered any monies. The cases in which no donation was made were dismissed without costs.

FINDING 05.10 COUNTY OFFICIALS HAD NOT HELD A DELINQUENT PROPERTY TAX SALE IN RECENT YEARS
(Material Noncompliance Under Government Auditing Standards)

County officials had not held a delinquent property tax sale in approximately nine years. Section 67-5-1806, Tennessee Code Annotated, provides that all delinquent property taxes become discharged and uncollectible after ten years from the date when the delinquency originated. The clerk and master's tax aggregate list (1994-2003) reflects uncollected delinquent county property taxes of \$520,888 filed in Chancery Court.

RECOMMENDATION

County officials should hold a delinquent property tax sale in an effort to collect delinquent taxes as provided by state statute.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

A delinquent tax sale will be held November 4, 2005.

FINDING 05.11 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE AMBULANCE SERVICE AND THE OFFICES OF TRUSTEE AND SHERIFF
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among employees in the Ambulance Service and the Offices of Trustee and Sheriff. Employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds.

RECOMMENDATION

To strengthen internal controls over operations, officials should segregate duties adequately among employees.

MANAGEMENT'S RESPONSE – AMBULANCE SERVICE DIRECTOR

Due to budget constraints, we only have funding for one billing position.

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

<u>Federal/Pass-through Agency</u>	<u>Finding Number</u>	<u>Federal CFDA Numbers</u>	<u>Criteria</u>	<u>Explanation</u>	<u>Amount Questioned</u>
U.S. Department of Agriculture: Passed-through Tennessee Department of Education	05.12	10.553 & 10.555	Circular A-133, Section 300(b)	Internal Control, see Finding 05.08: The office had deficiencies in the the issuance of purchase orders	\$ 0

**CHEATHAM COUNTY, TENNESSEE, AND THE
CHEATHAM 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. There is one audit finding relative to federal awards in the current audit's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Corrective Action Plan for Current Year Findings

FINDINGS 05.08 and 05.12

For routine purchases, we plan to use historical averages of previous purchase orders to determine the amount the purchase order is to be issued for.

For non-routine purchases, we will use a blanket purchase order for the month with a set dollar amount. If the amount is spent, we will consider issuing a new purchase order.