

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

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

COFFEE COUNTY, TENNESSEE

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Audit Highlights

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

Scope

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

Results

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Coffee County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

COFFEE COUNTY

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

OFFICE OF COUNTY MAYOR

- ◆ General ledger payroll liability accounts were not reconciled monthly resulting in errors remaining undiscovered and uncorrected.
 - ◆ The General Debt Service Fund's estimated fund balance reflected in the county's budget at July 1, 2004, exceeded the actual fund balance by a material amount. The Local Purpose Tax Fund's appropriations exceeded estimated available funds by \$4,197, and the General Fund expenditures exceeded appropriations in 20 personal services (payroll) accounts in amounts ranging from \$3 to \$69,956.
 - ◆ The office did not maintain inventory records for assets owned by the general county government.
 - ◆ The office did not have formal policies and procedures for computer operations.
 - ◆ 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 COUNTY MAYOR AND SHERIFF

- ◆ The offices made a \$20,000 contribution from the Drug Control Fund to the Coffee County Central High School Athletic Foundation. The contribution does not meet the criteria for the authorized use of drug control funds.
-

COFFEE COUNTY LIBRARY

- ◆ The financial statements of the Coffee County Library (a special revenue fund) were not available from other auditors in time for inclusion in this report. However, the auditor's report of the Coffee County Library for the year ended June 30, 2004, noted several deficiencies in the operations of the library. These deficiencies included bids not solicited in all instances, expenditures exceeding appropriations, funds not deposited within three days of collection, deficiencies in payroll, purchasing, and receipting processes, and checks not properly voided.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting and budgeting.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Highway Superintendent, Trustee, County Clerk, Clerk and Master, Register, and Sheriff.
- ◆ A portion of sales tax collected outside municipalities was not apportioned with city school systems.

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

INTRODUCTORY SECTION

Coffee County Officials
June 30, 2005

Officials:

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

Board of County Commissioners:

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

Budget and Finance Committee:

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

Highway Commission:

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

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

January 4, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 34, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Coffee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coffee County, Tennessee, as of June 30, 2005, or the changes in its financial position for the year then ended.

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

However, in our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, as of June 30, 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.

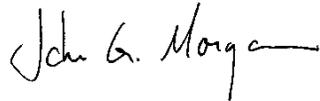
In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2006, on our consideration of Coffee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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., Coffee County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 37 through 45 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coffee County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General 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 General 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 is positioned above the printed name.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

| | Major Funds | | | | Nonmajor | Total |
|--|--------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|---------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 1,000 | \$ 0 | \$ 25 | \$ 0 | \$ 367,417 | \$ 368,442 |
| Equity in Pooled Cash and Investments | 2,167,044 | 523,968 | 1,054,745 | 1,035,820 | 1,652,818 | 6,434,395 |
| Inventories | 7,226 | 0 | 0 | 0 | 5,770 | 12,996 |
| Accounts Receivable | 268,231 | 3,250 | 0 | 0 | 5,191 | 276,672 |
| Due from Other Governments | 114,557 | 0 | 346,077 | 0 | 36,544 | 497,178 |
| Due from Other Funds | 1,000 | 0 | 0 | 0 | 683 | 1,683 |
| Property Taxes Receivable | 7,363,819 | 657,092 | 0 | 1,313,765 | 1,036,956 | 10,371,632 |
| Allowance for Uncollectible Property Taxes | (197,658) | (28,542) | 0 | (35,723) | (37,799) | (299,722) |
| Total Assets | \$ 9,725,219 | \$ 1,155,768 | \$ 1,400,847 | \$ 2,313,862 | \$ 3,067,580 | \$ 17,663,276 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>Liabilities</u> | | | | | | |
| Accounts Payable | \$ 81,175 | \$ 40,783 | \$ 34,244 | \$ 0 | \$ 1,108 | \$ 157,310 |
| Payroll Deductions Payable | 74,345 | 9,555 | 999 | 0 | 662 | 85,561 |
| Due to Other Funds | 2,621 | 0 | 1,000 | 0 | 0 | 3,621 |
| Deferred Revenue - Current Property Taxes | 7,000,264 | 593,001 | 0 | 1,247,571 | 942,020 | 9,782,856 |
| Deferred Revenue - Delinquent Property Taxes | 165,897 | 35,549 | 0 | 30,471 | 57,137 | 289,054 |
| Other Deferred Revenues | 0 | 0 | 161,503 | 0 | 0 | 161,503 |
| Total Liabilities | \$ 7,324,302 | \$ 678,888 | \$ 197,746 | \$ 1,278,042 | \$ 1,000,927 | \$ 10,479,905 |
| <u>Fund Balances</u> | | | | | | |
| Reserved for Encumbrances | \$ 55,372 | \$ 42,684 | \$ 613 | \$ 0 | \$ 131,867 | \$ 230,536 |
| Reserved for Alcohol and Drug Treatment | 45,848 | 0 | 0 | 0 | 0 | 45,848 |
| Reserved for Drug Court | 18,485 | 0 | 0 | 0 | 0 | 18,485 |
| Reserved for Computer System - Register | 7,142 | 0 | 0 | 0 | 0 | 7,142 |
| Reserved for Automation Purposes - Sheriff | 1,383 | 0 | 0 | 0 | 0 | 1,383 |
| Reserved for State Reappraisal Grant | 58,089 | 0 | 0 | 0 | 0 | 58,089 |
| Reserved for Other General Purposes | 10,333 | 0 | 0 | 0 | 0 | 10,333 |
| Unreserved, Reported In: | | | | | | |
| General Fund | 2,204,265 | 0 | 0 | 0 | 0 | 2,204,265 |
| Special Revenue Funds | 0 | 434,196 | 1,202,488 | 0 | 619,383 | 2,256,067 |

(Continued)

Exhibit A

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
 Unreserved, Reported In (Cont.):
 Debt Service Funds
 Capital Projects Funds
 Total Fund Balances

Total Liabilities and Fund Balances

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

| | Major Funds | | | Nonmajor | Total | |
|--|---------------------|--------------------------|------------------------|--------------------------|---------------------|----------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | Other Governmental Funds | | Governmental Funds |
| | \$ 0 | \$ 0 | \$ 0 | \$ 1,035,820 | \$ 443,978 | \$ 1,479,798 |
| | 0 | 0 | 0 | 0 | 871,425 | 871,425 |
| | <u>\$ 2,400,917</u> | <u>\$ 476,880</u> | <u>\$ 1,203,101</u> | <u>\$ 1,035,820</u> | <u>\$ 2,066,653</u> | <u>\$ 7,183,371</u> |
| | <u>\$ 9,725,219</u> | <u>\$ 1,155,768</u> | <u>\$ 1,400,847</u> | <u>\$ 2,313,862</u> | <u>\$ 3,067,580</u> | <u>\$ 17,663,276</u> |

Exhibit B

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

| | Major Funds | | | | Nonmajor Funds | Total Governmental Funds |
|--|---------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 7,730,890 | \$ 867,456 | \$ 80,119 | \$ 1,314,460 | \$ 1,131,601 | \$ 11,124,526 |
| Licenses and Permits | 55,063 | 7,340 | 0 | 0 | 0 | 62,403 |
| Fines, Forfeitures, and Penalties | 422,546 | 0 | 0 | 498 | 137,833 | 560,877 |
| Charges for Current Services | 1,003,750 | 36,061 | 0 | 0 | 1,392,401 | 2,432,212 |
| Other Local Revenues | 174,187 | 30,510 | 4,477 | 486,484 | 200,365 | 896,023 |
| Fees Received from County Officials | 898,297 | 0 | 0 | 0 | 0 | 898,297 |
| State of Tennessee | 1,345,533 | 65,073 | 2,235,638 | 0 | 0 | 3,646,244 |
| Federal Government | 474,507 | 0 | 0 | 0 | 163,612 | 638,119 |
| Other Governments and Citizens Groups | 81,021 | 0 | 0 | 0 | 37,646 | 118,667 |
| Total Revenues | \$ 12,185,794 | \$ 1,006,440 | \$ 2,320,234 | \$ 1,801,442 | \$ 3,063,458 | \$ 20,377,368 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 1,357,931 | \$ 0 | \$ 0 | \$ 0 | \$ 150,727 | \$ 1,508,658 |
| Finance | 834,925 | 0 | 0 | 0 | 392,259 | 1,227,184 |
| Administration of Justice | 651,593 | 0 | 0 | 0 | 695,489 | 1,347,082 |
| Public Safety | 5,083,798 | 0 | 0 | 0 | 170,618 | 5,254,416 |
| Public Health and Welfare | 2,146,942 | 1,136,593 | 0 | 0 | 89,847 | 3,373,382 |
| Social, Cultural, and Recreational Services | 789,919 | 0 | 0 | 0 | 0 | 789,919 |
| Agricultural and Natural Resources | 219,520 | 0 | 0 | 0 | 0 | 219,520 |
| Other Operations | 790,173 | 12,112 | 0 | 0 | 139,967 | 942,252 |
| Highways | 0 | 0 | 2,200,968 | 0 | 0 | 2,200,968 |
| Debt Service: | | | | | | |
| Principal | 0 | 0 | 51,697 | 724,700 | 733,290 | 1,509,687 |
| Interest | 0 | 0 | 4,702 | 519,047 | 386,743 | 910,492 |
| Other Debt Service | 0 | 0 | 0 | 38,998 | 18,911 | 57,909 |
| Capital Projects | 0 | 0 | 0 | 0 | 687,515 | 687,515 |
| Total Expenditures | \$ 11,874,801 | \$ 1,148,705 | \$ 2,257,367 | \$ 1,282,745 | \$ 3,465,366 | \$ 20,028,984 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 310,993 | \$ (142,265) | \$ 62,867 | \$ 518,697 | \$ (401,908) | \$ 348,384 |

(Continued)

Exhibit B

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

| | Major Funds | | | | Nonmajor | Total |
|---------------------------------------|--------------|--------------------------|------------------------|----------------------|--------------------------------|--------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Funds Other Governmental Funds | |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 654,000 | \$ 654,000 |
| Other Loans Issued | 0 | 0 | 0 | 0 | 277,053 | 277,053 |
| Transfers In | 0 | 16,943 | 10,662 | 0 | 23,134 | 50,739 |
| Transfers Out | (40,077) | 0 | 0 | 0 | (10,662) | (50,739) |
| Total Other Financing Sources (Uses) | \$ (40,077) | \$ 16,943 | \$ 10,662 | \$ 0 | \$ 943,525 | \$ 931,053 |
| Net Change in Fund Balances | \$ 270,916 | \$ (125,322) | \$ 73,529 | \$ 518,697 | \$ 541,617 | \$ 1,279,437 |
| Fund Balance, July 1, 2004 | 2,130,001 | 602,202 | 1,129,572 | 517,123 | 1,525,036 | 5,903,934 |
| Fund Balance, June 30, 2005 | \$ 2,400,917 | \$ 476,880 | \$ 1,203,101 | \$ 1,035,820 | \$ 2,066,653 | \$ 7,183,371 |

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

Exhibit C

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

| | <u>Agency Funds</u> |
|--|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 1,262,776 |
| Equity in Pooled Cash and Investments | 266,546 |
| Accounts Receivable | 8,870 |
| Due from Other Governments | 1,629,290 |
| Due from Other Funds | 1,938 |
| Property Taxes Receivable | 5,045,635 |
| Allowance for Uncollectible Property Taxes | <u>(138,495)</u> |
| Total Assets | <u>\$ 8,076,560</u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 6,572,336 |
| Due to Litigants, Heirs, and Others | 1,263,258 |
| Due to Joint Ventures | <u>240,966</u> |
| Total Liabilities | <u>\$ 8,076,560</u> |

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coffee County's financial statements are not presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

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

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

A. Reporting Entity

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

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

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

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

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

The Coffee County Industrial Board provides industry in Coffee County, and the Coffee County Commission appoints its Board of Directors. The board comprises three members each from the City of Tullahoma, the City of Manchester, and from rural areas. The board is primarily funded by appropriations from the county.

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

Administrative Offices:

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

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

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

Fund financial statements of Coffee County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Coffee 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 in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Coffee County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the county's debt service funds for payments to be made early in the following year.

In-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Property taxes collected within 30 days after year-end are considered to be immaterial for reporting purposes. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Coffee County reports the following major governmental funds:

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

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

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

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

Additionally, Coffee County reports the following fund types:

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

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

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all Coffee County and Coffee County School Department funds. Each fund’s portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Coffee County and the

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

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are not material for financial reporting purposes and are thus not accrued. The allowance for uncollectible taxes represents the

estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

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

4. Inventories

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

5. Compensated Absences

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

6. Long-term Obligations

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, claims and judgments, special termination benefits, and landfill closure and postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

Governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of

debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in 20 personal services (payroll) accounts of the General Fund by amounts ranging from \$3 to \$69,956. Section 4 of the appropriating resolution approved by the Coffee County Commission states that “the salary, wages or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution”.

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

The General Debt Service Fund’s estimated beginning fund balance reflected in the county’s budget at July 1, 2004, was \$777,082; however, the actual fund balance was \$517,123. Therefore, the estimated fund balance presented to the County Commission exceeded the actual fund balance by \$259,959.

C. Appropriations Exceeded Estimated Available Funds

Appropriations of the Local Purpose Tax Fund (a nonmajor special revenue fund) exceeded its estimated available funds by \$4,197.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Coffee County and the Coffee County School Department participate in an internal cash and investment pool through the Office of Trustee. The Coffee County School Department meets the criteria for a discretely presented component unit of Coffee County. Since Coffee County is presenting fund financial statements only, the financial information for the Coffee County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county

funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represent nonpooled amounts held separately by individual funds.

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the 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, Coffee 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 Coffee County and the discretely presented Coffee County School Department since both pool their deposits and investments through the county trustee.

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|-----------------------------------|-------------------|-------------------|
| State Treasurer's Investment Pool | Daily | \$ 467,028 |
| Total | | <u>\$ 467,028</u> |

Credit Risk. Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Coffee County has no investment policy that would further limit its investment choices. As of June 30, 2005, Coffee County's investment in the State Treasurers 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 | Highway/Public Works | \$ 1,000 |
| Nonmajor governmental | General | 683 |
| Nonmajor fiduciary | General | 1,938 |

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

Interfund Transfers:

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

| Transfers Out | Transfers In | | |
|----------------------------|-------------------------------------|---------------------------------------|--|
| | Highway/ Public Works Fund | Solid Waste/ Sanitation Fund | Nonmajor Govern- mental Funds |
| General Fund | \$ | \$ | 16,943 |
| Nonmajor governmental fund | | | 23,134 |
| | | 10,662 | |
| Total | \$ | \$ | 16,943 |
| | | | 23,134 |

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.

C. Capital Leases

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

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

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

| | Capital Leases |
|---|-------------------|
| 2005-06 | \$ 53,267 |
| 2006-07 | 3,242 |
| Total Minimum Lease Payments | \$ 56,509 |
| Less: Amounts Representing Interest | (1,904) |
| Present Value of Minimum Lease Payments | \$ 54,605 |

D. Long-term Debt

Since Coffee County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds and other loans and up to six years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. General obligation bonds included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund, the Rural Debt Service Fund, and the Education Debt Service Fund. Other loans included in long-term debt will be retired from the General Debt Service Fund and the Rural Debt Service Fund. The notes included in long-term debt will be retired from the General Debt Service Fund and the Rural Debt Service Fund.

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 | 3.5 to 5.75 % | \$ 6,250,000 | \$ 3,425,000 |
| General Obligation Bonds - Refunding | 3.85 to 4.9 | 7,380,000 | 6,265,000 |
| Capital Outlay Notes | 2 to 3.49 | 1,554,000 | 1,382,312 |
| Other Loans | 3.75 to 6.7 | 7,000,000 | 6,155,000 |
| Other Loans | Variable | 4,775,000 | 3,412,500 |
| Capital Leases | 5.25 to 6 | 232,903 | 54,605 |

During the 1995-96 year, Coffee County entered into a loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned \$2,000,000 to Coffee County for the renovation of the Coffee County Administrative Plaza. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2005, the variable interest rate was 2.49 percent on this loan. In addition, the county pays various fees (remarketing, administrative, letter of credit, etc.) in

connection with this loan, which total approximately .43 percent of the outstanding loan principal, and a trustee fee of \$100 per month.

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

During the 2002-03 year, Coffee County entered into a loan agreement with the Blount County Public Building Authority. Under this agreement, the authority loaned \$2,775,000 to Coffee County for public improvement projects (\$1,500,000) and refinancing of outstanding rural school bonds (\$1,275,000). This loan is repayable at tax-exempt variable rates of interest determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2005, the variable interest rate was 2.3 percent on this loan. In addition, the county pays various fees (remarketing, trustee, liquidity, issuer, etc.) in connection with this loan, which total approximately .47 percent.

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

| Year Ending June 30 | Bonds | | Notes | |
|------------------------|--------------|--------------|--------------|------------|
| | Principal | Interest | Principal | Interest |
| 2006 | \$ 755,000 | \$ 442,321 | \$ 252,292 | \$ 45,399 |
| 2007 | 785,000 | 408,408 | 257,475 | 36,512 |
| 2008 | 965,000 | 370,245 | 262,809 | 27,472 |
| 2009 | 825,000 | 326,933 | 268,408 | 18,167 |
| 2010 | 860,000 | 289,380 | 232,328 | 8,695 |
| 2011-2015 | 3,945,000 | 849,351 | 109,000 | 2,780 |
| 2016-2018 | 1,555,000 | 85,218 | 0 | 0 |
| Total | \$ 9,690,000 | \$ 2,771,856 | \$ 1,382,312 | \$ 139,025 |

| Year Ending June 30 | Other Loans (\$5,800,000 and \$1,200,000) | | Total |
|------------------------|---|---------------------|---------------------|
| | Principal | Interest | |
| 2006 | \$ 267,500 | \$ 301,728 | \$ 569,228 |
| 2007 | 280,000 | 287,364 | 567,364 |
| 2008 | 305,000 | 272,039 | 577,039 |
| 2009 | 325,000 | 255,159 | 580,159 |
| 2010 | 355,000 | 236,884 | 591,884 |
| 2011-2015 | 1,757,500 | 952,381 | 2,709,881 |
| 2016-2020 | 2,305,000 | 496,295 | 2,801,295 |
| 2021 | 560,000 | 28,000 | 588,000 |
| Total | \$ 6,155,000 | \$ 2,829,850 | \$ 8,984,850 |

| Year Ending June 30 | Other Loans (\$2,000,000) | | | Total |
|------------------------|---------------------------|-------------------|------------------|---------------------|
| | Principal | Interest | Other Fees | |
| 2006 | \$ 107,800 | \$ 34,549 | \$ 7,166 | \$ 149,515 |
| 2007 | 113,700 | 31,865 | 6,703 | 152,268 |
| 2008 | 120,000 | 29,033 | 6,214 | 155,247 |
| 2009 | 126,500 | 26,045 | 5,698 | 158,243 |
| 2010 | 133,500 | 22,896 | 5,154 | 161,550 |
| 2011-2015 | 786,000 | 60,805 | 16,500 | 863,305 |
| Total | \$ 1,387,500 | \$ 205,193 | \$ 47,435 | \$ 1,640,128 |

| Year Ending June 30 | Other Loans (\$2,775,000) | | | Total |
|------------------------|---------------------------|-------------------|------------------|---------------------|
| | Principal | Interest | Other Fees | |
| 2006 | \$ 260,000 | \$ 46,575 | \$ 9,518 | \$ 316,093 |
| 2007 | 265,000 | 40,595 | 8,296 | 313,891 |
| 2008 | 0 | 34,500 | 7,050 | 41,550 |
| 2009 | 0 | 34,500 | 7,050 | 41,550 |
| 2010 | 0 | 34,500 | 7,050 | 41,550 |
| 2011-2015 | 890,000 | 152,145 | 31,091 | 1,073,236 |
| 2016-2019 | 610,000 | 21,045 | 4,301 | 635,346 |
| Total | \$ 2,025,000 | \$ 363,860 | \$ 74,356 | \$ 2,463,216 |

There is \$1,479,798 available in the debt service funds to service long-term debt. Bonded debt per capita amounted to \$202, based on the 2000 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases amounted to \$431, 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 | Capital Leases |
|-----------------------------|---------------------|---------------------|-------------------|
| Balance, July 1, 2004 | \$ 10,410,000 | \$ 866,602 | \$ 106,302 |
| Additions | 0 | 654,000 | 0 |
| Deductions | (720,000) | (138,290) | (51,697) |
| Balance, June 30, 2005 | <u>\$ 9,690,000</u> | <u>\$ 1,382,312</u> | <u>\$ 54,605</u> |
| Balance Due Within One Year | <u>\$ 755,000</u> | <u>\$ 252,292</u> | <u>\$ 51,404</u> |

| | Other Loans |
|-----------------------------|---------------------|
| Balance, July 1, 2004 | \$ 9,890,147 |
| Additions | 277,053 |
| Deductions | <u>(599,700)</u> |
| Balance, June 30, 2005 | <u>\$ 9,567,500</u> |
| Balance Due Within One Year | <u>\$ 635,300</u> |

E. Short-term Debt

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

| Fund | Balance 7-1-04 | Issued | Redeemed | Balance 6-30-05 |
|---------|-------------------|--------------|----------------|--------------------|
| General | \$ 0 | \$ 2,000,000 | \$ (2,000,000) | \$ 0 |

IV. OTHER INFORMATION

A. Risk Management

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

commercial insurance companies for claims of more than \$100,000 for each insured event.

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

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

B. Accounting Change

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

C. Contingent Liabilities

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

D. Joint Venture

The Fourteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourteenth Judicial District and participating municipalities in the district. The DTF interlocal agreement was signed by the sheriff of Coffee County, and the police chiefs of the cities of Manchester and Tullahoma. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines,

and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Coffee County made no contributions to the DTF for the year ended June 30, 2005, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

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

E. Jointly Governed Organization

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

F. Retirement Commitments

Plan Description

Employees of Coffee County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Coffee County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That

report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Coffee 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 7.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Coffee County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Coffee County's annual pension cost of \$722,039 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. Coffee 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 15 years.

Trend Information

| Fiscal Year Ending | Annual Pension Cost(APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------------------|---|--|---------------------------------------|
| 6-30-05 | \$722,039 | 100% | \$0 |
| 6-30-04 | 569,641 | 100 | 0 |
| 6-30-03 | 551,361 | 100 | 0 |

Required Supplementary Information
Schedule of Funding Progress for Coffee County

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|--|
| | (a) | (b) | (b) - (a) | (a/b) | (c) | ((b-a)/c) |
| 6-30-03 | \$13,992 | \$16,256 | \$2,264 | 86.07% | \$8,448 | 26.80% |
| 6-30-01 | 11,620 | 14,013 | 2,393 | 82.92 | 7,902 | 30.28 |
| 6-30-99 | 9,193 | 11,223 | 2,030 | 81.91 | 7,036 | 28.85 |

G. Purchasing Laws

Offices of County Mayor and Highway Superintendent

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., Tennessee Code Annotated (TCA). Purchasing procedures in the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for the purchasing agent to make purchases for these departments, with purchases exceeding \$5,000 (\$10,000 Highway Department) to be made on the basis of competitive bids solicited through public advertisement.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Coffee County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 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 | |
| Revenues | | | | | | | |
| Local Taxes | \$ 7,730,890 | \$ 0 | \$ 0 | \$ 7,730,890 | \$ 7,403,509 | \$ 7,433,441 | \$ 297,449 |
| Licenses and Permits | 55,063 | 0 | 0 | 55,063 | 70,600 | 70,600 | (15,537) |
| Fines, Forfeitures, and Penalties | 422,546 | 0 | 0 | 422,546 | 226,700 | 378,742 | 43,804 |
| Charges for Current Services | 1,003,750 | 0 | 0 | 1,003,750 | 933,480 | 954,711 | 49,039 |
| Other Local Revenues | 174,187 | 0 | 0 | 174,187 | 9,310 | 217,884 | (43,697) |
| Fees Received from County Officials | 898,297 | 0 | 0 | 898,297 | 805,331 | 896,678 | 1,619 |
| State of Tennessee | 1,345,533 | 0 | 0 | 1,345,533 | 1,198,700 | 1,349,700 | (4,167) |
| Federal Government | 474,507 | 0 | 0 | 474,507 | 140,267 | 503,852 | (29,345) |
| Other Governments and Citizens Groups | 81,021 | 0 | 0 | 81,021 | 42,757 | 51,094 | 29,927 |
| Total Revenues | \$ 12,185,794 | \$ 0 | \$ 0 | \$ 12,185,794 | \$ 10,830,654 | \$ 11,856,702 | \$ 329,092 |
| Expenditures | | | | | | | |
| General Government | | | | | | | |
| County Commission | \$ 40,002 | \$ 0 | \$ 0 | \$ 40,002 | \$ 43,136 | \$ 44,754 | \$ 4,752 |
| Board of Equalization | 1,400 | 0 | 0 | 1,400 | 2,691 | 2,691 | 1,291 |
| Other Boards and Committees | 31,346 | 0 | 0 | 31,346 | 34,960 | 34,960 | 3,614 |
| County Mayor | 159,092 | 0 | 1,500 | 160,592 | 167,700 | 167,700 | 7,108 |
| County Attorney | 19,043 | 0 | 0 | 19,043 | 18,800 | 24,000 | 4,957 |
| Election Commission | 275,800 | (6,023) | 0 | 269,777 | 277,355 | 277,355 | 7,578 |
| Register of Deeds | 78,008 | (759) | 1,335 | 78,584 | 86,093 | 86,093 | 7,509 |
| Planning | 93,083 | (900) | 0 | 92,183 | 96,772 | 99,372 | 7,189 |
| County Buildings | 575,516 | (12,150) | 8,178 | 571,544 | 629,219 | 640,219 | 68,675 |
| Other General Administration | 84,641 | 0 | 0 | 84,641 | 86,699 | 90,199 | 5,558 |
| Finance | | | | | | | |
| Accounting and Budgeting | 245,200 | (1,000) | 215 | 244,415 | 282,772 | 279,761 | 35,346 |
| Central Services | 50,213 | 0 | 0 | 50,213 | 61,658 | 61,658 | 11,445 |
| Property Assessor's Office | 346,163 | 0 | 0 | 346,163 | 352,008 | 352,008 | 5,845 |

(Continued)

Exhibit D-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|-----------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Finance (Cont.)</u> | | | | | | | |
| Reappraisal Program | \$ 3,596 | \$ 0 | \$ 0 | \$ 3,596 | \$ 10,000 | \$ 10,000 | \$ 6,404 |
| County Trustee's Office | 80,006 | 0 | 0 | 80,006 | 79,555 | 80,555 | 549 |
| County Clerk's Office | 109,747 | (3,452) | 355 | 106,650 | 108,981 | 108,981 | 2,331 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court | 203,601 | (250) | 0 | 203,351 | 219,585 | 219,585 | 16,234 |
| General Sessions Court | 16,158 | (275) | 0 | 15,883 | 16,650 | 16,650 | 767 |
| General Sessions Judge | 240,527 | (195) | 0 | 240,332 | 246,123 | 246,123 | 5,791 |
| Drug Court | 9,899 | 0 | 0 | 9,899 | 0 | 30,000 | 20,101 |
| Chancery Court | 78,125 | 0 | 0 | 78,125 | 81,093 | 81,569 | 3,444 |
| Judicial Commissioners | 103,283 | 0 | 0 | 103,283 | 105,055 | 105,055 | 1,772 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 1,819,227 | (883) | 0 | 1,818,344 | 1,872,525 | 1,900,225 | 81,881 |
| Traffic Control | 24,327 | (1,044) | 0 | 23,283 | 80,500 | 26,500 | 3,217 |
| Administration of the Sexual Offender Registry | 198 | 0 | 0 | 198 | 0 | 199 | 1 |
| Jail | 1,677,362 | (11,800) | 6,326 | 1,671,888 | 1,521,617 | 1,749,717 | 77,829 |
| Juvenile Services | 275,312 | 0 | 0 | 275,312 | 278,580 | 286,580 | 11,268 |
| Rural Fire Protection | 197,000 | 0 | 0 | 197,000 | 197,000 | 197,000 | 0 |
| Civil Defense | 484,885 | 0 | 29,666 | 514,551 | 93,742 | 525,791 | 11,240 |
| Rescue Squad | 12,000 | 0 | 0 | 12,000 | 12,000 | 12,000 | 0 |
| County Coroner/Medical Examiner | 28,059 | 0 | 0 | 28,059 | 40,000 | 40,000 | 11,941 |
| Other Public Safety | 565,428 | 0 | 0 | 565,428 | 572,126 | 579,664 | 14,236 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 499,857 | 0 | 2,900 | 502,757 | 527,923 | 527,923 | 25,166 |
| Rabies and Animal Control | 83,434 | 0 | 0 | 83,434 | 83,857 | 83,857 | 423 |
| Ambulance/Emergency Medical Services | 1,450,615 | (1,207) | 3,602 | 1,453,010 | 1,503,684 | 1,516,035 | 63,025 |
| Alcohol and Drug Programs | 4,000 | 0 | 0 | 4,000 | 7,500 | 7,500 | 3,500 |

(Continued)

Exhibit D-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Public Health and Welfare (Cont.)</u> | | | | | | | |
| Appropriation to State | \$ 88,636 | \$ 0 | \$ 0 | \$ 88,636 | \$ 88,697 | \$ 88,697 | \$ 61 |
| General Welfare Assistance | 20,400 | 0 | 0 | 20,400 | 20,400 | 20,400 | 0 |
| Other Waste Disposal | 0 | 0 | 0 | 0 | 36,897 | 19,954 | 19,954 |
| Postclosure Care Costs | 0 | 0 | 0 | 0 | 2,000 | 2,000 | 2,000 |
| <u>Social, Cultural and Recreational Services</u> | | | | | | | |
| Senior Citizens Assistance | 88,614 | 0 | 0 | 88,614 | 95,000 | 95,000 | 6,386 |
| Libraries | 701,305 | 0 | 0 | 701,305 | 701,305 | 701,305 | 0 |
| <u>Agriculture & Natural Resources</u> | | | | | | | |
| Agriculture Extension Service | 146,493 | (398) | 1,295 | 147,390 | 149,700 | 150,173 | 2,783 |
| Soil Conservation | 73,027 | 0 | 0 | 73,027 | 73,766 | 73,766 | 739 |
| <u>Other Operations</u> | | | | | | | |
| Industrial Development | 180,076 | 0 | 0 | 180,076 | 203,210 | 180,076 | 0 |
| Veterans' Services | 15,587 | 0 | 0 | 15,587 | 17,129 | 17,129 | 1,542 |
| Other Charges | 521,379 | 0 | 0 | 521,379 | 593,814 | 607,326 | 85,947 |
| Contributions to Other Agencies | 66,280 | 0 | 0 | 66,280 | 67,280 | 67,280 | 1,000 |
| Payments to Cities | 6,000 | 0 | 0 | 6,000 | 6,000 | 6,000 | 0 |
| Miscellaneous | 851 | 0 | 0 | 851 | 2,000 | 2,000 | 1,149 |
| Total Expenditures | \$ 11,874,801 | \$ (40,336) | \$ 55,372 | \$ 11,889,837 | \$ 11,855,157 | \$ 12,543,385 | \$ 653,548 |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over Expenditures | \$ 310,993 | \$ 40,336 | \$ (55,372) | \$ 295,957 | \$ (1,024,503) | \$ (686,683) | \$ 982,640 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers Out | \$ (40,077) | \$ 0 | \$ 0 | \$ (40,077) | \$ 0 | \$ (40,077) | \$ 0 |
| Total Other Financing Sources (Uses) | \$ (40,077) | \$ 0 | \$ 0 | \$ (40,077) | \$ 0 | \$ (40,077) | \$ 0 |

(Continued)

Exhibit D-1

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | 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 | \$ 270,916 | \$ 40,336 | \$ (55,372) | \$ 255,880 | \$ (1,024,503) | \$ (726,760) | \$ 982,640 |
| Fund Balance, July 1, 2004 | 2,130,001 | (40,336) | 0 | 2,089,665 | 1,958,799 | 1,958,799 | 130,866 |
| Fund Balance, June 30, 2005 | \$ 2,400,917 | \$ 0 | \$ (55,372) | \$ 2,345,545 | \$ 934,296 | \$ 1,232,039 | \$ 1,113,506 |

Exhibit D-2

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 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 | \$ 867,456 | \$ 0 | \$ 0 | \$ 867,456 | \$ 812,206 | \$ 819,918 | \$ 47,538 |
| Licenses and Permits | 7,340 | 0 | 0 | 7,340 | 6,000 | 6,000 | 1,340 |
| Charges for Current Services | 36,061 | 0 | 0 | 36,061 | 75,897 | 58,954 | (22,893) |
| Other Local Revenues | 30,510 | 0 | 0 | 30,510 | 13,700 | 23,457 | 7,053 |
| State of Tennessee | 65,073 | 0 | 0 | 65,073 | 86,702 | 86,702 | (21,629) |
| Total Revenues | \$ 1,006,440 | \$ 0 | \$ 0 | \$ 1,006,440 | \$ 994,505 | \$ 995,031 | \$ 11,409 |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Health and Welfare</u> | | | | | | | |
| Sanitation Management | \$ 131,039 | \$ (2,434) | \$ 0 | \$ 128,605 | \$ 149,058 | \$ 150,058 | \$ 21,453 |
| Waste Pickup | 692,749 | (424) | 24,000 | 716,325 | 623,171 | 827,600 | 111,275 |
| Convenience Centers | 252,049 | 0 | 18,684 | 270,733 | 279,609 | 303,609 | 32,876 |
| Other Waste Collection | 60,756 | 0 | 0 | 60,756 | 75,039 | 75,039 | 14,283 |
| <u>Other Operations</u> | | | | | | | |
| Other Charges | 11,529 | 0 | 0 | 11,529 | 0 | 11,530 | 1 |
| Employee Benefits | 583 | 0 | 0 | 583 | 2,880 | 2,880 | 2,297 |
| Total Expenditures | \$ 1,148,705 | \$ (2,858) | \$ 42,684 | \$ 1,188,531 | \$ 1,129,757 | \$ 1,370,716 | \$ 182,185 |
| <u>Excess (Deficiency) of Revenues</u> | | | | | | | |
| Over Expenditures | \$ (142,265) | \$ 2,858 | \$ (42,684) | \$ (182,091) | \$ (135,252) | \$ (375,685) | \$ 193,594 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 16,943 | \$ 0 | \$ 0 | \$ 16,943 | \$ 0 | \$ 16,943 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 16,943 | \$ 0 | \$ 0 | \$ 16,943 | \$ 0 | \$ 16,943 | \$ 0 |

(Continued)

Exhibit D-2

Coffee 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 | \$ (125,322) | \$ 2,858 | \$ (42,684) | \$ (165,148) | \$ (135,252) | \$ (358,742) | \$ 193,594 |
| Fund Balance, July 1, 2004 | 602,202 | (2,858) | 0 | 599,344 | 625,123 | 625,123 | (25,779) |
| Fund Balance, June 30, 2005 | \$ 476,880 | \$ 0 | \$ (42,684) | \$ 434,196 | \$ 489,871 | \$ 266,381 | \$ 167,815 |

Exhibit D-3

Coffee County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 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 | \$ 80,119 | \$ 0 | \$ 0 | \$ 80,119 | \$ 85,000 | \$ 86,500 | \$ (6,381) |
| Other Local Revenues | 4,477 | 0 | 0 | 4,477 | 9,000 | 9,000 | (4,523) |
| State of Tennessee | 2,235,638 | 0 | 0 | 2,235,638 | 2,230,458 | 2,230,458 | 5,180 |
| Total Revenues | \$ 2,320,234 | \$ 0 | \$ 0 | \$ 2,320,234 | \$ 2,324,458 | \$ 2,325,958 | \$ (5,724) |
| <u>Expenditures</u> | | | | | | | |
| <u>Highways</u> | | | | | | | |
| Administration | \$ 149,018 | \$ 0 | \$ 0 | \$ 149,018 | \$ 162,224 | \$ 162,224 | \$ 13,206 |
| Highway and Bridge Maintenance | 1,060,797 | 0 | 0 | 1,060,797 | 1,106,950 | 1,106,950 | 46,153 |
| Operation and Maintenance of Equipment | 191,277 | (989) | 613 | 190,901 | 194,700 | 233,425 | 42,524 |
| Quarry Operations | 198,446 | (29,909) | 0 | 168,537 | 251,750 | 255,751 | 87,214 |
| Other Charges | 121,623 | (166) | 0 | 121,457 | 224,100 | 227,731 | 106,274 |
| Employee Benefits | 304,325 | 0 | 0 | 304,325 | 347,000 | 347,000 | 42,675 |
| Capital Outlay | 175,482 | 0 | 0 | 175,482 | 139,000 | 201,250 | 25,768 |
| <u>Principal</u> | | | | | | | |
| Highways and Streets | 51,697 | 0 | 0 | 51,697 | 61,886 | 61,886 | 10,189 |
| <u>Interest</u> | | | | | | | |
| Highways and Streets | 4,702 | 0 | 0 | 4,702 | 3,000 | 4,382 | (320) |
| Total Expenditures | \$ 2,257,367 | \$ (31,064) | \$ 613 | \$ 2,226,916 | \$ 2,490,610 | \$ 2,600,599 | \$ 373,683 |
| <u>Excess (Deficiency) of Revenues</u> | | | | | | | |
| Over Expenditures | \$ 62,867 | \$ 31,064 | \$ (613) | \$ 93,318 | \$ (166,152) | \$ (274,641) | \$ 367,959 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 10,662 | \$ 0 | \$ 0 | \$ 10,662 | \$ 0 | \$ 10,662 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 10,662 | \$ 0 | \$ 0 | \$ 10,662 | \$ 0 | \$ 10,662 | \$ 0 |

(Continued)

Exhibit D-3

Coffee 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 | \$ 73,529 | \$ 31,064 | \$ (613) | \$ 103,980 | \$ (166,152) | \$ (263,979) | \$ 367,959 |
| Fund Balance, July 1, 2004 | 1,129,572 | (31,064) | 0 | 1,098,508 | 1,013,051 | 1,013,051 | 85,457 |
| Fund Balance, June 30, 2005 | \$ 1,203,101 | \$ 0 | \$ (613) | \$ 1,202,488 | \$ 846,899 | \$ 749,072 | \$ 453,416 |

COFFEE 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 in 20 personal services (payroll) accounts of the General Fund by amounts ranging from \$3 to \$69,956. Section 4 of the appropriating resolution approved by the Coffee County Commission states that "the salary, wages or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution."

**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.

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

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

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

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

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

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

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

Debt Service Funds

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.

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

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

Capital Projects Funds

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

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

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

Exhibit E-1

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

| | Special Revenue Funds | | | | | | |
|--|---|-------------------------|-----------------|---------------------------------|------------|--|------------|
| | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary | Constitu - tional Officers - Fees | Total |
| <u>ASSETS</u> | | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 367,417 | \$ 367,417 |
| Equity in Pooled Cash and Investments | 28,801 | 2,214 | 150,662 | 9,051 | 54,091 | 0 | 244,819 |
| Inventories | 0 | 0 | 0 | 0 | 5,770 | 0 | 5,770 |
| Accounts Receivable | 895 | 0 | 2,159 | 0 | 2,137 | 0 | 5,191 |
| Due from Other Governments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 683 | 0 | 683 |
| Property Taxes Receivable | 0 | 144,335 | 0 | 0 | 0 | 0 | 144,335 |
| Allowance for Uncollectible Property Taxes | 0 | (2,165) | 0 | 0 | 0 | 0 | (2,165) |
| Total Assets | \$ 29,696 | \$ 144,384 | \$ 152,821 | \$ 9,051 | \$ 62,681 | \$ 367,417 | \$ 766,050 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | |
| <u>Liabilities</u> | | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,108 | \$ 0 | \$ 1,108 |
| Payroll Deductions Payable | 0 | 0 | 0 | 0 | 662 | 0 | 662 |
| Deferred Revenue - Current Property Taxes | 0 | 127,354 | 0 | 0 | 0 | 0 | 127,354 |
| Deferred Revenue - Delinquent Property Taxes | 0 | 14,816 | 0 | 0 | 0 | 0 | 14,816 |
| Total Liabilities | \$ 0 | \$ 142,170 | \$ 0 | \$ 0 | \$ 1,770 | \$ 0 | \$ 143,940 |
| <u>Fund Balances</u> | | | | | | | |
| Reserved for Encumbrances | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,727 | \$ 0 | \$ 2,727 |
| Unreserved | 29,696 | 2,214 | 152,821 | 9,051 | 58,184 | 367,417 | 619,383 |
| Total Fund Balances | \$ 29,696 | \$ 2,214 | \$ 152,821 | \$ 9,051 | \$ 60,911 | \$ 367,417 | \$ 622,110 |
| Total Liabilities and Fund Balances | \$ 29,696 | \$ 144,384 | \$ 152,821 | \$ 9,051 | \$ 62,681 | \$ 367,417 | \$ 766,050 |

(Continued)

Exhibit E-1

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

| | <u>Debt Service Funds</u> | | | <u>Capital Projects Funds</u> | | | Total Nonmajor Governmental Funds |
|--|---------------------------|------------------------------|--------------|--------------------------------|------------------------------|--------------|--|
| | Rural Debt Service | Education Debt Service | Total | General Capital Projects | Other Capital Projects | Total | |
| <u>ASSETS</u> | | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 367,417 |
| Equity in Pooled Cash and Investments | 272,744 | 134,690 | 407,434 | 945,412 | 55,153 | 1,000,565 | 1,652,818 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 0 | 5,770 |
| Accounts Receivable | 0 | 0 | 0 | 0 | 0 | 0 | 5,191 |
| Due from Other Governments | 36,544 | 0 | 36,544 | 0 | 0 | 0 | 36,544 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 0 | 0 | 683 |
| Property Taxes Receivable | 531,932 | 360,689 | 892,621 | 0 | 0 | 0 | 1,036,956 |
| Allowance for Uncollectible Property Taxes | (23,105) | (12,529) | (35,634) | 0 | 0 | 0 | (37,799) |
| Total Assets | \$ 818,115 | \$ 482,850 | \$ 1,300,965 | \$ 945,412 | \$ 55,153 | \$ 1,000,565 | \$ 3,067,580 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | |
| <u>Liabilities</u> | | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,108 |
| Payroll Deductions Payable | 0 | 0 | 0 | 0 | 0 | 0 | 662 |
| Deferred Revenue - Current Property Taxes | 480,049 | 334,617 | 814,666 | 0 | 0 | 0 | 942,020 |
| Deferred Revenue - Delinquent Property Taxes | 28,778 | 13,543 | 42,321 | 0 | 0 | 0 | 57,137 |
| Total Liabilities | \$ 508,827 | \$ 348,160 | \$ 856,987 | \$ 0 | \$ 0 | \$ 0 | \$ 1,000,927 |
| <u>Fund Balances</u> | | | | | | | |
| Reserved for Encumbrances | \$ 0 | \$ 0 | \$ 0 | \$ 111,244 | \$ 17,896 | \$ 129,140 | \$ 131,867 |
| Unreserved | 309,288 | 134,690 | 443,978 | 834,168 | 37,257 | 871,425 | 1,934,786 |
| Total Fund Balances | \$ 309,288 | \$ 134,690 | \$ 443,978 | \$ 945,412 | \$ 55,153 | \$ 1,000,565 | \$ 2,066,653 |
| Total Liabilities and Fund Balances | \$ 818,115 | \$ 482,850 | \$ 1,300,965 | \$ 945,412 | \$ 55,153 | \$ 1,000,565 | \$ 3,067,580 |

Exhibit E-2

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

| | Special Revenue Funds | | | | | | | Total |
|--|---|-------------------------|-------------------|---------------------------------|-------------------|--|--------------------|---------------------|
| | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary | Constitu - tional Officers - Fees | Bridge | |
| <u>Revenues</u> | | | | | | | | |
| Local Taxes | \$ 0 | \$ 90,889 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 90,889 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 137,833 | 0 | 0 | 0 | 0 | 137,833 |
| Charges for Current Services | 0 | 0 | 0 | 0 | 8,027 | 1,274,524 | 0 | 1,282,551 |
| Other Local Revenues | 5,585 | 12,000 | 16,782 | 200 | 135,798 | 0 | 0 | 170,365 |
| Federal Government | 0 | 0 | 96 | 0 | 0 | 0 | 0 | 96 |
| Other Governments and Citizens Groups | 19,228 | 0 | 750 | 17,668 | 0 | 0 | 0 | 37,646 |
| Total Revenues | \$ 24,813 | \$ 102,889 | \$ 155,461 | \$ 17,868 | \$ 143,825 | \$ 1,274,524 | \$ 0 | \$ 1,719,380 |
| <u>Expenditures</u> | | | | | | | | |
| Current: | | | | | | | | |
| General Government | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 150,727 | \$ 0 | \$ 150,727 |
| Finance | 0 | 0 | 0 | 0 | 0 | 392,259 | 0 | 392,259 |
| Administration of Justice | 0 | 0 | 0 | 24,784 | 0 | 670,705 | 0 | 695,489 |
| Public Safety | 0 | 0 | 73,355 | 0 | 97,206 | 57 | 0 | 170,618 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operations | 27,564 | 112,403 | 0 | 0 | 0 | 0 | 0 | 139,967 |
| Debt Service: | | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 27,564 | \$ 112,403 | \$ 73,355 | \$ 24,784 | \$ 97,206 | \$ 1,213,748 | \$ 0 | \$ 1,549,060 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (2,751) | \$ (9,514) | \$ 82,106 | \$ (6,916) | \$ 46,619 | \$ 60,776 | \$ 0 | \$ 170,320 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Loans Issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers In | 23,134 | 0 | 0 | 0 | 0 | 0 | 0 | 23,134 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | (10,662) | (10,662) |
| Total Other Financing Sources (Uses) | \$ 23,134 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (10,662) | \$ 12,472 |

(Continued)

Exhibit E-2

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

| | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary | Constitu - tional Officers - Fees | Bridge | Total |
|-----------------------------|---|-------------------------|-----------------|---------------------------------|------------|--|-------------|------------|
| Net Change in Fund Balances | \$ 20,383 | \$ (9,514) | \$ 82,106 | \$ (6,916) | \$ 46,619 | \$ 60,776 | \$ (10,662) | \$ 182,792 |
| Fund Balance, July 1, 2004 | 9,313 | 11,728 | 70,715 | 15,967 | 14,292 | 306,641 | 10,662 | 439,318 |
| Fund Balance, June 30, 2005 | \$ 29,696 | \$ 2,214 | \$ 152,821 | \$ 9,051 | \$ 60,911 | \$ 367,417 | \$ 0 | \$ 622,110 |

(Continued)

Exhibit E-2

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

| | Debt Service Funds | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|--|--------------------------|------------------------------|--------------|--------------------------------|------------------------------|--------------|--|
| | Rural Debt Service | Education Debt Service | Total | General Capital Projects | Other Capital Projects | Total | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 710,636 | \$ 330,076 | \$ 1,040,712 | \$ 0 | \$ 0 | \$ 0 | \$ 1,131,601 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 0 | 0 | 0 | 0 | 137,833 |
| Charges for Current Services | 0 | 0 | 0 | 109,850 | 0 | 109,850 | 1,392,401 |
| Other Local Revenues | 0 | 0 | 0 | 30,000 | 0 | 30,000 | 200,365 |
| Federal Government | 0 | 0 | 0 | 163,516 | 0 | 163,516 | 163,612 |
| Other Governments and Citizens Groups | 0 | 0 | 0 | 0 | 0 | 0 | 37,646 |
| Total Revenues | \$ 710,636 | \$ 330,076 | \$ 1,040,712 | \$ 303,366 | \$ 0 | \$ 303,366 | \$ 3,063,458 |
| <u>Expenditures</u> | | | | | | | |
| Current: | | | | | | | |
| General Government | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 150,727 |
| Finance | 0 | 0 | 0 | 0 | 0 | 0 | 392,259 |
| Administration of Justice | 0 | 0 | 0 | 0 | 0 | 0 | 695,489 |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 0 | 170,618 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 89,847 | 89,847 | 89,847 |
| Other Operations | 0 | 0 | 0 | 0 | 0 | 0 | 139,967 |
| Debt Service: | | | | | | | |
| Principal | 633,290 | 100,000 | 733,290 | 0 | 0 | 0 | 733,290 |
| Interest | 198,082 | 188,661 | 386,743 | 0 | 0 | 0 | 386,743 |
| Other Debt Service | 11,657 | 7,254 | 18,911 | 0 | 0 | 0 | 18,911 |
| Capital Projects | 0 | 0 | 0 | 687,515 | 0 | 687,515 | 687,515 |
| Total Expenditures | \$ 843,029 | \$ 295,915 | \$ 1,138,944 | \$ 687,515 | \$ 89,847 | \$ 777,362 | \$ 3,465,366 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (132,393) | \$ 34,161 | \$ (98,232) | \$ (384,149) | \$ (89,847) | \$ (473,996) | \$ (401,908) |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 654,000 | \$ 0 | \$ 654,000 | \$ 654,000 |
| Other Loans Issued | 0 | 0 | 0 | 277,053 | 0 | 277,053 | 277,053 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 | 23,134 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | (10,662) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 931,053 | \$ 0 | \$ 931,053 | \$ 943,525 |

(Continued)

Exhibit E-2

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

| | Rural Debt Service | Education Debt Service | Total | General Capital Projects | Other Capital Projects | Total | Total Nonmajor Governmental Funds |
|-----------------------------|--------------------------|------------------------------|-------------|--------------------------------|------------------------------|--------------|--|
| Net Change in Fund Balances | \$ (132,393) | \$ 34,161 | \$ (98,232) | \$ 546,904 | \$ (89,847) | \$ 457,057 | \$ 541,617 |
| Fund Balance, July 1, 2004 | 441,681 | 100,529 | 542,210 | 398,508 | 145,000 | 543,508 | 1,525,036 |
| Fund Balance, June 30, 2005 | \$ 309,288 | \$ 134,690 | \$ 443,978 | \$ 945,412 | \$ 55,153 | \$ 1,000,565 | \$ 2,066,653 |

Exhibit E-3

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2005

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|-------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Other Local Revenues | \$ 5,585 | \$ 0 | \$ 5,585 | \$ 0 | \$ 5,850 | \$ (265) |
| Other Governments and Citizens Groups | 19,228 | 0 | 19,228 | 16,701 | 19,226 | 2 |
| Total Revenues | \$ 24,813 | \$ 0 | \$ 24,813 | \$ 16,701 | \$ 25,076 | \$ (263) |
| <u>Expenditures</u> | | | | | | |
| <u>Other Operations</u> | | | | | | |
| Industrial Development | \$ 27,564 | \$ (1,045) | \$ 26,519 | \$ 39,835 | \$ 42,286 | \$ 15,767 |
| Total Expenditures | \$ 27,564 | \$ (1,045) | \$ 26,519 | \$ 39,835 | \$ 42,286 | \$ 15,767 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (2,751) | \$ 1,045 | \$ (1,706) | \$ (23,134) | \$ (17,210) | \$ 15,504 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers In | \$ 23,134 | \$ 0 | \$ 23,134 | \$ 23,134 | \$ 23,134 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 23,134 | \$ 0 | \$ 23,134 | \$ 23,134 | \$ 23,134 | \$ 0 |
| Net Change in Fund Balance | \$ 20,383 | \$ 1,045 | \$ 21,428 | \$ 0 | \$ 5,924 | \$ 15,504 |
| Fund Balance, July 1, 2004 | 9,313 | (1,045) | 8,268 | 7,267 | 7,267 | 1,001 |
| Fund Balance, June 30, 2005 | \$ 29,696 | \$ 0 | \$ 29,696 | \$ 7,267 | \$ 13,191 | \$ 16,505 |

Exhibit E-4

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2005

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------------|--------------------|--------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 90,889 | \$ 84,971 | \$ 84,971 | \$ 5,918 |
| Other Local Revenues | 12,000 | 0 | 12,000 | 0 |
| Total Revenues | <u>\$ 102,889</u> | <u>\$ 84,971</u> | <u>\$ 96,971</u> | <u>\$ 5,918</u> |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Industrial Development | \$ 112,403 | \$ 151,434 | \$ 120,986 | \$ 8,583 |
| Total Expenditures | <u>\$ 112,403</u> | <u>\$ 151,434</u> | <u>\$ 120,986</u> | <u>\$ 8,583</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (9,514)</u> | <u>\$ (66,463)</u> | <u>\$ (24,015)</u> | <u>\$ 14,501</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 0 | \$ 78,000 | \$ 8,000 | \$ (8,000) |
| Total Other Financing Sources (Uses) | <u>\$ 0</u> | <u>\$ 78,000</u> | <u>\$ 8,000</u> | <u>\$ (8,000)</u> |
| Net Change in Fund Balance | \$ (9,514) | \$ 11,537 | \$ (16,015) | \$ 6,501 |
| Fund Balance, July 1, 2004 | <u>11,728</u> | <u>11,818</u> | <u>11,818</u> | <u>(90)</u> |
| Fund Balance, June 30, 2005 | <u>\$ 2,214</u> | <u>\$ 23,355</u> | <u>\$ (4,197)</u> | <u>\$ 6,411</u> |

Exhibit E-5

Coffee 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 | \$ 137,833 | \$ 5,700 | \$ 44,600 | \$ 93,233 |
| Other Local Revenues | 16,782 | 0 | 400 | 16,382 |
| Federal Government | 96 | 0 | 0 | 96 |
| Other Governments and Citizens Groups | 750 | 0 | 0 | 750 |
| Total Revenues | <u>\$ 155,461</u> | <u>\$ 5,700</u> | <u>\$ 45,000</u> | <u>\$ 110,461</u> |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Drug Enforcement | \$ 73,355 | \$ 52,100 | \$ 91,400 | \$ 18,045 |
| Total Expenditures | <u>\$ 73,355</u> | <u>\$ 52,100</u> | <u>\$ 91,400</u> | <u>\$ 18,045</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 82,106 | \$ (46,400) | \$ (46,400) | \$ 128,506 |
| Net Change in Fund Balance | \$ 82,106 | \$ (46,400) | \$ (46,400) | \$ 128,506 |
| Fund Balance, July 1, 2004 | 70,715 | 65,909 | 65,909 | 4,806 |
| Fund Balance, June 30, 2005 | <u>\$ 152,821</u> | <u>\$ 19,509</u> | <u>\$ 19,509</u> | <u>\$ 133,312</u> |

Exhibit E-6

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2004 | Add: Encumbrances 6/30/2005 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 8,027 | \$ 0 | \$ 0 | \$ 8,027 | \$ 0 | \$ 6,500 | \$ 1,527 |
| Other Local Revenues | 135,798 | 0 | 0 | 135,798 | 0 | 120,000 | 15,798 |
| Total Revenues | \$ 143,825 | \$ 0 | \$ 0 | \$ 143,825 | \$ 0 | \$ 126,500 | \$ 17,325 |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Safety</u> | | | | | | | |
| Commissary | \$ 97,206 | \$ (1,631) | \$ 2,727 | \$ 98,302 | \$ 0 | \$ 108,134 | \$ 9,832 |
| Total Expenditures | \$ 97,206 | \$ (1,631) | \$ 2,727 | \$ 98,302 | \$ 0 | \$ 108,134 | \$ 9,832 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 46,619 | \$ 1,631 | \$ (2,727) | \$ 45,523 | \$ 0 | \$ 18,366 | \$ 27,157 |
| Net Change in Fund Balance | \$ 46,619 | \$ 1,631 | \$ (2,727) | \$ 45,523 | \$ 0 | \$ 18,366 | \$ 27,157 |
| Fund Balance, July 1, 2004 | 14,292 | (1,631) | 0 | 12,661 | 0 | 0 | 12,661 |
| Fund Balance, June 30, 2005 | \$ 60,911 | \$ 0 | \$ (2,727) | \$ 58,184 | \$ 0 | \$ 18,366 | \$ 39,818 |

Exhibit E-7

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------|------------------|-------------|--|
| | | Original | Final | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Expenditures | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ (10,662) | \$ 0 | \$ (10,662) | \$ 0 |
| Total Other Financing Sources (Uses) | \$ (10,662) | \$ 0 | \$ (10,662) | \$ 0 |
| Net Change in Fund Balance | \$ (10,662) | \$ 0 | \$ (10,662) | \$ 0 |
| Fund Balance, July 1, 2004 | 10,662 | 10,662 | 10,662 | 0 |
| Fund Balance, June 30, 2005 | \$ 0 | \$ 10,662 | \$ 0 | \$ 0 |

Exhibit E-8

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 710,636 | \$ 629,728 | \$ 632,200 | \$ 78,436 |
| Total Revenues | \$ 710,636 | \$ 629,728 | \$ 632,200 | \$ 78,436 |
| <u>Expenditures</u> | | | | |
| <u>Principal</u> | | | | |
| Education | \$ 633,290 | \$ 633,290 | \$ 633,290 | \$ 0 |
| <u>Interest</u> | | | | |
| Education | 198,082 | 228,603 | 228,603 | 30,521 |
| <u>Other Debt Service</u> | | | | |
| General Government | 11,657 | 15,500 | 16,100 | 4,443 |
| Total Expenditures | \$ 843,029 | \$ 877,393 | \$ 877,993 | \$ 34,964 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (132,393) | \$ (247,665) | \$ (245,793) | \$ 113,400 |
| Net Change in Fund Balance | \$ (132,393) | \$ (247,665) | \$ (245,793) | \$ 113,400 |
| Fund Balance, July 1, 2004 | 441,681 | 403,548 | 403,548 | 38,133 |
| Fund Balance, June 30, 2005 | \$ 309,288 | \$ 155,883 | \$ 157,755 | \$ 151,533 |

Exhibit E-9

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|------------|------------------|------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 330,076 | \$ 352,341 | \$ 352,341 | \$ (22,265) |
| Total Revenues | \$ 330,076 | \$ 352,341 | \$ 352,341 | \$ (22,265) |
| <u>Expenditures</u> | | | | |
| <u>Principal</u> | | | | |
| Education | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 0 |
| <u>Interest</u> | | | | |
| Education | 188,661 | 188,661 | 188,661 | 0 |
| <u>Other Debt Service</u> | | | | |
| General Government | 7,254 | 8,200 | 8,200 | 946 |
| Total Expenditures | \$ 295,915 | \$ 296,861 | \$ 296,861 | \$ 946 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 34,161 | \$ 55,480 | \$ 55,480 | \$ (21,319) |
| Net Change in Fund Balance | \$ 34,161 | \$ 55,480 | \$ 55,480 | \$ (21,319) |
| Fund Balance, July 1, 2004 | 100,529 | 100,135 | 100,135 | 394 |
| Fund Balance, June 30, 2005 | \$ 134,690 | \$ 155,615 | \$ 155,615 | \$ (20,925) |

Major Governmental Fund

General Debt Service Fund

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

Exhibit F

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 1,314,460 | \$ 1,282,390 | \$ 1,282,390 | \$ 32,070 |
| Fines, Forfeitures and Penalties | 498 | 0 | 0 | 498 |
| Other Local Revenues | 486,484 | 190,944 | 381,944 | 104,540 |
| Total Revenues | <u>\$ 1,801,442</u> | <u>\$ 1,473,334</u> | <u>\$ 1,664,334</u> | <u>\$ 137,108</u> |
| <u>Expenditures</u> | | | | |
| <u>Principal</u> | | | | |
| General Government | \$ 724,700 | \$ 724,700 | \$ 724,700 | \$ 0 |
| <u>Interest</u> | | | | |
| General Government | 519,047 | 610,000 | 610,000 | 90,953 |
| <u>Other Debt Service</u> | | | | |
| General Government | 38,998 | 40,500 | 40,500 | 1,502 |
| Total Expenditures | <u>\$ 1,282,745</u> | <u>\$ 1,375,200</u> | <u>\$ 1,375,200</u> | <u>\$ 92,455</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 518,697</u> | <u>\$ 98,134</u> | <u>\$ 289,134</u> | <u>\$ 229,563</u> |
| Net Change in Fund Balance | \$ 518,697 | \$ 98,134 | \$ 289,134 | \$ 229,563 |
| Fund Balance, July 1, 2004 | 517,123 | 777,082 | 777,082 | (259,959) |
| Fund Balance, June 30, 2005 | <u>\$ 1,035,820</u> | <u>\$ 875,216</u> | <u>\$ 1,066,216</u> | <u>\$ (30,396)</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 the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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

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

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

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

Exhibit G-1

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

| | Agency Funds | | | | | Total |
|---|--------------------------|--|--|---|--------------------------------------|--------------|
| | Cities - Sales Tax | City School ADA- Tulahoma Fund | City School ADA- Manchester Fund | Constitu- tional Officers - Agency | Judicial District Drug Fund | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 1,262,776 | \$ 0 | \$ 1,262,776 |
| Equity in Pooled Cash and Investments | 0 | 14,188 | 23,188 | 0 | 229,170 | 266,546 |
| Accounts Receivable | 0 | 0 | 0 | 482 | 8,388 | 8,870 |
| Due from Other Governments | 1,457,130 | 0 | 170,690 | 0 | 1,470 | 1,629,290 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 1,938 | 1,938 |
| Property Taxes Receivable | 0 | 3,653,650 | 1,391,985 | 0 | 0 | 5,045,635 |
| Allowance for Uncollectible Property Taxes | 0 | (100,291) | (38,204) | 0 | 0 | (138,495) |
| Total Assets | \$ 1,457,130 | \$ 3,567,547 | \$ 1,547,659 | \$ 1,263,258 | \$ 240,966 | \$ 8,076,560 |
| <u>LIABILITIES</u> | | | | | | |
| Due to Other Funds | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Due to Other Taxing Units | 1,457,130 | 3,567,547 | 1,547,659 | 0 | 0 | 6,572,336 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 1,263,258 | 0 | 1,263,258 |
| Due to Joint Ventures | 0 | 0 | 0 | 0 | 240,966 | 240,966 |
| Total Liabilities | \$ 1,457,130 | \$ 3,567,547 | \$ 1,547,659 | \$ 1,263,258 | \$ 240,966 | \$ 8,076,560 |

Exhibit G-2

Coffee 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 | \$ 7,827,727 | \$ 7,827,727 | \$ 0 |
| Due From Other Governments | 1,470,817 | 1,457,130 | 1,470,817 | 1,457,130 |
| Total Assets | \$ 1,470,817 | \$ 9,284,857 | \$ 9,298,544 | \$ 1,457,130 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 1,470,817 | \$ 9,284,857 | \$ 9,298,544 | \$ 1,457,130 |
| Total Liabilities | \$ 1,470,817 | \$ 9,284,857 | \$ 9,298,544 | \$ 1,457,130 |
| <u>City School ADA-Tullahoma Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 46,105 | \$ 3,476,256 | \$ 3,508,173 | \$ 14,188 |
| Account Receivable | 208 | 0 | 208 | 0 |
| Due From Other Governments | 160 | 0 | 160 | 0 |
| Property Taxes Receivable | 4,139,052 | 3,653,650 | 4,139,052 | 3,653,650 |
| Allowance for Uncollectible Property Taxes | (117,667) | 117,667 | 100,291 | (100,291) |
| Total Assets | \$ 4,067,858 | \$ 7,247,573 | \$ 7,747,884 | \$ 3,567,547 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 4,067,858 | \$ 7,247,573 | \$ 7,747,884 | \$ 3,567,547 |
| Total Liabilities | \$ 4,067,858 | \$ 7,247,573 | \$ 7,747,884 | \$ 3,567,547 |
| <u>City School ADA-Manchester Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 17,356 | \$ 2,212,625 | \$ 2,206,793 | \$ 23,188 |
| Accounts Receivable | 78 | 0 | 78 | 0 |
| Due From Other Governments | 60 | 170,690 | 60 | 170,690 |
| Property Taxes Receivable | 1,114,613 | 1,391,985 | 1,114,613 | 1,391,985 |
| Allowance for Uncollectible Property Taxes | (31,258) | 31,258 | 38,204 | (38,204) |
| Total Assets | \$ 1,100,849 | \$ 3,806,558 | \$ 3,359,748 | \$ 1,547,659 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 1,100,849 | \$ 3,806,558 | \$ 3,359,748 | \$ 1,547,659 |
| Total Liabilities | \$ 1,100,849 | \$ 3,806,558 | \$ 3,359,748 | \$ 1,547,659 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,548,473 | \$ 10,177,438 | \$ 10,463,135 | \$ 1,262,776 |
| Accounts Receivable | 0 | 482 | 0 | 482 |
| Cash Shortage | 250 | 0 | 250 | 0 |
| Total Assets | \$ 1,548,723 | \$ 10,177,920 | \$ 10,463,385 | \$ 1,263,258 |

(Continued)

Exhibit G-2

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

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|----------------------|----------------------|---------------------|
| <u>Constitutional Officers - Agency Fund (Cont.)</u> | | | | |
| <u>Liabilities</u> | | | | |
| Due to Other Funds | \$ 51,366 | \$ 0 | \$ 51,366 | \$ 0 |
| Due to Litigants, Heirs, and Others | 1,497,357 | 10,177,920 | 10,412,019 | 1,263,258 |
| Total Liabilities | \$ 1,548,723 | \$ 10,177,920 | \$ 10,463,385 | \$ 1,263,258 |
| <u>Judicial District Drug Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 172,289 | \$ 332,633 | \$ 275,752 | \$ 229,170 |
| Accounts Receivable | 6,656 | 8,388 | 6,656 | 8,388 |
| Due From Other Governments | 0 | 1,470 | 0 | 1,470 |
| Due From Other Funds | 7,849 | 1,938 | 7,849 | 1,938 |
| Total Assets | \$ 186,794 | \$ 344,429 | \$ 290,257 | \$ 240,966 |
| <u>Liabilities</u> | | | | |
| Due to Joint Ventures | \$ 186,794 | 344,429 | \$ 290,257 | \$ 240,966 |
| Total Liabilities | \$ 186,794 | \$ 344,429 | \$ 290,257 | \$ 240,966 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 1,548,473 | \$ 10,177,438 | \$ 10,463,135 | \$ 1,262,776 |
| Equity in Pooled Cash and Investments | 235,750 | 13,849,241 | 13,818,445 | 266,546 |
| Accounts Receivable | 6,942 | 8,870 | 6,942 | 8,870 |
| Due From Other Governments | 1,471,037 | 1,629,290 | 1,471,037 | 1,629,290 |
| Due From Other Funds | 7,849 | 1,938 | 7,849 | 1,938 |
| Property Taxes Receivable | 5,253,665 | 5,045,635 | 5,253,665 | 5,045,635 |
| Allowance for Uncollectible Property Taxes | (148,925) | 148,925 | 138,495 | (138,495) |
| Cash Shortage | 250 | 0 | 250 | 0 |
| Total Assets | \$ 8,375,041 | \$ 30,861,337 | \$ 31,159,818 | \$ 8,076,560 |
| <u>Liabilities</u> | | | | |
| Due to Other Funds | \$ 51,366 | \$ 0 | \$ 51,366 | \$ 0 |
| Due to Other Taxing Units | 6,639,524 | 20,338,988 | 20,406,176 | 6,572,336 |
| Due to Litigants, Heirs, and Others | 1,497,357 | 10,177,920 | 10,412,019 | 1,263,258 |
| Due to Joint Ventures | 186,794 | 344,429 | 290,257 | 240,966 |
| Total Liabilities | \$ 8,375,041 | \$ 30,861,337 | \$ 31,159,818 | \$ 8,076,560 |

MISCELLANEOUS SCHEDULES

Exhibit H-1

Coffee County, Tennessee
Schedule of Changes in Long-term Capital Leases, Notes, 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 | Outstanding 6-30-05 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--|------------------------|
| <u>CAPITAL LEASES PAYABLE</u> | | | | | | | | |
| <u>Payable through Highway/Public Works Fund</u> | | | | | | | | |
| Roller | \$ 67,903 | 6 % | 7-15-01 | 6-15-06 | \$ 31,227 | \$ 0 | \$ 14,372 | \$ 16,855 |
| Paver | 165,000 | 5.25 | 8-15-01 | 8-15-06 | 75,075 | 0 | 37,325 | 37,750 |
| Total Capital Leases Payable | | | | | <u>\$ 106,302</u> | <u>\$ 0</u> | <u>\$ 51,697</u> | <u>\$ 54,605</u> |
| <u>NOTES PAYABLE</u> | | | | | | | | |
| <u>Payable though Rural Debt Service Fund</u> | | | | | | | | |
| School Repairs | 900,000 | 3.5 | 2-26-04 | 3-1-10 | \$ 866,602 | \$ 0 | \$ 138,290 | \$ 728,312 |
| <u>Payable though General Debt Service Fund</u> | | | | | | | | |
| County Improvement Capital Outlay Notes | 654,000 | 3.4 | 2-16-05 | 2-15-11 | 0 | 654,000 | 0 | 654,000 |
| Total Notes Payable | | | | | <u>\$ 866,602</u> | <u>\$ 654,000</u> | <u>\$ 138,290</u> | <u>\$ 1,382,312</u> |
| <u>OTHER LOANS PAYABLE</u> | | | | | | | | |
| <u>Payable though General Debt Service Fund</u> | | | | | | | | |
| Renovation of Coffee County Administrative Plaza | 2,000,000 | Variable | 10-31-1995 | 10-31-15 | \$ 1,489,700 | \$ 0 | \$ 102,200 | \$ 1,387,500 |
| Public Facilities, Industrial Park, and Water/Sewer Projects | 4,050,000 | 3.75 to 5 | 1-1-01 | 2-1-21 | 3,860,000 | 0 | 70,000 | 3,790,000 |
| Convention Center Project | 1,750,000 | 3.75 to 5 | 1-1-01 | 2-1-21 | 1,712,500 | 0 | 27,500 | 1,685,000 |
| Public Facilities, Industrial Park, and Water/Sewer Projects | 1,200,000 | 5.8 to 6.7 | 1-1-01 | 2-1-09 | 825,000 | 0 | 145,000 | 680,000 |
| Public Improvement Projects | 1,500,000 | Variable | 10-24-02 | 6-1-17 | 1,222,947 | 277,053 | 0 | 1,500,000 |
| Total Payable though General Debt Service Fund | | | | | <u>\$ 9,110,147</u> | <u>\$ 277,053</u> | <u>\$ 344,700</u> | <u>\$ 9,042,500</u> |
| <u>Payable though Rural Debt Service Fund</u> | | | | | | | | |
| Rural School Refunding, Series 2002 | 1,275,000 | Variable | 10-24-02 | 6-1-07 | \$ 780,000 | \$ 0 | \$ 255,000 | \$ 525,000 |
| Total Other Loans Payable | | | | | <u>\$ 9,890,147</u> | <u>\$ 277,053</u> | <u>\$ 599,700</u> | <u>\$ 9,567,500</u> |

(Continued)

Exhibit H-1

Coffee County, Tennessee

Schedule of Changes in Long-term Capital Leases, Notes, 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 | Outstanding 6-30-05 |
|---|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--|------------------------|
| <u>BONDS PAYABLE</u> | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| General Obligation Public Improvement Bonds | \$ 1,500,000 | 3.7 to 4.4 % | 8-1-1998 | 8-1-08 | \$ 675,000 | \$ 0 | \$ 160,000 | \$ 515,000 |
| General Obligation Public Improvement Bonds | 2,500,000 | 4.55 to 5.15 | 3-1-00 | 3-1-12 | 2,090,000 | 0 | 220,000 | 1,870,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 2,765,000</u> | <u>\$ 0</u> | <u>\$ 380,000</u> | <u>\$ 2,385,000</u> |
| <u>Payable through Rural Debt Service Fund</u> | | | | | | | | |
| Rural School Refunding, Series 1998 | 4,075,000 | 3.85 to 4.9 | 2-1-1998 | 2-1-15 | \$ 3,300,000 | \$ 0 | \$ 240,000 | \$ 3,060,000 |
| <u>Payable through Education Debt Service Fund</u> | | | | | | | | |
| Senior High School Bonds, Series 1996 | 3,250,000 | 5 to 5.75 | 8-1-1996 | 9-1-16 | \$ 105,000 | \$ 0 | \$ 30,000 | \$ 75,000 |
| Senior High School Refunding Bonds, Series 1998 | 3,305,000 | 3.9 to 4.5 | 9-1-1998 | 2-1-18 | 3,225,000 | 0 | 20,000 | 3,205,000 |
| Senior High School Bonds, Series 1999 | 1,250,000 | 3.5 to 4.75 | 12-1-1998 | 2-1-18 | 1,015,000 | 0 | 50,000 | 965,000 |
| Total Payable through Education Debt Service Fund | | | | | <u>\$ 4,345,000</u> | <u>\$ 0</u> | <u>\$ 100,000</u> | <u>\$ 4,245,000</u> |
| Total Bonds Payable | | | | | <u>\$ 10,410,000</u> | <u>\$ 0</u> | <u>\$ 720,000</u> | <u>\$ 9,690,000</u> |

Exhibit H-2

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

| Year Ending June 30 | Bond Requirements | Interest Requirements | Total Requirements |
|---------------------------|----------------------|--------------------------|-----------------------|
| 2006 | \$ 755,000 | \$ 442,320 | \$ 1,197,320 |
| 2007 | 785,000 | 408,408 | 1,193,408 |
| 2008 | 965,000 | 370,245 | 1,335,245 |
| 2009 | 825,000 | 326,933 | 1,151,933 |
| 2010 | 860,000 | 289,380 | 1,149,380 |
| 2011 | 905,000 | 249,408 | 1,154,408 |
| 2012 | 945,000 | 207,170 | 1,152,170 |
| 2013 | 665,000 | 162,283 | 827,283 |
| 2014 | 695,000 | 131,651 | 826,651 |
| 2015 | 735,000 | 98,840 | 833,840 |
| 2016 | 710,000 | 56,583 | 766,583 |
| 2017 | 745,000 | 23,888 | 768,888 |
| 2018 | 100,000 | 4,747 | 104,747 |
| Total | \$ 9,690,000 | \$ 2,771,856 | \$ 12,461,856 |

Exhibit H-3

Coffee 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 | Operations | \$ 16,943 |
| General | Industrial/Economic Development | Operations | 23,134 |
| Bridge | Highway/Public Works | Close fund | <u>10,662</u> |
| Total Transfers | | | <u>\$ 50,739</u> |

Exhibit H-4

Coffee 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> , and Coffee County Personnel Policies | \$ 64,333 (1) | \$ 50,000 | State Auto Insurance Company |
| Highway Superintendent | Section 8-24-102, <u>TCA</u> | 59,365 | 100,000 | " |
| Trustee | Section 8-24-102, <u>TCA</u> | 53,969 | 1,128,300 | Auto-Owners Mutual Insurance Company |
| Assessor of Property | Section 8-24-102, <u>TCA</u> | 53,969 | 10,000 | State Auto Insurance Company |
| County Clerk | Section 8-24-102, <u>TCA</u> | 53,969 | 50,000 | " |
| Circuit Court Clerk | Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies | 55,969 (1) | 50,000 | " |
| Clerk and Master | Section 8-24-102, <u>TCA</u> | 53,969 | 50,000 | " |
| Register | Section 8-24-102, <u>TCA</u> | 53,969 | 25,000 | " |
| Sheriff | Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies | 61,884 (1,2) | 25,000 | " |
| Employee Dishonesty Bond Coverage: | | | | |
| General County Employees | | | 150,000 | Local Government Property and Casualty Fund |
| Highway Department Employees | | | 150,000 | " |

(1) Includes \$2,000 payment in-lieu-of insurance benefit. All Coffee County employees have an option under the county's personnel policies to opt out of the medical insurance plan and receive an incentive payment equal to 67% of the cost of single coverage.

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

Exhibit H-5

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|-------------------|--------------|---------------------------|------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary |
| <u>Local Taxes</u> | | | | | | | |
| <u>County Property Taxes</u> | | | | | | | |
| Current Property Tax | \$ 6,328,104 | \$ 537,762 | \$ 0 | \$ 90,844 | \$ 0 | \$ 0 | 0 |
| Trustee's Collections - Prior Year | 188,848 | 17,958 | 0 | 39 | 0 | 0 | 0 |
| Trustee's Collections - Bankruptcy | 15,412 | 3,053 | 0 | 0 | 0 | 0 | 0 |
| Circuit/Clerk & Master Collections - Prior Years | 79,556 | 14,315 | 0 | 0 | 0 | 0 | 0 |
| Interest and Penalty | 77,398 | 10,006 | 0 | 6 | 0 | 0 | 0 |
| Payments in Lieu of Taxes - T.V.A. | 669 | 143 | 0 | 0 | 0 | 0 | 0 |
| Payments in Lieu of Taxes - Local Utilities | 8,301 | 1,779 | 0 | 0 | 0 | 0 | 0 |
| Payments in Lieu of Taxes - Other | 1,730 | 360 | 0 | 0 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | | |
| Local Option Sales Tax | 0 | 68,152 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 106,907 | 0 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Special Purpose | 176,336 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 644,037 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | | |
| Bank Excise Tax | 99,618 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wholesale Beer Tax | 0 | 213,928 | 0 | 0 | 0 | 0 | 0 |
| Interstate Telecommunications Tax | 3,974 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 7,730,890 | \$ 867,456 | \$ 0 | \$ 90,889 | \$ 0 | \$ 0 | 0 |
| <u>Licenses and Permits</u> | | | | | | | |
| <u>Licenses</u> | | | | | | | |
| Cable TV Franchise | \$ 55,063 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Permits</u> | | | | | | | |
| Beer Permits | 0 | 7,340 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | \$ 55,063 | \$ 7,340 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | |
| <u>Circuit Court</u> | | | | | | | |
| Fines | \$ 8,387 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Officers Costs | 15,716 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 1,855 | 0 | 0 | 0 | 62,216 | 0 | 0 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|-------------------|--------------|---------------------------|------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | | |
| <u>General Sessions Court</u> | | | | | | | |
| Fines | \$ 217,116 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Officers Costs | 90,824 | 0 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 688 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 17,868 | 0 | 0 | 0 | 0 | 0 | 0 |
| DUI Treatment Fines | 13,355 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | | |
| Fines | 3,550 | 0 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 17,577 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | | |
| Officers Costs | 3,595 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | | |
| Drug Court Fees | 30,515 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | |
| Proceeds from Confiscated Property | 1,500 | 0 | 0 | 0 | 75,617 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 422,546 | \$ 0 | \$ 0 | \$ 0 | 137,833 | \$ 0 | 0 |
| <u>Charges for Current Services</u> | | | | | | | |
| <u>General Service Charges</u> | | | | | | | |
| Residential Waste Collection Charge | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Convenience Waste Centers Collection Charge | 0 | 5,640 | 0 | 0 | 0 | 0 | 0 |
| Solid Waste Disposal Fee | 0 | 30,421 | 0 | 0 | 0 | 0 | 0 |
| Patient Charges | 825,241 | 0 | 0 | 0 | 0 | 0 | 8,027 |
| Work Release Charges for Board | 27,150 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other General Service Charges | 2,420 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees</u> | | | | | | | |
| Subdivision Lot Fees | 69,108 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recreation Fees | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Copy Fees | 14,026 | 0 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 29,964 | 0 | 0 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Register | 24,061 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee | 780 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 1,003,750 | \$ 36,061 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 8,027 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|-------------------|--------------|---------------------------|------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary |
| <u>Other Local Revenues</u> | | | | | | | |
| <u>Recurring Items</u> | | | | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Lease/Rentals | 6,995 | 0 | 5,585 | 0 | 0 | 0 | 0 |
| Sale of Materials and Supplies | 4,970 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commissary Sales | 0 | 0 | 0 | 0 | 0 | 0 | 135,798 |
| Sale of Recycled Materials | 0 | 30,440 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 7,364 | 70 | 0 | 0 | 0 | 200 | 0 |
| <u>Nonrecurring Items</u> | | | | | | | |
| Insurance Recovery | 19,228 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Property | 10,275 | 0 | 0 | 0 | 16,782 | 0 | 0 |
| Damages Recovered from Individuals | 355 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions & Gifts | 125,000 | 0 | 0 | 12,000 | 0 | 0 | 0 |
| <u>Other Local Revenues</u> | | | | | | | |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 174,187 | \$ 30,510 | \$ 5,585 | \$ 12,000 | \$ 16,782 | \$ 200 | \$ 135,798 |
| <u>Fees Received from County Officials</u> | | | | | | | |
| <u>Excess Fees</u> | | | | | | | |
| County Clerk | \$ 213,013 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Circuit Court Clerk | 60,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 25,094 | 0 | 0 | 0 | 0 | 0 | 0 |
| Register | 135,098 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trustee | 449,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees In Lieu of Salary</u> | | | | | | | |
| Juvenile Court Clerk | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 15,992 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received from County Officials | \$ 898,297 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 13,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Solid Waste Grants | 0 | 36,342 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|-------------------|--------------|---------------------------|------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary |
| <u>State of Tennessee (Cont.)</u> | | | | | | | |
| <u>Public Works Grants</u> | | | | | | | |
| Bridge Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Litter Program | 0 | 28,731 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | | |
| Beer Tax | 16,778 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 49,213 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 814,026 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reappraisal Program Reimbursement | 17,529 | 0 | 0 | 0 | 0 | 0 | 0 |
| T.B.I. - Equipment Reimbursement | 1,624 | 0 | 0 | 0 | 0 | 0 | 0 |
| Registrar's Salary Supplement | 16,380 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 416,983 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 1,345,533 | \$ 65,073 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Federal Government</u> | | | | | | | |
| <u>Federal Through State</u> | | | | | | | |
| Civil Defense Reimbursement | \$ 12,630 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Homeland Security Grants | 400,211 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Federal through State | 55,556 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Direct Federal Revenue</u> | | | | | | | |
| Asset Forfeiture Funds | 0 | 0 | 0 | 0 | 96 | 0 | 0 |
| Other Direct Federal Revenue | 6,110 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | \$ 474,507 | \$ 0 | \$ 0 | \$ 0 | \$ 96 | \$ 0 | 0 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | |
| <u>Other Governments</u> | | | | | | | |
| Prisoner Board | \$ 1,035 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Contributions | 1,385 | 0 | 16,703 | 0 | 750 | 17,668 | 0 |
| Contracted Services | 22,114 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Citizens Groups</u> | | | | | | | |
| Donations | 0 | 0 | 2,525 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | | | | | |
|--|-----------------------|--------------------------|-----------------------------------|-------------------|--------------|---------------------------|------------|
| | General | Solid Waste / Sanitation | Industrial / Economic Development | Local Purpose Tax | Drug Control | District Attorney General | Commissary |
| <u>Other Governments and Citizens Groups (Cont.)</u> | | | | | | | |
| <u>Other</u> | | | | | | | |
| Other | \$ 56,487 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Other Governments and Citizens Groups | \$ 81,021 | \$ 0 | \$ 19,228 | \$ 0 | \$ 750 | \$ 17,668 | \$ 0 |
| Total | \$ 12,185,794 | \$ 1,006,440 | \$ 24,813 | \$ 102,889 | \$ 155,461 | \$ 17,868 | \$ 143,825 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | Debt Service Funds | | | Capital Projects Fund | Total |
|--|--------------------------------|------------------------|----------------------|--------------------|------------------------|--------------------------|---------------|
| | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Rural Debt Service | Education Debt Service | General Capital Projects | |
| <u>Local Taxes</u> | | | | | | | |
| <u>County Property Taxes</u> | | | | | | | |
| Current Property Tax | \$ 0 | \$ 0 | \$ 1,162,307 | \$ 435,330 | \$ 305,478 | \$ 0 | \$ 8,859,825 |
| Trustee's Collections - Prior Year | 0 | 0 | 32,078 | 14,542 | 10,878 | 0 | 264,343 |
| Trustee's Collections - Bankruptcy | 0 | 0 | 2,617 | 2,472 | 1,163 | 0 | 24,717 |
| Circuit/Clerk & Master Collections - Prior Years | 0 | 0 | 12,270 | 12,894 | 6,068 | 0 | 125,103 |
| Interest and Penalty | 0 | 0 | 12,383 | 8,645 | 4,919 | 0 | 113,357 |
| Payments in Lieu of Taxes - T.V.A. | 0 | 0 | 123 | 116 | 55 | 0 | 1,106 |
| Payments in Lieu of Taxes - Local Utilities | 0 | 0 | 3,092 | 2,920 | 1,374 | 0 | 17,466 |
| Payments in Lieu of Taxes - Other | 0 | 0 | 318 | 291 | 141 | 0 | 2,840 |
| <u>County Local Option Taxes</u> | | | | | | | |
| Local Option Sales Tax | 0 | 0 | 0 | 233,426 | 0 | 0 | 301,578 |
| Litigation Tax - General | 0 | 0 | 1,499 | 0 | 0 | 0 | 108,406 |
| Litigation Tax - Special Purpose | 0 | 0 | 87,773 | 0 | 0 | 0 | 264,109 |
| Business Tax | 0 | 0 | 0 | 0 | 0 | 0 | 644,037 |
| Mineral Severance Tax | 0 | 80,119 | 0 | 0 | 0 | 0 | 80,119 |
| <u>Statutory Local Taxes</u> | | | | | | | |
| Bank Excise Tax | 0 | 0 | 0 | 0 | 0 | 0 | 99,618 |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 213,928 |
| Interstate Telecommunications Tax | 0 | 0 | 0 | 0 | 0 | 0 | 3,974 |
| Total Local Taxes | \$ 0 | \$ 80,119 | \$ 1,314,460 | \$ 710,636 | \$ 330,076 | \$ 0 | \$ 11,124,526 |
| <u>Licenses and Permits</u> | | | | | | | |
| <u>Licenses</u> | | | | | | | |
| Cable TV Franchise | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 55,063 |
| <u>Permits</u> | | | | | | | |
| Beer Permits | 0 | 0 | 0 | 0 | 0 | 0 | 7,340 |
| Total Licenses and Permits | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 62,403 |
| <u>Fines, Forfeitures and Penalties</u> | | | | | | | |
| <u>Circuit Court</u> | | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 8,387 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 15,716 |
| Drug Control Fines | 0 | 0 | 0 | 0 | 0 | 0 | 64,071 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | Debt Service Funds | | | Capital Projects Fund | Total |
|--|--------------------------------|------------------------|----------------------|--------------------|------------------------|--------------------------|--------------|
| | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Rural Debt Service | Education Debt Service | General Capital Projects | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | | |
| <u>General Sessions Court</u> | | | | | | | |
| Fines | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 217,116 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 90,824 |
| Game and Fish Fines | 0 | 0 | 0 | 0 | 0 | 0 | 688 |
| Jail Fees | 0 | 0 | 0 | 0 | 0 | 0 | 17,868 |
| DUI Treatment Fines | 0 | 0 | 0 | 0 | 0 | 0 | 13,355 |
| <u>Juvenile Court</u> | | | | | | | |
| Fines | 0 | 0 | 0 | 0 | 0 | 0 | 3,550 |
| Officers Costs | 0 | 0 | 0 | 0 | 0 | 0 | 17,577 |
| <u>Chancery Court</u> | | | | | | | |
| Officers Costs | 0 | 0 | 498 | 0 | 0 | 0 | 4,093 |
| <u>Other Courts - In-county</u> | | | | | | | |
| Drug Court Fees | 0 | 0 | 0 | 0 | 0 | 0 | 30,515 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 0 | 0 | 0 | 77,117 |
| Total Fines, Forfeitures, and Penalties | \$ 0 | \$ 0 | \$ 498 | \$ 0 | \$ 0 | \$ 0 | \$ 560,877 |
| <u>Charges for Current Services</u> | | | | | | | |
| <u>General Service Charges</u> | | | | | | | |
| Residential Waste Collection Charge | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 109,850 | \$ 109,850 |
| Convenience Waste Centers Collection Charge | 0 | 0 | 0 | 0 | 0 | 0 | 5,640 |
| Solid Waste Disposal Fee | 0 | 0 | 0 | 0 | 0 | 0 | 30,421 |
| Patient Charges | 0 | 0 | 0 | 0 | 0 | 0 | 833,268 |
| Work Release Charges for Board | 0 | 0 | 0 | 0 | 0 | 0 | 27,150 |
| Other General Service Charges | 0 | 0 | 0 | 0 | 0 | 0 | 2,420 |
| <u>Fees</u> | | | | | | | |
| Subdivision Lot Fees | 0 | 0 | 0 | 0 | 0 | 0 | 69,108 |
| Recreation Fees | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Copy Fees | 0 | 0 | 0 | 0 | 0 | 0 | 14,026 |
| Telephone Commissions | 0 | 0 | 0 | 0 | 0 | 0 | 29,964 |
| Constitutional Officers' Fees and Commissions | 1,274,524 | 0 | 0 | 0 | 0 | 0 | 1,275,524 |
| Data Processing Fee - Register | 0 | 0 | 0 | 0 | 0 | 0 | 24,061 |
| Sexual Offender Registration Fee | 0 | 0 | 0 | 0 | 0 | 0 | 780 |
| Total Charges for Current Services | \$ 1,274,524 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 109,850 | \$ 2,432,212 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | Debt Service Funds | | | Capital Projects Fund | Total |
|--|--|------------------------------|----------------------------|--------------------------|------------------------------|--------------------------------|------------|
| | Constitu - tional Officers - Fees | Highway / Public Works | General Debt Service | Rural Debt Service | Education Debt Service | General Capital Projects | |
| <u>Other Local Revenues</u> | | | | | | | |
| <u>Recurring Items</u> | | | | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 191,540 | \$ 0 | \$ 0 | \$ 0 | \$ 191,540 |
| Lease/Rentals | 0 | 0 | 94,944 | 0 | 0 | 0 | 107,524 |
| Sale of Materials and Supplies | 0 | 2,854 | 0 | 0 | 0 | 0 | 7,824 |
| Commissary Sales | 0 | 0 | 0 | 0 | 0 | 0 | 135,798 |
| Sale of Recycled Materials | 0 | 294 | 0 | 0 | 0 | 0 | 30,734 |
| Miscellaneous Refunds | 0 | 868 | 0 | 0 | 0 | 0 | 8,502 |
| <u>Nonrecurring Items</u> | | | | | | | |
| Insurance Recovery | 0 | 0 | 0 | 0 | 0 | 0 | 19,228 |
| Sale of Property | 0 | 0 | 200,000 | 0 | 0 | 0 | 227,057 |
| Damages Recovered from Individuals | 0 | 461 | 0 | 0 | 0 | 0 | 816 |
| Contributions & Gifts | 0 | 0 | 0 | 0 | 0 | 0 | 137,000 |
| <u>Other Local Revenues</u> | | | | | | | |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 30,000 | 30,000 |
| Total Other Local Revenues | \$ 0 | \$ 4,477 | \$ 486,484 | \$ 0 | \$ 0 | \$ 30,000 | \$ 896,023 |
| <u>Fees Received from County Officials</u> | | | | | | | |
| <u>Excess Fees</u> | | | | | | | |
| County Clerk | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 213,013 |
| Circuit Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 60,000 |
| Clerk and Master | 0 | 0 | 0 | 0 | 0 | 0 | 25,094 |
| Register | 0 | 0 | 0 | 0 | 0 | 0 | 135,098 |
| Trustee | 0 | 0 | 0 | 0 | 0 | 0 | 449,000 |
| <u>Fees In Lieu of Salary</u> | | | | | | | |
| Juvenile Court Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Sheriff | 0 | 0 | 0 | 0 | 0 | 0 | 15,992 |
| Total Fees Received from County Officials | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 898,297 |
| <u>State of Tennessee</u> | | | | | | | |
| <u>General Government Grants</u> | | | | | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 13,000 |
| Solid Waste Grants | 0 | 0 | 0 | 0 | 0 | 0 | 36,342 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | Debt Service Funds | | | Capital Projects Fund | Total |
|--|--------------------------------|------------------------|----------------------|--------------------|------------------------|--------------------------|--------------|
| | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Rural Debt Service | Education Debt Service | General Capital Projects | |
| <u>State of Tennessee (Cont.)</u> | | | | | | | |
| <u>Public Works Grants</u> | | | | | | | |
| Bridge Program | \$ 0 | \$ 110,729 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 110,729 |
| State Aid Program | 0 | 245,788 | 0 | 0 | 0 | 0 | 245,788 |
| Litter Program | 0 | 0 | 0 | 0 | 0 | 0 | 28,731 |
| <u>Other State Revenues</u> | | | | | | | |
| Beer Tax | 0 | 0 | 0 | 0 | 0 | 0 | 16,778 |
| Alcoholic Beverage Tax | 0 | 0 | 0 | 0 | 0 | 0 | 49,213 |
| Contracted Prisoner Boarding | 0 | 0 | 0 | 0 | 0 | 0 | 814,026 |
| Gasoline and Motor Fuel Tax | 0 | 1,840,497 | 0 | 0 | 0 | 0 | 1,840,497 |
| Petroleum Special Tax | 0 | 38,624 | 0 | 0 | 0 | 0 | 38,624 |
| Reappraisal Program Reimbursement | 0 | 0 | 0 | 0 | 0 | 0 | 17,529 |
| T.B.I. - Equipment Reimbursement | 0 | 0 | 0 | 0 | 0 | 0 | 1,624 |
| Registrar's Salary Supplement | 0 | 0 | 0 | 0 | 0 | 0 | 16,380 |
| Other State Grants | 0 | 0 | 0 | 0 | 0 | 0 | 416,983 |
| Total State of Tennessee | \$ 0 | \$ 2,235,638 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 3,646,244 |
| <u>Federal Government</u> | | | | | | | |
| <u>Federal Through State</u> | | | | | | | |
| Civil Defense Reimbursement | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 12,630 |
| Homeland Security Grants | 0 | 0 | 0 | 0 | 0 | 163,516 | 563,727 |
| Other Federal through State | 0 | 0 | 0 | 0 | 0 | 0 | 55,556 |
| <u>Direct Federal Revenue</u> | | | | | | | |
| Asset Forfeiture Funds | 0 | 0 | 0 | 0 | 0 | 0 | 96 |
| Other Direct Federal Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 6,110 |
| Total Federal Government | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 163,516 | \$ 638,119 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | |
| <u>Other Governments</u> | | | | | | | |
| Prisoner Board | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1,035 |
| Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 36,506 |
| Contracted Services | 0 | 0 | 0 | 0 | 0 | 0 | 22,114 |
| <u>Citizens Groups</u> | | | | | | | |
| Donations | 0 | 0 | 0 | 0 | 0 | 0 | 2,525 |

(Continued)

Exhibit H-5

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

| | Special Revenue Funds | | Debt Service Funds | | | Capital Projects Fund | |
|--|---|------------------------------|----------------------------|--------------------------|------------------------------|--------------------------------|------------|
| | Constitu- tional Officers - Fees | Highway / Public Works | General Debt Service | Rural Debt Service | Education Debt Service | General Capital Projects | Total |
| <u>Other Governments and Citizens Groups (Cont.)</u> | | | | | | | |
| <u>Other</u> | \$ | 0 | \$ | 0 | \$ | 0 | \$ 56,487 |
| Total Other Governments and Citizens Groups | \$ | 0 | \$ | 0 | \$ | 0 | \$ 118,667 |
| Total | \$ | 1,274,524 | \$ | 2,320,234 | \$ | 1,801,442 | \$ 710,636 |
| | \$ | 330,076 | \$ | 303,366 | \$ | 20,377,368 | |

Coffee 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 | \$ | 24,318 | |
| Social Security | | 1,639 | |
| Audit Services | | 10,963 | |
| Dues and Memberships | | 1,500 | |
| Printing, Stationery and Forms | | 404 | |
| Travel | | 1,178 | |
| Total County Commission | | | \$ 40,002 |

Board of Equalization

| | | | |
|----------------------------------|----|-------|-------|
| Board and Committee Members Fees | \$ | 1,311 | |
| Social Security | | 89 | |
| Total Board of Equalization | | | 1,400 |

Other Boards and Committees

| | | | |
|-----------------------------------|----|--------|--------|
| Board and Committee Members Fees | \$ | 19,963 | |
| Social Security | | 1,515 | |
| Travel | | 668 | |
| Data Processing Supplies | | 9,200 | |
| Total Other Boards and Committees | | | 31,346 |

County Mayor

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 62,333 | |
| Secretary(s) | | 26,653 | |
| Clerical Personnel | | 23,924 | |
| Part-time Personnel | | 3,374 | |
| Social Security | | 9,042 | |
| State Retirement | | 2,839 | |
| Medical Insurance | | 5,190 | |
| Dental Insurance | | 580 | |
| Communication | | 3,354 | |
| Dues and Memberships | | 11,460 | |
| Legal Notices, Recording and Court Costs | | 1,715 | |
| Maintenance Agreements | | 2,051 | |
| Printing, Stationery and Forms | | 259 | |
| Travel | | 2,666 | |
| Office Supplies | | 3,652 | |
| Total County Mayor | | | 159,092 |

County Attorney

| | | | |
|--|----|-------|--|
| County Official/Administrative Officer | \$ | 4,800 | |
|--|----|-------|--|

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

| | | |
|-----------------------|-----------|-----------|
| Legal Services | \$ 14,243 | |
| Total County Attorney | | \$ 19,043 |

Election Commission

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 43,175 | |
| Deputy(ies) | 73,200 | |
| Clerical Personnel | 10,479 | |
| Election Commission | 6,028 | |
| Election Workers | 34,760 | |
| Social Security | 10,897 | |
| State Retirement | 8,810 | |
| Medical Insurance | 18,883 | |
| Dental Insurance | 989 | |
| Communication | 1,990 | |
| Operating Lease Payments | 1,007 | |
| Legal Notices, Recording and Court Costs | 13,417 | |
| Maintenance Agreements | 4,333 | |
| Maintenance & Repair Services- Equipment | 8,811 | |
| Travel | 1,499 | |
| Other Contracted Services | 2,086 | |
| Office Supplies | 5,124 | |
| Utilities | 126 | |
| In Service/Staff Development | 460 | |
| Data Processing Equipment | 29,726 | |
| Total Election Commission | | 275,800 |

Register of Deeds

| | | |
|--------------------------|-----------|--------|
| Social Security | \$ 11,215 | |
| State Retirement | 8,605 | |
| Medical Insurance | 19,177 | |
| Dental Insurance | 1,032 | |
| Communication | 1,145 | |
| Operating Lease Payments | 20,391 | |
| Maintenance Agreements | 2,624 | |
| Data Processing Supplies | 2,872 | |
| Office Supplies | 3,647 | |
| Office Equipment | 7,300 | |
| Total Register of Deeds | | 78,008 |

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning

| | | | |
|---|----|--------|-----------|
| Supervisor/Director | \$ | 29,485 | |
| Secretary(s) | | 22,174 | |
| Part-time Personnel | | 268 | |
| Overtime Pay | | 1,158 | |
| Social Security | | 3,971 | |
| State Retirement | | 3,998 | |
| Medical Insurance | | 9,573 | |
| Dental Insurance | | 473 | |
| Communication | | 2,144 | |
| Consultants | | 13,100 | |
| Contracts with Private Agencies | | 1,250 | |
| Legal Notices, Recording and Court Costs | | 870 | |
| Maintenance & Repair Services- Office Equipment | | 65 | |
| Maintenance & Repair Services- Vehicles | | 601 | |
| Printing, Stationery and Forms | | 203 | |
| Travel | | 100 | |
| Gasoline | | 538 | |
| Office Supplies | | 1,684 | |
| Data Processing Equipment | | 699 | |
| Office Equipment | | 729 | |
| Total Planning | | | \$ 93,083 |

County Buildings

| | | |
|--|----|---------|
| Supervisor/Director | \$ | 40,854 |
| Maintenance Personnel | | 56,029 |
| Part-time Personnel | | 299 |
| Overtime Pay | | 10,620 |
| Social Security | | 8,038 |
| State Retirement | | 7,067 |
| Medical Insurance | | 14,782 |
| Dental Insurance | | 291 |
| Communication | | 53,071 |
| Contracts with Private Agencies | | 31,395 |
| Dues and Memberships | | 100 |
| Maintenance & Repair Services- Buildings | | 59,255 |
| Maintenance & Repair Services- Equipment | | 5,942 |
| Maintenance & Repair Services- Vehicles | | 634 |
| Pest Control | | 4,200 |
| Custodial Supplies | | 22,597 |
| Electricity | | 138,913 |

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

| | | | |
|------------------------------|----|--------|---------|
| Gasoline | \$ | 2,744 | |
| Natural Gas | | 75,765 | |
| Office Supplies | | 191 | |
| Uniforms | | 11 | |
| Water and Sewer | | 35,980 | |
| Other Supplies and Materials | | 121 | |
| Maintenance Equipment | | 6,617 | |
| Total County Buildings | \$ | | 575,516 |

Other General Administration

| | | | |
|------------------------------------|----|--------|--------|
| Consultants | \$ | 6,795 | |
| Data Processing Services | | 4,065 | |
| Maintenance Agreements | | 21,100 | |
| Postal Charges | | 51,724 | |
| Other Charges | | 957 | |
| Total Other General Administration | | | 84,641 |

Finance

Accounting and Budgeting

| | | | |
|--|----|--------|---------|
| Supervisor/Director | \$ | 64,732 | |
| Deputy(ies) | | 33,841 | |
| Accountants/Bookkeepers | | 56,390 | |
| Secretary(s) | | 19,211 | |
| Social Security | | 13,513 | |
| State Retirement | | 10,381 | |
| Medical Insurance | | 17,032 | |
| Dental Insurance | | 1,129 | |
| Communication | | 3,499 | |
| Dues and Memberships | | 55 | |
| Legal Notices, Recording and Court Costs | | 3,928 | |
| Maintenance Agreements | | 7,752 | |
| Other Contracted Services | | 1,930 | |
| Office Supplies | | 10,465 | |
| In Service/Staff Development | | 1,342 | |
| Total Accounting and Budgeting | | | 245,200 |

Central Services

| | | | |
|---------------------|----|--------|--|
| Custodial Personnel | \$ | 34,306 | |
| Social Security | | 2,624 | |
| State Retirement | | 358 | |

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Central Services (Cont.)

| | | | |
|------------------------|----|--------------|-----------|
| Medical Insurance | \$ | 9,594 | |
| Dental Insurance | | 462 | |
| Travel | | 324 | |
| Other Charges | | 263 | |
| Maintenance Equipment | | <u>2,282</u> | |
| Total Central Services | | | \$ 50,213 |

Property Assessor's Office

| | | | |
|--|----|--------------|---------|
| County Official/Administrative Officer | \$ | 53,969 | |
| Clerical Personnel | | 146,143 | |
| In-Service Training | | 260 | |
| Social Security | | 15,180 | |
| State Retirement | | 15,149 | |
| Medical Insurance | | 33,057 | |
| Dental Insurance | | 1,709 | |
| Audit Services | | 47,680 | |
| Communication | | 1,770 | |
| Data Processing Services | | 22,217 | |
| Dues and Memberships | | 1,499 | |
| Maintenance Agreements | | 1,442 | |
| Maintenance & Repair Services- Equipment | | 339 | |
| Maintenance & Repair Services- Vehicles | | 804 | |
| Printing, Stationery and Forms | | 660 | |
| Gasoline | | 2,882 | |
| Office Supplies | | <u>1,403</u> | |
| Total Property Assessor's Office | | | 346,163 |

Reappraisal Program

| | | | |
|---------------------------|----|------------|-------|
| Other Salaries & Wages | \$ | 1,605 | |
| Social Security | | 123 | |
| Other Charges | | 1,423 | |
| Data Processing Equipment | | <u>445</u> | |
| Total Reappraisal Program | | | 3,596 |

County Trustee's Office

| | | | |
|---------------------|----|--------|--|
| Part-time Personnel | \$ | 65 | |
| Social Security | | 12,450 | |
| State Retirement | | 12,526 | |
| Medical Insurance | | 21,129 | |
| Dental Insurance | | 1,118 | |

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

| | | | |
|--------------------------------|----|--------|-----------|
| Communication | \$ | 1,358 | |
| Maintenance Agreements | | 5,843 | |
| Postal Charges | | 5,414 | |
| Printing, Stationery and Forms | | 2,466 | |
| Office Supplies | | 1,660 | |
| Data Processing Equipment | | 15,977 | |
| Total County Trustee's Office | | | \$ 80,006 |

County Clerk's Office

| | | | |
|---|----|--------|---------|
| Social Security | \$ | 18,238 | |
| State Retirement | | 17,537 | |
| Medical Insurance | | 42,796 | |
| Dental Insurance | | 2,311 | |
| Communication | | 2,397 | |
| Maintenance Agreements | | 17,146 | |
| Maintenance & Repair Services- Office Equipment | | 245 | |
| Printing, Stationery and Forms | | 1,630 | |
| Data Processing Supplies | | 2,970 | |
| Office Supplies | | 4,477 | |
| Total County Clerk's Office | | | 109,747 |

Administration of Justice

Circuit Court

| | | | |
|---|----|--------|---------|
| Jury and Witness Fees | \$ | 19,539 | |
| Social Security | | 39,381 | |
| State Retirement | | 33,700 | |
| Medical Insurance | | 85,373 | |
| Dental Insurance | | 4,902 | |
| Communication | | 2,307 | |
| Maintenance Agreements | | 6,959 | |
| Maintenance & Repair Services- Office Equipment | | 150 | |
| Printing, Stationery and Forms | | 4,482 | |
| Duplicating Supplies | | 1,063 | |
| Office Supplies | | 3,917 | |
| Periodicals | | 28 | |
| Office Equipment | | 1,800 | |
| Total Circuit Court | | | 203,601 |

General Sessions Court

| | | | |
|---------------|----|----|--|
| Communication | \$ | 19 | |
|---------------|----|----|--|

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

| | | | |
|---|----|-------|-----------|
| Maintenance Agreements | \$ | 2,575 | |
| Maintenance & Repair Services- Office Equipment | | 246 | |
| Printing, Stationery and Forms | | 5,224 | |
| Travel | | 473 | |
| Duplicating Supplies | | 1,066 | |
| Office Supplies | | 5,405 | |
| Office Equipment | | 1,150 | |
| Total General Sessions Court | | | \$ 16,158 |

General Sessions Judge

| | | | |
|--|----|---------|---------|
| Judge(s) | \$ | 192,449 | |
| Social Security | | 13,985 | |
| State Retirement | | 7,284 | |
| Medical Insurance | | 9,350 | |
| Dental Insurance | | 473 | |
| Communication | | 2,071 | |
| Dues and Memberships | | 540 | |
| Evaluation and Testing | | 100 | |
| Legal Services | | 5,400 | |
| Maintenance & Repair Services- Equipment | | 55 | |
| Travel | | 4,914 | |
| Office Supplies | | 206 | |
| Periodicals | | 3,700 | |
| Total General Sessions Judge | | | 240,527 |

Drug Court

| | | | |
|--------------------------------|----|-------|-------|
| Supervisor/Director | \$ | 4,541 | |
| Social Security | | 354 | |
| Medical Insurance | | 83 | |
| Communication | | 250 | |
| Printing, Stationery and Forms | | 42 | |
| Travel | | 1,984 | |
| Office Supplies | | 230 | |
| Furniture and Fixtures | | 132 | |
| Office Equipment | | 2,283 | |
| Total Drug Court | | | 9,899 |

Chancery Court

| | | | |
|-----------------------|----|--------|--|
| Clerical Personnel | \$ | 17,313 | |
| Jury and Witness Fees | | 262 | |

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

| | | | |
|--------------------------------|----|--------|-----------|
| Social Security | \$ | 10,988 | |
| State Retirement | | 10,195 | |
| Medical Insurance | | 21,335 | |
| Dental Insurance | | 1,290 | |
| Communication | | 2,318 | |
| Maintenance Agreements | | 8,653 | |
| Printing, Stationery and Forms | | 2,467 | |
| Office Supplies | | 2,677 | |
| Periodicals | | 627 | |
| Total Chancery Court | | | \$ 78,125 |

Judicial Commissioners

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 65,273 | |
| Temporary Personnel | | 7,838 | |
| Overtime Pay | | 502 | |
| Social Security | | 5,631 | |
| State Retirement | | 3,582 | |
| Medical Insurance | | 14,176 | |
| Dental Insurance | | 774 | |
| Maintenance Agreements | | 135 | |
| Printing, Stationery and Forms | | 61 | |
| Office Supplies | | 454 | |
| In Service/Staff Development | | 1,357 | |
| Office Equipment | | 3,500 | |
| Total Judicial Commissioners | | | 103,283 |

Public Safety

Sheriff's Department

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 59,365 | |
| Deputy(ies) | | 921,332 | |
| Secretary(s) | | 34,442 | |
| Clerical Personnel | | 50,531 | |
| Overtime Pay | | 84,648 | |
| Other Salaries & Wages | | 43,497 | |
| Social Security | | 92,805 | |
| State Retirement | | 78,129 | |
| Medical Insurance | | 180,920 | |
| Dental Insurance | | 8,922 | |
| Communication | | 19,116 | |
| Contracts with Private Agencies | | 9,275 | |

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

| | | | |
|--|----|--------|--------------|
| Dues and Memberships | \$ | 2,010 | |
| Evaluation and Testing | | 242 | |
| Maintenance Agreements | | 16,416 | |
| Maintenance & Repair Services- Equipment | | 469 | |
| Maintenance & Repair Services- Vehicles | | 60,350 | |
| Travel | | 6,459 | |
| Gasoline | | 97,737 | |
| Instructional Supplies and Materials | | 2,902 | |
| Law Enforcement Supplies | | 7,321 | |
| Office Supplies | | 7,167 | |
| Periodicals | | 149 | |
| Uniforms | | 6,312 | |
| Communication Equipment | | 2,379 | |
| Data Processing Equipment | | 223 | |
| Law Enforcement Equipment | | 1,088 | |
| Motor Vehicles | | 24,871 | |
| Office Equipment | | 150 | |
| Total Sheriff's Department | | | \$ 1,819,227 |

Traffic Control

| | | | |
|--------------------------------------|----|--------|--------|
| Contracts with Other Public Agencies | \$ | 16,225 | |
| Road Signs | | 8,102 | |
| Total Traffic Control | | | 24,327 |

Administration of the Sexual Offender Registry

| | | | |
|--|----|-----|-----|
| Law Enforcement Supplies | \$ | 198 | |
| Total Administration of the Sexual Offender Registry | | | 198 |

Jail

| | | | |
|------------------------|----|---------|--|
| Deputy(ies) | \$ | 104,055 | |
| Medical Personnel | | 83,288 | |
| Guards | | 445,267 | |
| Attendants | | 65,001 | |
| Cafeteria Personnel | | 22,027 | |
| Overtime Pay | | 58,056 | |
| Other Salaries & Wages | | 34,561 | |
| Social Security | | 62,223 | |
| State Retirement | | 37,490 | |
| Medical Insurance | | 106,540 | |
| Dental Insurance | | 5,558 | |

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

| | | | |
|--|----|---------|--------------|
| Communication | \$ | 10,333 | |
| Contracts with Private Agencies | | 48,000 | |
| Maintenance Agreements | | 564 | |
| Maintenance & Repair Services- Buildings | | 55,553 | |
| Maintenance & Repair Services- Equipment | | 2,894 | |
| Medical and Dental Services | | 257,509 | |
| Transportation - Other than Students | | 3,144 | |
| Travel | | 3,603 | |
| Custodial Supplies | | 41,442 | |
| Food Supplies | | 213,816 | |
| Law Enforcement Supplies | | 1,176 | |
| Office Supplies | | 3,260 | |
| Periodicals | | 508 | |
| Prisoners Clothing | | 8,594 | |
| Uniforms | | 1,653 | |
| Communication Equipment | | 851 | |
| Data Processing Equipment | | 74 | |
| Furniture and Fixtures | | 322 | |
| Total Jail | | | \$ 1,677,362 |

Juvenile Services

| | | | |
|---|----|---------|---------|
| Youth Service Officer(s) | \$ | 142,451 | |
| Clerical Personnel | | 18,326 | |
| Part-time Personnel | | 864 | |
| In-Service Training | | 1,075 | |
| Social Security | | 12,143 | |
| State Retirement | | 11,452 | |
| Medical Insurance | | 25,446 | |
| Dental Insurance | | 1,408 | |
| Communication | | 3,175 | |
| Contracts with Government Agencies | | 47,975 | |
| Maintenance Agreements | | 1,430 | |
| Maintenance & Repair Services- Buildings | | 144 | |
| Maintenance & Repair Services- Office Equipment | | 65 | |
| Travel | | 5,254 | |
| Other Contracted Services | | 91 | |
| Office Supplies | | 4,013 | |
| Total Juvenile Services | | | 275,312 |

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Rural Fire Protection

| | | |
|-----------------------------|------------|------------|
| Contributions | \$ 197,000 | |
| Total Rural Fire Protection | | \$ 197,000 |

Civil Defense

| | | |
|--|-----------|---------|
| Supervisor/Director | \$ 35,241 | |
| Deputy(ies) | 31,615 | |
| Social Security | 5,089 | |
| State Retirement | 2,668 | |
| Medical Insurance | 9,556 | |
| Dental Insurance | 516 | |
| Communication | 1,490 | |
| Maintenance & Repair Services- Buildings | 2,125 | |
| Maintenance & Repair Services- Vehicles | 20 | |
| Travel | 142 | |
| Gasoline | 1,169 | |
| Office Supplies | 509 | |
| Motor Vehicles | 23,973 | |
| Other Equipment | 370,772 | |
| Total Civil Defense | | 484,885 |

Rescue Squad

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

County Coroner/Medical Examiner

| | | |
|---------------------------------------|-----------|--------|
| Medical and Dental Services | \$ 28,059 | |
| Total County Coroner/Medical Examiner | | 28,059 |

Other Public Safety

| | | |
|-----------------------------|-----------|---------|
| Supervisor/Director | \$ 36,298 | |
| Salary Supplements | 13,482 | |
| Dispatchers/Radio Operators | 322,710 | |
| Educational Assistants | 31,825 | |
| Overtime Pay | 9,331 | |
| Other Salaries & Wages | 12,755 | |
| Social Security | 31,882 | |
| State Retirement | 30,569 | |
| Medical Insurance | 72,921 | |
| Dental Insurance | 3,655 | |
| Total Other Public Safety | | 565,428 |

(Continued)

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

| | | | |
|--|----|---------|------------|
| Medical Personnel | \$ | 116,241 | |
| Clerical Personnel | | 62,965 | |
| Educational Assistants | | 139,735 | |
| Custodial Personnel | | 10,009 | |
| Social Security | | 24,541 | |
| State Retirement | | 20,954 | |
| Medical Insurance | | 46,676 | |
| Dental Insurance | | 2,042 | |
| Communication | | 8,524 | |
| Contributions | | 40,000 | |
| Operating Lease Payments | | 1,618 | |
| Maintenance & Repair Services- Buildings | | 1,267 | |
| Travel | | 12,581 | |
| Other Contracted Services | | 167 | |
| Custodial Supplies | | 612 | |
| Drugs and Medical Supplies | | 122 | |
| Office Supplies | | 1,272 | |
| Utilities | | 7,515 | |
| Liability Insurance | | 183 | |
| Other Charges | | 1,900 | |
| Administration Equipment | | 933 | |
| Total Local Health Center | | | \$ 499,857 |

Rabies and Animal Control

| | | |
|--|----|--------|
| Supervisor/Director | \$ | 27,453 |
| Deputy(ies) | | 21,386 |
| Overtime Pay | | 2,883 |
| Social Security | | 3,957 |
| State Retirement | | 3,915 |
| Medical Insurance | | 9,556 |
| Dental Insurance | | 516 |
| Communication | | 1,527 |
| Dues and Memberships | | 125 |
| Laundry Service | | 1,412 |
| Maintenance & Repair Services- Buildings | | 59 |
| Maintenance & Repair Services- Vehicles | | 174 |
| Veterinary Services | | 4,891 |
| Animal Food and Supplies | | 56 |
| Custodial Supplies | | 1,669 |
| Drugs and Medical Supplies | | 243 |

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

| | | | |
|---------------------------------|----|-------|-----------|
| Gasoline | \$ | 1,794 | |
| Office Supplies | | 308 | |
| Utilities | | 1,310 | |
| Other Supplies and Materials | | 150 | |
| Specialized Medical Treatment | | 50 | |
| Total Rabies and Animal Control | | | \$ 83,434 |

Ambulance/Emergency Medical Services

| | | |
|--|----|---------|
| Supervisor/Director | \$ | 41,399 |
| Accountants/Bookkeepers | | 29,124 |
| Medical Personnel | | 846,596 |
| Part-time Personnel | | 96,736 |
| Overtime Pay | | 17,107 |
| In-Service Training | | 2,153 |
| Social Security | | 77,053 |
| State Retirement | | 60,376 |
| Medical Insurance | | 120,677 |
| Dental Insurance | | 6,074 |
| Communication | | 6,244 |
| Consultants | | 1,755 |
| Data Processing Services | | 1,545 |
| Dues and Memberships | | 380 |
| Laundry Service | | 704 |
| Operating Lease Payments | | 1,035 |
| Licenses | | 1,090 |
| Maintenance & Repair Services- Buildings | | 1,695 |
| Maintenance & Repair Services- Equipment | | 4,284 |
| Maintenance & Repair Services- Vehicles | | 20,151 |
| Medical and Dental Services | | 415 |
| Travel | | 1,962 |
| Custodial Supplies | | 692 |
| Drugs and Medical Supplies | | 36,021 |
| Gasoline | | 19,163 |
| Office Supplies | | 2,925 |
| Tires and Tubes | | 2,282 |
| Uniforms | | 8,190 |
| Utilities | | 13,637 |
| Other Supplies and Materials | | 2,165 |
| Liability Insurance | | 10,525 |
| Vehicle and Equipment Insurance | | 15,402 |

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

| | | |
|--|----------|--------------|
| Communication Equipment | \$ 1,058 | |
| Total Ambulance/Emergency Medical Services | | \$ 1,450,615 |

Alcohol and Drug Programs

| | | |
|---------------------------------|----------|-------|
| Other Supplies and Materials | \$ 4,000 | |
| Total Alcohol and Drug Programs | | 4,000 |

Appropriation to State

| | | |
|------------------------------|-----------|--------|
| Contributions | \$ 88,636 | |
| Total Appropriation to State | | 88,636 |

General Welfare Assistance

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

Social, Cultural and Recreational Services

Senior Citizens Assistance

| | | |
|----------------------------------|-----------|--------|
| Contributions | \$ 50,000 | |
| Tax Relief Program | 38,614 | |
| Total Senior Citizens Assistance | | 88,614 |

Libraries

| | | |
|-----------------|------------|---------|
| Contributions | \$ 701,305 | |
| Total Libraries | | 701,305 |

Agriculture & Natural Resources

Agriculture Extension Service

| | | |
|---|-----------|---------|
| Salary Supplements | \$ 62,264 | |
| Secretary(s) | 36,396 | |
| Other Fringe Benefits | 22,676 | |
| Communication | 1,121 | |
| Contracts with Private Agencies | 14,382 | |
| Maintenance & Repair Services- Buildings | 19 | |
| Maintenance & Repair Services- Office Equipment | 1,514 | |
| Travel | 344 | |
| Office Supplies | 64 | |
| Utilities | 2,536 | |
| Other Supplies and Materials | 5,177 | |
| Total Agriculture Extension Service | | 146,493 |

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation

| | | | |
|-------------------------|----|--------|-----------|
| Secretary(s) | \$ | 26,302 | |
| Other Salaries & Wages | | 26,653 | |
| Social Security | | 4,013 | |
| State Retirement | | 4,009 | |
| Medical Insurance | | 9,556 | |
| Dental Insurance | | 494 | |
| Contributions | | 2,000 | |
| Total Soil Conservation | | | \$ 73,027 |

Other Operations

Industrial Development

| | | | |
|------------------------------|----|---------|---------|
| Contributions | \$ | 180,076 | |
| Total Industrial Development | | | 180,076 |

Veterans' Services

| | | | |
|--------------------------|----|--------|--------|
| Clerical Personnel | \$ | 12,852 | |
| Social Security | | 983 | |
| Dues and Memberships | | 50 | |
| Travel | | 915 | |
| Data Processing Supplies | | 140 | |
| Office Supplies | | 163 | |
| Furniture and Fixtures | | 484 | |
| Total Veterans' Services | | | 15,587 |

Other Charges

| | | | |
|------------------------------------|----|---------|---------|
| Unemployment Compensation | \$ | 11,695 | |
| Liability Insurance | | 143,676 | |
| Premiums on Corporate Surety Bonds | | 1,512 | |
| Trustee's Commission | | 164,228 | |
| Workers' Compensation Insurance | | 146,669 | |
| Loss from Joint Ventures | | 47,759 | |
| Other Charges | | 5,840 | |
| Total Other Charges | | | 521,379 |

Contributions to Other Agencies

| | | | |
|---------------------------------------|----|--------|--------|
| Contributions | \$ | 66,280 | |
| Total Contributions to Other Agencies | | | 66,280 |

Payments to Cities

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

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

| | | |
|---------------------|--------|--------|
| Other Charges | \$ 851 | |
| Total Miscellaneous | | \$ 851 |

Total General Fund \$ 11,874,801

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

| | | |
|--|-----------|------------|
| Supervisor/Director | \$ 39,664 | |
| Secretary(s) | 27,453 | |
| Overtime Pay | 1,414 | |
| In-Service Training | 690 | |
| Social Security | 5,091 | |
| State Retirement | 5,188 | |
| Medical Insurance | 8,349 | |
| Dental Insurance | 423 | |
| Communication | 2,558 | |
| Maintenance & Repair Services- Buildings | 1,717 | |
| Postal Charges | 1,368 | |
| Travel | 1,005 | |
| Custodial Supplies | 1,497 | |
| Utilities | 6,850 | |
| Other Supplies and Materials | 1,658 | |
| Trustee's Commission | 14,789 | |
| Other Charges | 11,325 | |
| Total Sanitation Management | | \$ 131,039 |

Waste Pickup

| | | |
|--|-----------|--|
| Truck Drivers | \$ 91,221 | |
| Guards | 20,158 | |
| Overtime Pay | 21,138 | |
| Social Security | 9,905 | |
| State Retirement | 5,582 | |
| Medical Insurance | 30,173 | |
| Dental Insurance | 989 | |
| Contracts with Government Agencies | 17,691 | |
| Contracts with Private Agencies | 273,895 | |
| Maintenance & Repair Services- Equipment | 644 | |
| Maintenance & Repair Services- Vehicles | 9,356 | |
| Medical and Dental Services | 115 | |

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

| | | | |
|---------------------------------|----|---------|------------|
| Diesel Fuel | \$ | 23,841 | |
| Garage Supplies | | 6,317 | |
| Gasoline | | 4,463 | |
| Tires and Tubes | | 4,573 | |
| Uniforms | | 2,082 | |
| Other Supplies and Materials | | 3,173 | |
| Vehicle and Equipment Insurance | | 3,791 | |
| Other Equipment | | 163,642 | |
| Total Waste Pickup | | | \$ 692,749 |

Convenience Centers

| | | | |
|--|----|---------|---------|
| Attendants | \$ | 136,415 | |
| Overtime Pay | | 1,522 | |
| Other Salaries & Wages | | 4,806 | |
| Social Security | | 11,286 | |
| State Retirement | | 9,270 | |
| Medical Insurance | | 43,552 | |
| Dental Insurance | | 2,053 | |
| Communication | | 6,059 | |
| Maintenance & Repair Services- Buildings | | 14,667 | |
| Maintenance & Repair Services- Equipment | | 9,990 | |
| Rentals | | 4,860 | |
| Crushed Stone | | 133 | |
| Electricity | | 5,536 | |
| Other Equipment | | 1,900 | |
| Total Convenience Centers | | | 252,049 |

Other Waste Collection

| | | | |
|---------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 6,716 | |
| Secretary(s) | | 4,188 | |
| Attendants | | 1,064 | |
| Social Security | | 892 | |
| State Retirement | | 825 | |
| Medical Insurance | | 1,711 | |
| Dental Insurance | | 92 | |
| Contracts with Private Agencies | | 44,368 | |
| Contracts with Vehicle Owners | | 900 | |
| Total Other Waste Collection | | | 60,756 |

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

| | | |
|---------------------------------|-----------|-----------|
| Workers' Compensation Insurance | \$ 11,529 | |
| Total Other Charges | | \$ 11,529 |

Employee Benefits

| | | |
|---------------------------|--------|------------|
| Unemployment Compensation | \$ 583 | |
| Total Employee Benefits | | <u>583</u> |

| | | |
|-----------------------------------|--|--------------|
| Total Solid Waste/Sanitation Fund | | \$ 1,148,705 |
|-----------------------------------|--|--------------|

Industrial/Economic Development Fund

Other Operations

Industrial Development

| | | |
|--|--------------|------------------|
| Secretary(s) | \$ 11,087 | |
| Social Security | 1,628 | |
| State Retirement | 1,593 | |
| Medical Insurance | 4,719 | |
| Dental Insurance | 258 | |
| Contributions | 2,451 | |
| Legal Services | 700 | |
| Legal Notices, Recording and Court Costs | 69 | |
| Other Contracted Services | 763 | |
| Electricity | 138 | |
| Other Supplies and Materials | 3 | |
| Trustee's Commission | 58 | |
| Other Charges | 3,052 | |
| Office Equipment | <u>1,045</u> | |
| Total Industrial Development | | <u>\$ 27,564</u> |

| | | |
|--|--|--------|
| Total Industrial/Economic Development Fund | | 27,564 |
|--|--|--------|

Local Purpose Tax Fund

Other Operations

Industrial Development

| | | |
|------------------------------------|---------------|-------------------|
| Contracts with Government Agencies | \$ 50,000 | |
| Trustee's Commission | 1,818 | |
| Highway Construction | <u>60,585</u> | |
| Total Industrial Development | | <u>\$ 112,403</u> |

| | | |
|------------------------------|--|---------|
| Total Local Purpose Tax Fund | | 112,403 |
|------------------------------|--|---------|

(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

| | | | |
|--|----|---------------|------------------|
| Advertising | \$ | 85 | |
| Contracts with Private Agencies | | 300 | |
| Contributions | | 25,450 | |
| Confidential Drug Enforcement Payments | | 15,000 | |
| Dues and Memberships | | 985 | |
| Travel | | 6,015 | |
| Custodial Supplies | | 5 | |
| Instructional Supplies and Materials | | 3,958 | |
| Law Enforcement Supplies | | 1,272 | |
| Trustee's Commission | | 600 | |
| Communication Equipment | | 908 | |
| Law Enforcement Equipment | | 18,777 | |
| Total Drug Enforcement | | <u>18,777</u> | \$ <u>73,355</u> |

Total Drug Control Fund \$ 73,355

District Attorney General Fund

Administration of Justice

District Attorney General

| | | | |
|---------------------------------|----|--------------|------------------|
| Clerical Personnel | \$ | 3,360 | |
| Social Security | | 257 | |
| Communication | | 4,600 | |
| Contracts with Private Agencies | | 8,400 | |
| Janitorial Services | | 2,080 | |
| Travel | | 900 | |
| Office Supplies | | 1,247 | |
| Other Charges | | 3,940 | |
| Total District Attorney General | | <u>3,940</u> | \$ <u>24,784</u> |

Total District Attorney General Fund 24,784

Commissary Fund

Public Safety

Commissary

| | | | |
|---------------------------|----|--------|--|
| Supervisor/Director | \$ | 21,386 | |
| Social Security | | 1,636 | |
| State Retirement | | 1,619 | |
| Medical Insurance | | 4,778 | |
| Dental Insurance | | 258 | |
| Unemployment Compensation | | 32 | |

(Continued)

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

Commissary Fund (Cont.)

Public Safety (Cont.)

Commissary (Cont.)

| | | | |
|---|----|--------|-----------|
| Communication | \$ | 194 | |
| Maintenance Agreements | | 1,650 | |
| Maintenance & Repair Services- Vehicles | | 43 | |
| Travel | | 23 | |
| Food Supplies | | 43,085 | |
| Gasoline | | 155 | |
| Office Supplies | | 1,179 | |
| Other Supplies and Materials | | 10,968 | |
| Trustee's Commission | | 73 | |
| Workers' Compensation Insurance | | 60 | |
| Other Charges | | 10,067 | |
| Total Commissary | | | \$ 97,206 |

Total Commissary Fund \$ 97,206

Constitutional Officers - Fees Fund

General Government

Register of Deeds

| | | | |
|---|----|---------|------------|
| Constitutional Officers' Operating Expenses | \$ | 150,727 | |
| Total Register of Deeds | | | \$ 150,727 |

Finance

County Trustee's Office

| | | | |
|---|----|---------|---------|
| Constitutional Officers' Operating Expenses | \$ | 160,737 | |
| Total County Trustee's Office | | | 160,737 |

County Clerk's Office

| | | | |
|---|----|---------|---------|
| Constitutional Officers' Operating Expenses | \$ | 231,522 | |
| Total County Clerk's Office | | | 231,522 |

Administration of Justice

Circuit Court

| | | | |
|---|----|---------|---------|
| Constitutional Officers' Operating Expenses | \$ | 530,110 | |
| Total Circuit Court | | | 530,110 |

Chancery Court

| | | | |
|---|----|---------|---------|
| Constitutional Officers' Operating Expenses | \$ | 140,595 | |
| Total Chancery Court | | | 140,595 |

(Continued)

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

Constitutional Officers - Fees Fund (Cont.)

Public Safety

Sheriff's Department

| | | |
|---|-------|-------|
| Constitutional Officers' Operating Expenses | \$ 57 | |
| Total Sheriff's Department | | \$ 57 |

Total Constitutional Officers - Fees Fund \$ 1,213,748

Highway/Public Works Fund

Highways

Administration

| | | |
|---|-----------|------------|
| County Official/Administrative Officer | \$ 59,365 | |
| Assistant(s) | 45,192 | |
| Accountants/Bookkeepers | 20,769 | |
| Board and Committee Members Fees | 6,825 | |
| Accounting Services | 10,000 | |
| Dues and Memberships | 2,470 | |
| Evaluation and Testing | 600 | |
| Legal Notices, Recording and Court Costs | 65 | |
| Maintenance & Repair Services- Office Equipment | 356 | |
| Printing, Stationery and Forms | 70 | |
| Travel | 1,076 | |
| Other Contracted Services | 250 | |
| Office Supplies | 719 | |
| Other Charges | 1,261 | |
| Total Administration | | \$ 149,018 |

Highway and Bridge Maintenance

| | | |
|--------------------------------------|------------|-----------|
| Equipment Operators | \$ 297,134 | |
| Truck Drivers | 22,729 | |
| Overtime Pay | 16 | |
| Other Contracted Services | 400,126 | |
| Asphalt - Liquid | 293,937 | |
| Concrete | 348 | |
| Other Road Supplies | 73 | |
| Pipe - Concrete | 40,573 | |
| Pipe - Metal | 169 | |
| Road Signs | 2,826 | |
| Salt | 752 | |
| Small Tools | 423 | |
| Structural Steel | 899 | |
| Wood Products | 239 | |
| Other Supplies and Materials | 553 | |
| Total Highway and Bridge Maintenance | | 1,060,797 |

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

| | | | |
|--|----|--------|------------|
| Mechanic(s) | \$ | 51,569 | |
| Laundry Service | | 3,366 | |
| Maintenance & Repair Services- Equipment | | 3,639 | |
| Other Contracted Services | | 80 | |
| Diesel Fuel | | 65,937 | |
| Equipment and Machinery Parts | | 35,531 | |
| Garage Supplies | | 1,790 | |
| Gasoline | | 13,954 | |
| Lubricants | | 2,285 | |
| Small Tools | | 434 | |
| Tires and Tubes | | 10,451 | |
| Other Supplies and Materials | | 2,241 | |
| Total Operation and Maintenance of Equipment | | | \$ 191,277 |

Quarry Operations

| | | | |
|-------------------------------|----|---------|---------|
| Equipment Operators | \$ | 23,216 | |
| Communication | | 594 | |
| Operating Lease Payments | | 325 | |
| Crushed Stone | | 159,676 | |
| Diesel Fuel | | 7,701 | |
| Equipment and Machinery Parts | | 2,317 | |
| Other Supplies and Materials | | 28 | |
| Other Charges | | 4,589 | |
| Total Quarry Operations | | | 198,446 |

Other Charges

| | | | |
|---------------------------------|----|--------|---------|
| Communication | \$ | 2,403 | |
| Electricity | | 4,490 | |
| Natural Gas | | 1,095 | |
| Water and Sewer | | 517 | |
| Liability Insurance | | 40,938 | |
| Trustee's Commission | | 19,545 | |
| Workers' Compensation Insurance | | 50,570 | |
| Other Charges | | 2,065 | |
| Total Other Charges | | | 121,623 |

Employee Benefits

| | | | |
|----------------------------------|----|---------|--|
| Social Security | \$ | 56,936 | |
| State Retirement | | 34,714 | |
| Employee and Dependent Insurance | | 209,948 | |

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

| | | |
|---------------------------|----------|------------|
| Unemployment Compensation | \$ 2,727 | |
| Total Employee Benefits | | \$ 304,325 |

Capital Outlay

| | | |
|----------------------|------------|---------|
| Bridge Construction | \$ 112,432 | |
| Highway Equipment | 54,250 | |
| Motor Vehicles | 8,800 | |
| Total Capital Outlay | | 175,482 |

Principal

Highways and Streets

| | | |
|---------------------------------|-----------|--------|
| Principal on Capitalized Leases | \$ 51,697 | |
| Total Highways and Streets | | 51,697 |

Interest

Highways and Streets

| | | |
|--------------------------------|----------|-------|
| Interest on Capitalized Leases | \$ 4,702 | |
| Total Highways and Streets | | 4,702 |

Total Highway/Public Works Fund \$ 2,257,367

General Debt Service Fund

Principal

General Government

| | | |
|----------------------------------|------------|------------|
| Principal on Bonds | \$ 380,000 | |
| Principal on Other Loans Payable | 344,700 | |
| Total General Government | | \$ 724,700 |

Interest

General Government

| | | |
|---------------------------------|------------|---------|
| Interest on Bonds | \$ 133,350 | |
| Interest on Notes | 9,383 | |
| Interest on Other Loans Payable | 376,314 | |
| Total General Government | | 519,047 |

Other Debt Service

General Government

| | | |
|----------------------|----------|--|
| Bank Charges | \$ 2,387 | |
| Fiscal Agent Charges | 4,506 | |
| Trustee's Commission | 28,107 | |

(Continued)

Exhibit H-6

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

General Government (Cont.)

| | | |
|--------------------------|--------------|-----------|
| Other Debt Service | \$ 3,998 | |
| Total General Government | <u>3,998</u> | \$ 38,998 |

Total General Debt Service Fund \$ 1,282,745

Rural Debt Service Fund

Principal

Education

| | | |
|----------------------------------|----------------|------------|
| Principal on Bonds | \$ 240,000 | |
| Principal on Notes | 138,290 | |
| Principal on Other Loans Payable | <u>255,000</u> | |
| Total Education | | \$ 633,290 |

Interest

Education

| | | |
|---------------------------------|---------------|---------|
| Interest on Bonds | \$ 152,151 | |
| Interest on Notes | 29,093 | |
| Interest on Other Loans Payable | <u>16,838</u> | |
| Total Education | | 198,082 |

Other Debt Service

General Government

| | | |
|--------------------------|-----------|---------------|
| Trustee's Commission | \$ 11,653 | |
| Other Debt Service | <u>4</u> | |
| Total General Government | | <u>11,657</u> |

Total Rural Debt Service Fund 843,029

Education Debt Service Fund

Principal

Education

| | | |
|--------------------|------------|------------|
| Principal on Bonds | \$ 100,000 | |
| Total Education | | \$ 100,000 |

Interest

Education

| | | |
|-------------------|------------|---------|
| Interest on Bonds | \$ 188,661 | |
| Total Education | | 188,661 |

(Continued)

Exhibit H-6

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

| | | |
|---|----------------|----------------------|
| <u>Education Debt Service Fund (Cont.)</u> | | |
| <u>Other Debt Service</u> | | |
| <u>General Government</u> | | |
| Trustee's Commission | \$ 6,505 | |
| Other Debt Service | 749 | |
| Total General Government | <u>7,254</u> | \$ 7,254 |
| Total Education Debt Service Fund | | \$ 295,915 |
| <u>General Capital Projects Fund</u> | | |
| <u>Capital Projects</u> | | |
| <u>General Administration Projects</u> | | |
| Other Capital Outlay | \$ 8,932 | |
| Total General Administration Projects | <u>8,932</u> | \$ 8,932 |
| <u>Public Safety Projects</u> | | |
| Heating and Air Conditioning Equipment | \$ 188,086 | |
| Other Equipment | 47,717 | |
| Total Public Safety Projects | <u>235,803</u> | 235,803 |
| <u>Public Health and Welfare Projects</u> | | |
| Building Improvements | \$ 400,560 | |
| Total Public Health and Welfare Projects | <u>400,560</u> | 400,560 |
| <u>Public Utility Projects</u> | | |
| Other Capital Outlay | \$ 7,402 | |
| Total Public Utility Projects | <u>7,402</u> | 7,402 |
| <u>Other General Government Projects</u> | | |
| Other Construction | \$ 34,818 | |
| Total Other General Government Projects | <u>34,818</u> | 34,818 |
| Total General Capital Projects Fund | | 687,515 |
| <u>Other Capital Projects Fund</u> | | |
| <u>Public Health and Welfare</u> | | |
| <u>Ambulance/Emergency Medical Services</u> | | |
| Drugs and Medical Supplies | \$ 892 | |
| Building Construction | 88,246 | |
| Communication Equipment | 709 | |
| Total Ambulance/Emergency Medical Services | <u>89,847</u> | \$ 89,847 |
| Total Other Capital Projects Fund | | <u>89,847</u> |
| Total Governmental Funds - Primary Government | | <u>\$ 20,028,984</u> |

Exhibit H-7

Coffee County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2005

| | Cities - Sales Tax Fund | City School ADA- Tulahoma Fund | City School ADA- Manchester Fund | Total (Memorandum Only) |
|---|-------------------------------|--|--|-------------------------------|
| <u>Cash Receipts</u> | | | | |
| Current Property Taxes | \$ 0 | \$ 3,300,611 | \$ 1,257,490 | \$ 4,558,101 |
| Trustee's Collections - Prior Years | 0 | 85,889 | 32,723 | 118,612 |
| Trustee's Collections - Bankruptcy Circuit/Clerk and Master Collections - Prior Years | 0 | 7,006 | 2,670 | 9,676 |
| Interest and Penalty | 0 | 32,827 | 12,514 | 45,341 |
| Payments in Lieu of Taxes - TVA | 0 | 33,484 | 12,759 | 46,243 |
| Payments in Lieu of Taxes - Local | 0 | 349 | 133 | 482 |
| Payments in Lieu of Taxes - Other | 0 | 8,527 | 3,248 | 11,775 |
| Interstate Telecommunications Tax | 0 | 903 | 344 | 1,247 |
| Local Option Sales Tax | 7,827,727 | 2,787 | 1,062 | 3,849 |
| Marriage Licenses | 0 | 888,206 | 394 | 1,428 |
| Alcoholic Beverage Tax | 0 | 2,839 | 1,082 | 3,921 |
| Total Cash Receipts | \$ 7,827,727 | \$ 3,476,256 | \$ 2,212,625 | \$ 13,516,608 |
| <u>Cash Disbursements</u> | | | | |
| Remittance of Revenues Collected | \$ 7,749,141 | \$ 3,439,131 | \$ 2,171,609 | \$ 13,359,881 |
| Trustee's Commission | 78,586 | 69,042 | 35,184 | 182,812 |
| Total Cash Disbursements | \$ 7,827,727 | \$ 3,508,173 | \$ 2,206,793 | \$ 13,542,693 |
| Excess of Cash Receipts Over (Under) Cash Disbursements | \$ 0 | \$ (31,917) | \$ 5,832 | \$ (26,085) |
| Cash Balance, July 1, 2004 | 0 | 46,105 | 17,356 | 63,461 |
| Cash Balance, June 30, 2005 | \$ 0 | \$ 14,188 | \$ 23,188 | \$ 37,376 |

STATISTICAL SECTION

Table 1

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

| Year | Amount |
|-------|------------|
| 1994 | \$ 5,085 |
| 1995 | 10,409 |
| 1996 | 10,246 |
| 1997 | 11,366 |
| 1998 | 21,768 |
| 1999 | 28,417 |
| 2000 | 36,678 |
| 2001 | 60,714 |
| 2002 | 104,677 |
| 2003 | 223,880 |
| Total | \$ 513,240 |

Table 2

Coffee County, Tennessee
Tax Rates and Assessments
Last Ten Years

| Fund | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General | \$ 0.73 | \$ 0.86 | \$ 0.85 | \$ 0.85 | \$ 0.82 | \$ 0.82 | \$ 0.89 | \$ 1.06 | \$ 1.06 | \$ 0.98 |
| General Purpose School | 1.50 | 1.48 | 1.50 | 1.30 | 1.35 | 1.41 | 1.46 | 1.32 | 1.32 | 1.40 |
| General Debt Service | 0.15 | 0.10 | 0.15 | 0.22 | 0.20 | 0.17 | 0.19 | 0.18 | 0.18 | 0.18 |
| Total Tullahoma Rate | \$ 2.38 | \$ 2.44 | \$ 2.50 | \$ 2.37 | \$ 2.37 | \$ 2.40 | \$ 2.54 | \$ 2.56 | \$ 2.56 | \$ 2.56 |
| Education Debt Service | 0.00 | 0.00 | 0.12 | 0.06 | 0.06 | 0.09 | 0.09 | 0.08 | 0.08 | 0.08 |
| Total Manchester Rate | \$ 2.38 | \$ 2.44 | \$ 2.62 | \$ 2.43 | \$ 2.43 | \$ 2.49 | \$ 2.63 | \$ 2.64 | \$ 2.64 | \$ 2.64 |
| Solid Waste/Sanitation | 0.22 | 0.20 | 0.22 | 0.27 | 0.21 | 0.26 | 0.26 | 0.21 | 0.21 | 0.21 |
| Rural Debt Service | 0.20 | 0.25 | 0.25 | 0.34 | 0.33 | 0.25 | 0.25 | 0.17 | 0.17 | 0.17 |
| Total Rural Rate | \$ 2.80 | \$ 2.89 | \$ 3.09 | \$ 3.04 | \$ 2.97 | \$ 3.00 | \$ 3.14 | \$ 3.02 | \$ 3.02 | \$ 3.02 |
| Industrial Park | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.29 | 0.29 | 0.13 | 0.19 | 0.29 |
| Total Industrial Park Rate | \$ 2.80 | \$ 2.89 | \$ 3.09 | \$ 3.04 | \$ 2.97 | \$ 3.29 | \$ 3.43 | \$ 3.15 | \$ 3.21 | \$ 3.31 |
| <u>Assessed Valuations</u> | | | | | | | | | | |
| Real and Personal | \$ 375,054,337 | \$ 388,602,600 | \$ 405,404,252 | \$ 496,641,331 | \$ 507,997,208 | \$ 524,860,177 | \$ 539,432,013 | \$ 624,660,219 | \$ 637,869,708 | \$ 651,706,650 |
| Public Utilities | 23,889,720 | 23,178,724 | 21,740,501 | 23,081,791 | 23,538,646 | 21,820,035 | 22,414,793 | 25,105,501 | 25,105,501 | 22,947,306 |
| Total Assessed Valuation | \$ 398,944,057 | \$ 411,781,324 | \$ 427,144,753 | \$ 519,723,122 | \$ 531,535,854 | \$ 546,680,212 | \$ 561,846,806 | \$ 649,765,720 | \$ 662,975,209 | \$ 674,653,956 |

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

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

JIMMY HODGES, CFE
AMY HEWITT
KELLEY J. McNEAL, CPA, CGFM
JENI BOYETTE
State Auditors

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

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

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

Scope

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

Results

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

Our audit resulted in five findings and recommendations, which we have reviewed with the Coffee County School Department management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

COFFEE COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ School officials maintained inventory records of assets owned by the School Department; however, these assets were not verified by personnel independent of maintaining the inventory records.
- ◆ County officials had not adopted a central system of accounting and budgeting.
- ◆ Duties were not segregated adequately in the Office of Director of Schools.
- ◆ A portion of sales tax collected outside municipalities was not apportioned with the city school system.

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

INTRODUCTORY SECTION

Coffee County School Officials
June 30, 2005

Official:

Daniel Brigman, Director of Schools

Board of Education:

Tommy Allen, Chairman

Ricky Milburn

Kathy Norton

Jimmy Sain

Esther Sims

Paul Thornton

Dr. Linda Walden

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

January 4, 2006

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

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Coffee County School Department, a component unit of Coffee County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 25, which collectively comprise a portion of the Coffee County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Coffee County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Coffee County School Department as of June 30, 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 Coffee 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 January 4, 2006, on our consideration of the Coffee County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Coffee 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 29 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coffee County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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

Coffee County, Tennessee
Balance Sheet - Governmental Funds
Coffee 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> | | | |
| Cash | \$ 19,795 | \$ 2,588 | \$ 22,383 |
| Equity in Pooled Cash and Investments | 3,021,161 | 1,138,023 | 4,159,184 |
| Accounts Receivable | 2,594 | 11 | 2,605 |
| Due from Other Governments | 789,058 | 438 | 789,496 |
| Property Taxes Receivable | 4,961,455 | 0 | 4,961,455 |
| Allowance for Uncollectible Property Taxes | (136,185) | 0 | (136,185) |
| Total Assets | \$ 8,657,878 | \$ 1,141,060 | \$ 9,798,938 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts Payable | \$ 12,472 | \$ 0 | \$ 12,472 |
| Accrued Payroll | 1,520,536 | 151,372 | 1,671,908 |
| Payroll Deductions Payable | 1,022,436 | 84,771 | 1,107,207 |
| Claims and Judgments Payable | 36,411 | 94 | 36,505 |
| Deferred Revenue - Current Property Taxes | 4,707,766 | 0 | 4,707,766 |
| Deferred Revenue - Delinquent Property Taxes | 117,504 | 0 | 117,504 |
| Other Deferred Revenues | 330,385 | 0 | 330,385 |
| Total Liabilities | \$ 7,747,510 | \$ 236,237 | \$ 7,983,747 |
| <u>Fund Balances</u> | | | |
| Reserved for Encumbrances | \$ 10,237 | \$ 269,327 | \$ 279,564 |
| Other Local Education Reserves | 100,319 | 0 | 100,319 |
| Reserved for Career Ladder Program | 43,011 | 0 | 43,011 |
| Reserved for Title I Grants to Local Education Agencies | 0 | 81,027 | 81,027 |
| Reserved for Innovative Education Program Strategies | 0 | 14,068 | 14,068 |
| Reserved for Special Education - Grants to States | 0 | 14,595 | 14,595 |
| Other Federal Reserves | 0 | 12,348 | 12,348 |
| Unreserved, Reported In: | | | |
| General Fund | 756,801 | 0 | 756,801 |
| Special Revenue Funds | 0 | 513,458 | 513,458 |
| Total Fund Balances | \$ 910,368 | \$ 904,823 | \$ 1,815,191 |
| Total Liabilities and Fund Balances | \$ 8,657,878 | \$ 1,141,060 | \$ 9,798,938 |

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

Exhibit B

Coffee County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Coffee 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 | \$ 8,469,242 | \$ 0 | \$ 8,469,242 |
| Licenses and Permits | 1,608 | 0 | 1,608 |
| Fines, Forfeitures and Penalties | 230 | 0 | 230 |
| Charges for Current Services | 195,005 | 793,991 | 988,996 |
| Other Local Revenues | 37,651 | 5,836 | 43,487 |
| State of Tennessee | 14,158,232 | 26,397 | 14,184,629 |
| Federal Government | 43,284 | 2,623,350 | 2,666,634 |
| Total Revenues | <u>\$ 22,905,252</u> | <u>\$ 3,449,574</u> | <u>\$ 26,354,826</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 14,137,201 | \$ 1,453,761 | \$ 15,590,962 |
| Support Services | 7,916,053 | 308,136 | 8,224,189 |
| Operation of Non-Instructional Services | 393,176 | 1,593,430 | 1,986,606 |
| Capital Outlay | 102,288 | 0 | 102,288 |
| Debt Service: | | | |
| Principal | 47,920 | 0 | 47,920 |
| Interest | 1,438 | 0 | 1,438 |
| Capital Projects | 0 | 538,196 | 538,196 |
| Total Expenditures | <u>\$ 22,598,076</u> | <u>\$ 3,893,523</u> | <u>\$ 26,491,599</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 307,176</u> | <u>\$ (443,949)</u> | <u>\$ (136,773)</u> |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers In | \$ 10,118 | \$ 0 | \$ 10,118 |
| Transfers Out | 0 | (10,118) | (10,118) |
| Total Other Financing Sources (Uses) | <u>\$ 10,118</u> | <u>\$ (10,118)</u> | <u>\$ 0</u> |
| Net Change in Fund Balances | \$ 317,294 | \$ (454,067) | \$ (136,773) |
| Fund Balance, July 1, 2004 | <u>593,074</u> | <u>1,358,890</u> | <u>1,951,964</u> |
| Fund Balance, June 30, 2005 | <u>\$ 910,368</u> | <u>\$ 904,823</u> | <u>\$ 1,815,191</u> |

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coffee County School Department's financial statements are not presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

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

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

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

A. Reporting Entity

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

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

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

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

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

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

In-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Property taxes collected within 30 days after year-end are considered to be immaterial for reporting purposes. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the School Department receives cash.

The School Department reports the following major governmental 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 – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

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

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

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

Claims and judgments payable of on the balance sheets of the General Purpose School Fund (\$36,411) and the nonmajor special revenue

funds (\$94) represent unpaid claims of the School Department's self-insured dental and vision plan at June 30, 2005.

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

5. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures and Encumbrances Exceeded Appropriations

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

| <u>Fund/Major Appropriation Category</u> | <u>Amount</u> |
|---|---------------|
| General Purpose School Fund: | |
| Board of Education | \$ 4,541 |
| School Federal Projects Fund: | |
| Instruction - Special Education Program | 21,517 |
| Support Services - Other Student Support | 1,562 |
| Support Services - Special Education Program | 8,959 |
| Support Services - Vocational Education Program | 482 |
| Support Services - Office of the Principal | 588 |
| Transfers Out | 692 |

Such overexpenditures are a violation of state statute. These overexpenditures were funded by available fund balance and reserves.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|-----------------------------------|-------------------|--------------------------|
| State Treasurer's Investment Pool | Daily | <u>\$ 467,028</u> |
| Total | | <u><u>\$ 467,028</u></u> |

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

B. Construction Commitments

At June 30, 2005, the School Department had uncompleted construction contracts of approximately \$232,804 for various roofing projects at county schools. Funding has been received for these future expenditures.

C. Interfund Transfers

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

| Transfers Out | Transfers In General Purpose School Fund |
|-----------------------------|--|
| Nonmajor governmental funds | \$ 10,118 |
| Total | \$ 10,118 |

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

D. Long-term Debt

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

Capital Outlay Notes

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

Changes in Long-term Liabilities

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

Governmental Activities:

| | Notes |
|------------------------|-----------|
| Balance, July 1, 2004 | \$ 47,920 |
| Deductions | (47,920) |
| Balance, June 30, 2005 | \$ 0 |

E. Short-term Debt

The county issued revenue anticipation notes in advance of collections and deposited the proceeds in the General Purpose School Fund. These notes were necessary because funds were not available to meet fund obligations coming due before current revenue 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 |
|------------------------|-------------------|--------------|----------------|--------------------|
| General Purpose School | \$ 0 | \$ 1,025,000 | \$ (1,025,000) | \$ 0 |

IV. OTHER INFORMATION

A. Risk Management

The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The School Department joined the Tennessee Schools Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by an association of members. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums.

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

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

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

| | Beginning of Fiscal Year Liability | Current Year Claims and Estimates | Payments | End of Fiscal Year Liability |
|---------|--|--|------------|------------------------------------|
| 2003-04 | \$ 0 | \$ 297,676 | \$ 279,461 | 18,215 |
| 2004-05 | 18,215 | 300,488 | 282,198 | 36,505 |

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 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. Retirement Incentive Payments

On June 1, 2004, the Board of Education approved a one-time retirement incentive plan for professional employees of the School Department. Under the provisions of this plan, professional employees presently employed with the system having 30 years of service or a total of 80 years in service and age, meeting the eligibility requirement of the Tennessee Consolidated Retirement System, and submitting a letter of resignation by June 30, 2004, would receive an incentive payment of \$15,000 (\$7,500 to those whose retirement date was in December 2004). Those qualifying for this incentive received the payments in two installments: one-half in December 2004 and one-half in January 2005.

On December 13, 2005, the Board of Education approved a similar one-time retirement incentive plan for para-professional employees. Under the terms of this plan, those employees presently employed with the system having 25 years of service or a total of 75 years in service and age, meeting the eligibility requirement of the Tennessee Consolidated Retirement System, and submitting a letter of resignation by January 14, 2005, would receive an

incentive payment of \$1,000. Payments to those accepting this incentive were made on February 15, 2005.

During the year, the School Department made payments of \$357,500 to 27 professional employees (seven of whom retired in December) and five para-professional employees.

D. Contingent Liabilities

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

E. Jointly Governed Organization

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

F. Retirement Commitments

Plan Description

Employees of Coffee County, including the School Department, are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979,

were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Coffee County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

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

SCHOOL TEACHERS

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), 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 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 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 \$700,253, \$439,536, and \$429,697, respectively, equal to the required contributions for each year.

G. Other Post-employment Benefits

In addition to the retirement commitments described above, the School Department provides post-retirement health care benefits, in accordance with board policy and contract provisions, to all employees who have been covered under the county group medical plan for one full year prior to retirement and retire from the county on or after age 60 with at least 15 years of service, or retire after age 60 with a minimum of 25 years of vested service with the Tennessee Consolidated Retirement System and 15 years of service with the School Department. During the year, 39 school retirees meet those eligibility requirements. The School Department pays 55 percent of medical premiums for retirees until they reach the age of 65. During the year, expenditures totaling \$85,540 were recognized for post-employment health care.

H. 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 county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee 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 | \$ 8,469,242 | \$ 0 | \$ 0 | \$ 8,469,242 | \$ 8,434,169 | \$ 8,434,169 | \$ 35,073 |
| Licenses and Permits | 1,608 | 0 | 0 | 1,608 | 1,600 | 1,600 | 8 |
| Fines, Forfeitures and Penalties | 230 | 0 | 0 | 230 | 0 | 0 | 230 |
| Charges for Current Services | 195,005 | 0 | 0 | 195,005 | 180,000 | 180,000 | 15,005 |
| Other Local Revenues | 37,651 | 0 | 0 | 37,651 | 26,600 | 26,071 | 11,580 |
| State of Tennessee | 14,158,232 | 0 | 0 | 14,158,232 | 13,840,491 | 14,001,422 | 156,810 |
| Federal Government | 43,284 | 0 | 0 | 43,284 | 56,000 | 56,000 | (12,716) |
| Total Revenues | \$ 22,905,252 | \$ 0 | \$ 0 | \$ 22,905,252 | \$ 22,538,860 | \$ 22,699,262 | \$ 205,990 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 11,327,904 | \$ (4,037) | \$ 2,371 | \$ 11,326,238 | \$ 11,462,995 | \$ 11,509,279 | \$ 183,041 |
| Special Education Program | 1,903,872 | 0 | 0 | 1,903,872 | 1,933,708 | 1,951,776 | 47,904 |
| Vocational Education Program | 883,723 | (1,168) | 0 | 882,555 | 904,060 | 903,247 | 20,692 |
| Student Body Education Program | 21,702 | 0 | 0 | 21,702 | 40,328 | 26,828 | 5,126 |
| <u>Support Services</u> | | | | | | | |
| Attendance | 85,572 | 0 | 0 | 85,572 | 86,328 | 86,857 | 1,285 |
| Health Services | 209,467 | (296) | 0 | 209,171 | 198,903 | 209,295 | 124 |
| Other Student Support | 559,080 | (1,922) | 0 | 557,158 | 568,823 | 587,437 | 30,279 |
| Regular Instruction Program | 899,182 | 0 | 20 | 899,202 | 973,575 | 933,298 | 34,096 |
| Special Education Program | 166,984 | 0 | 0 | 166,984 | 168,518 | 170,098 | 3,114 |
| Vocational Education Program | 143,054 | 0 | 0 | 143,054 | 145,180 | 145,709 | 2,655 |
| Board of Education | 1,087,733 | (908) | 0 | 1,086,825 | 1,054,029 | 1,082,284 | (4,541) |
| Director of Schools | 224,192 | 0 | 0 | 224,192 | 221,736 | 224,765 | 573 |
| Office of the Principal | 1,169,143 | (2,600) | 0 | 1,166,543 | 1,170,945 | 1,177,263 | 10,720 |
| Fiscal Services | 210,132 | 0 | 900 | 211,032 | 209,235 | 211,063 | 31 |

(Continued)

Exhibit C

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee 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> | | | | | | | |
| Operation of Plant | \$ 1,313,901 | \$ (200) | \$ 4,332 | \$ 1,318,033 | \$ 1,334,625 | \$ 1,349,625 | \$ 31,592 |
| Maintenance of Plant | 359,560 | (2,500) | 1,374 | 358,434 | 341,435 | 365,023 | 6,589 |
| Transportation | 1,488,053 | (200) | 200 | 1,488,053 | 1,371,794 | 1,498,153 | 10,100 |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Community Services | 393,176 | (1,171) | 1,040 | 393,045 | 403,031 | 403,031 | 9,986 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 102,288 | (87,858) | 0 | 14,430 | 25,000 | 25,000 | 10,570 |
| <u>Principal</u> | | | | | | | |
| Education | 47,920 | 0 | 0 | 47,920 | 47,920 | 49,653 | 1,733 |
| <u>Interest</u> | | | | | | | |
| Education | 1,438 | 0 | 0 | 1,438 | 1,438 | 1,438 | 0 |
| Total Expenditures | \$ 22,598,076 | \$ (102,860) | \$ 10,237 | \$ 22,505,453 | \$ 22,663,606 | \$ 22,911,122 | \$ 405,669 |
| <u>Excess (Deficiency) of Revenues</u> | | | | | | | |
| Over Expenditures | \$ 307,176 | \$ 102,860 | \$ (10,237) | \$ 399,799 | \$ (124,746) | \$ (211,860) | \$ 611,659 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 10,118 | \$ 0 | \$ 0 | \$ 10,118 | \$ 10,000 | \$ 10,000 | \$ 118 |
| Total Other Financing Sources (Uses) | \$ 10,118 | \$ 0 | \$ 0 | \$ 10,118 | \$ 10,000 | \$ 10,000 | \$ 118 |
| <u>Net Change in Fund Balance</u> | | | | | | | |
| Fund Balance, July 1, 2004 | \$ 317,294 | \$ 102,860 | \$ (10,237) | \$ 409,917 | \$ (114,746) | \$ (201,860) | \$ 611,777 |
| | 593,074 | (102,860) | 0 | 490,214 | 550,872 | 550,872 | (60,658) |
| Fund Balance, June 30, 2005 | \$ 910,368 | \$ 0 | \$ (10,237) | \$ 900,131 | \$ 436,126 | \$ 349,012 | \$ 551,119 |

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

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Purpose School Fund major categories: Regular Instruction, Special Education Program, Board of Education, Director of Schools, etc.). Management may make revisions within major categories, but only the Coffee County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations in the Board of Education major appropriation category (the legal level of control) of the General Purpose School Fund by \$4,541. Such overexpenditure is a violation of state statutes. This overexpenditure was funded by available fund balance.

**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 is use to account for building construction and renovations of the School Department.

Exhibit D-1

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

| | <u>Special Revenue Funds</u> | | | <u>Capital</u> <u>Projects</u> <u>Fund</u> | <u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u> |
|---|--|------------------------------------|-------------------|---|--|
| | <u>School</u> <u>Federal</u> <u>Projects</u> | <u>Central</u> <u>Cafeteria</u> | <u>Total</u> | <u>Education</u> <u>Capital</u> <u>Projects</u> | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 0 | \$ 2,588 | \$ 2,588 | \$ 0 | \$ 2,588 |
| Equity in Pooled Cash and Investments | 315,467 | 589,752 | 905,219 | 232,804 | 1,138,023 |
| Accounts Receivable | 0 | 11 | 11 | 0 | 11 |
| Due from Other Governments | 0 | 438 | 438 | 0 | 438 |
| Total Assets | \$ 315,467 | \$ 592,789 | \$ 908,256 | \$ 232,804 | \$ 1,141,060 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accrued Payroll | \$ 101,913 | \$ 49,459 | \$ 151,372 | \$ 0 | \$ 151,372 |
| Payroll Deductions Payable | 54,993 | 29,778 | 84,771 | 0 | 84,771 |
| Claims and Judgments Payable | 0 | 94 | 94 | 0 | 94 |
| Total Liabilities | \$ 156,906 | \$ 79,331 | \$ 236,237 | \$ 0 | \$ 236,237 |
| <u>Fund Balances</u> | | | | | |
| Reserved for Encumbrances | \$ 36,523 | \$ 0 | \$ 36,523 | \$ 232,804 | \$ 269,327 |
| Reserved for Title I Grants to Local Education Agencies | 81,027 | 0 | 81,027 | 0 | 81,027 |
| Reserved for Innovative Education Program Strategies | 14,068 | 0 | 14,068 | 0 | 14,068 |
| Reserved for Special Education - Grants to States | 14,595 | 0 | 14,595 | 0 | 14,595 |
| Other Federal Reserves | 12,348 | 0 | 12,348 | 0 | 12,348 |
| Unreserved | 0 | 513,458 | 513,458 | 0 | 513,458 |
| Total Fund Balances | \$ 158,561 | \$ 513,458 | \$ 672,019 | \$ 232,804 | \$ 904,823 |
| Total Liabilities and Fund Balances | \$ 315,467 | \$ 592,789 | \$ 908,256 | \$ 232,804 | \$ 1,141,060 |

Exhibit D-2

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

| | <u>Special Revenue Funds</u> | | | <u>Capital</u> <u>Projects</u> <u>Fund</u> | <u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u> |
|---|--|------------------------------------|---------------------|---|--|
| | <u>School</u> <u>Federal</u> <u>Projects</u> | <u>Central</u> <u>Cafeteria</u> | <u>Total</u> | <u>Education</u> <u>Capital</u> <u>Projects</u> | |
| <u>Revenues</u> | | | | | |
| Charges for Current Services | \$ 0 | \$ 793,991 | \$ 793,991 | \$ 0 | \$ 793,991 |
| Other Local Revenues | 0 | 5,836 | 5,836 | 0 | 5,836 |
| State of Tennessee | 0 | 26,397 | 26,397 | 0 | 26,397 |
| Federal Government | 1,749,825 | 873,525 | 2,623,350 | 0 | 2,623,350 |
| Total Revenues | \$ 1,749,825 | \$ 1,699,749 | \$ 3,449,574 | \$ 0 | \$ 3,449,574 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Instruction | \$ 1,453,761 | \$ 0 | \$ 1,453,761 | \$ 0 | \$ 1,453,761 |
| Support Services | 308,136 | 0 | 308,136 | 0 | 308,136 |
| Operation of Non-Instructional Services | 0 | 1,593,430 | 1,593,430 | 0 | 1,593,430 |
| Capital Projects | 0 | 0 | 0 | 538,196 | 538,196 |
| Total Expenditures | \$ 1,761,897 | \$ 1,593,430 | \$ 3,355,327 | \$ 538,196 | \$ 3,893,523 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | \$ (12,072) | \$ 106,319 | \$ 94,247 | \$ (538,196) | \$ (443,949) |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Transfers Out | \$ (10,118) | \$ 0 | \$ (10,118) | \$ 0 | \$ (10,118) |
| Total Other Financing Sources (Uses) | \$ (10,118) | \$ 0 | \$ (10,118) | \$ 0 | \$ (10,118) |
| Net Change in Fund Balances | | | | | |
| Fund Balance, July 1, 2004 | \$ 180,751 | \$ 407,139 | \$ 587,890 | \$ 771,000 | \$ 1,358,890 |
| Fund Balance, June 30, 2005 | \$ 158,561 | \$ 513,458 | \$ 672,019 | \$ 232,804 | \$ 904,823 |

Exhibit D-3

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee County School Department
School Federal Projects Fund
For the Year Ended June 30, 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 | \$ 1,749,825 | \$ 0 | \$ 0 | \$ 1,749,825 | \$ 1,692,817 | \$ 1,692,671 | \$ 57,154 |
| Total Revenues | \$ 1,749,825 | \$ 0 | \$ 0 | \$ 1,749,825 | \$ 1,692,817 | \$ 1,692,671 | \$ 57,154 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 559,228 | \$ 0 | \$ 0 | \$ 559,228 | \$ 639,654 | \$ 571,460 | \$ 12,232 |
| Special Education Program | 812,993 | (263) | 11,491 | 824,221 | 794,252 | 802,704 | (21,517) |
| Vocational Education Program | 81,540 | (600) | 6,746 | 87,686 | 88,141 | 88,141 | 455 |
| <u>Support Services</u> | | | | | | | |
| Other Student Support | 52,145 | 0 | 0 | 52,145 | 50,563 | 50,583 | (1,562) |
| Regular Instruction Program | 154,993 | (12,458) | 17,775 | 160,310 | 162,596 | 230,644 | 70,334 |
| Special Education Program | 91,128 | (58) | 511 | 91,581 | 90,819 | 82,622 | (8,959) |
| Vocational Education Program | 3,782 | 0 | 0 | 3,782 | 3,300 | 3,300 | (482) |
| Office of the Principal | 6,088 | 0 | 0 | 6,088 | 5,500 | 5,500 | (588) |
| Total Expenditures | \$ 1,761,897 | \$ (13,379) | \$ 36,523 | \$ 1,785,041 | \$ 1,834,825 | \$ 1,834,954 | \$ 49,913 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (12,072) | \$ 13,379 | \$ (36,523) | \$ (35,216) | \$ (142,008) | \$ (142,283) | \$ 107,067 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers Out | \$ (10,118) | \$ 0 | \$ 0 | \$ (10,118) | \$ (9,701) | \$ (9,426) | \$ (692) |
| Total Other Financing Sources (Uses) | \$ (10,118) | \$ 0 | \$ 0 | \$ (10,118) | \$ (9,701) | \$ (9,426) | \$ (692) |

(Continued)

Exhibit D-3

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee County School Department
School Federal Projects Fund (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 | \$ (22,190) | \$ 13,379 | \$ (36,523) | \$ (45,334) | \$ (151,709) | \$ (151,709) | \$ 106,375 |
| Fund Balance, July 1, 2004 | 180,751 | (13,379) | 0 | 167,372 | 151,709 | 151,709 | 15,663 |
| Fund Balance, June 30, 2005 | \$ 158,561 | \$ 0 | \$ (36,523) | \$ 122,038 | \$ 0 | \$ 0 | \$ 122,038 |

Exhibit D-4

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Coffee 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 | \$ 793,991 | \$ 846,150 | \$ 846,150 | \$ (52,159) |
| Other Local Revenues | 5,836 | 3,500 | 5,500 | 336 |
| State of Tennessee | 26,397 | 25,000 | 26,974 | (577) |
| Federal Government | 873,525 | 825,000 | 825,000 | 48,525 |
| Total Revenues | <u>\$ 1,699,749</u> | <u>\$ 1,699,650</u> | <u>\$ 1,703,624</u> | <u>\$ (3,875)</u> |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | \$ 1,593,430 | \$ 1,699,454 | \$ 1,703,428 | \$ 109,998 |
| Total Expenditures | <u>\$ 1,593,430</u> | <u>\$ 1,699,454</u> | <u>\$ 1,703,428</u> | <u>\$ 109,998</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 106,319</u> | <u>\$ 196</u> | <u>\$ 196</u> | <u>\$ 106,123</u> |
| Net Change in Fund Balance | \$ 106,319 | \$ 196 | \$ 196 | \$ 106,123 |
| Fund Balance, July 1, 2004 | <u>407,139</u> | <u>447,297</u> | <u>447,297</u> | <u>(40,158)</u> |
| Fund Balance, June 30, 2005 | <u>\$ 513,458</u> | <u>\$ 447,493</u> | <u>\$ 447,493</u> | <u>\$ 65,965</u> |

MISCELLANEOUS SCHEDULES

Exhibit E-1

Coffee County, Tennessee
Schedule of Changes in Long-term Notes
Coffee County School Department
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 | Paid and/or Matured During Period | Outstanding 6-30-05 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|--|------------------------|
| <u>NOTES PAYABLE</u> | | | | | | | |
| Payable through General Purpose School Fund: | | | | | | | |
| Energy Efficiency System | \$ 307,510 | 3 % | 7-1-1996 | 6-30-05 | \$ 47,920 | \$ 47,920 | \$ 0 |

Exhibit E-2

Coffee County, Tennessee
Schedule of Transfers - All Funds
Coffee 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>\$ 10,118</u> |
| Total Transfers | | | <u><u>\$ 10,118</u></u> |

Exhibit E-3

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

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|--|--|------------------------------------|---------|---|
| Director of Schools | State Board of Education and Coffee County Board of Education | \$ 89,966 (1) \$ | (2) | |
| Employee Dishonesty Bond Coverage: School Employees | | | 150,000 | Tennessee School Boards Risk Management Trust |

(1) Includes chief executive officer training supplement of \$1,000.
(2) The director is covered under the School Department's blanket bond.

Exhibit E-4

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
|--|------------------------------|-------------------------------|----------------------|--------------|
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 4,482,052 | \$ 0 | \$ 0 | \$ 4,482,052 |
| Trustee's Collections - Prior Year | 116,633 | 0 | 0 | 116,633 |
| Trustee's Collections - Bankruptcy | 9,515 | 0 | 0 | 9,515 |
| Circuit/Clerk & Master Collections - Prior Years | 49,969 | 0 | 0 | 49,969 |
| Interest and Penalty | 46,973 | 0 | 0 | 46,973 |
| Payments in Lieu of Taxes - T.V.A. | 474 | 0 | 0 | 474 |
| Payments in Lieu of Taxes - Local Utilities | 11,579 | 0 | 0 | 11,579 |
| Payments in Lieu of Taxes - Other | 1,226 | 0 | 0 | 1,226 |
| <u>County Local Option Taxes</u> | | | | |
| Local Option Sales Tax | 3,746,688 | 0 | 0 | 3,746,688 |
| <u>Statutory Local Taxes</u> | | | | |
| Interstate Telecommunications Tax | 4,133 | 0 | 0 | 4,133 |
| Total Local Taxes | \$ 8,469,242 | \$ 0 | \$ 0 | \$ 8,469,242 |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 1,608 | \$ 0 | \$ 0 | \$ 1,608 |
| Total Licenses and Permits | \$ 1,608 | \$ 0 | \$ 0 | \$ 1,608 |
| <u>Fines, Forfeitures and Penalties</u> | | | | |
| <u>Juvenile Court</u> | | | | |
| Fines | \$ 230 | \$ 0 | \$ 0 | \$ 230 |
| Total Fines, Forfeitures and Penalties | \$ 230 | \$ 0 | \$ 0 | \$ 230 |
| <u>Charges for Current Services</u> | | | | |
| <u>Fees</u> | | | | |
| Recreation Fees | \$ 2,028 | \$ 0 | \$ 0 | \$ 2,028 |
| <u>Education Charges</u> | | | | |
| Tuition - Summer School | 6,225 | 0 | 0 | 6,225 |
| Lunch Payments - Children | 0 | 0 | 465,421 | 465,421 |
| Lunch Payments - Adults | 0 | 0 | 51,102 | 51,102 |
| Income from Breakfast | 0 | 0 | 56,762 | 56,762 |
| A la carte Sales | 0 | 0 | 220,140 | 220,140 |
| Receipts from Individual Schools | 36,087 | 0 | 346 | 36,433 |
| Community Service Fees - Children | 139,360 | 0 | 0 | 139,360 |
| <u>Other Charges for Services</u> | | | | |
| Other Charges for Services | 11,305 | 0 | 220 | 11,525 |
| Total Charges for Current Services | \$ 195,005 | \$ 0 | \$ 793,991 | \$ 988,996 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 3,836 | \$ 3,836 |
| Lease/Rentals | 6,905 | 0 | 0 | 6,905 |
| Miscellaneous Refunds | 977 | 0 | 0 | 977 |
| <u>Nonrecurring Items</u> | | | | |
| Insurance Recovery | 7,609 | 0 | 0 | 7,609 |
| Sale of Equipment | 5,917 | 0 | 0 | 5,917 |
| Damages Recovered from Individuals | 3,654 | 0 | 0 | 3,654 |

(Continued)

Exhibit E-4

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
|--|------------------------------|-------------------------------|----------------------|----------------------|
| <u>Other Local Revenues (Cont.)</u> | | | | |
| <u>Nonrecurring Items (Cont.)</u> | | | | |
| Contributions & Gifts | \$ 12,489 | \$ 0 | \$ 2,000 | \$ 14,489 |
| <u>Other Local Revenues</u> | | | | |
| Other Local Revenues | 100 | 0 | 0 | 100 |
| Total Other Local Revenues | <u>\$ 37,651</u> | <u>\$ 0</u> | <u>\$ 5,836</u> | <u>\$ 43,487</u> |
| <u>State of Tennessee</u> | | | | |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | \$ 12,839,278 | \$ 0 | \$ 0 | \$ 12,839,278 |
| School Food Service | 0 | 0 | 24,423 | 24,423 |
| Driver Education | 18,240 | 0 | 0 | 18,240 |
| Other State Education Funds | 162,747 | 0 | 0 | 162,747 |
| Career Ladder Program | 294,098 | 0 | 0 | 294,098 |
| Career Ladder - Extended Contract | 105,101 | 0 | 0 | 105,101 |
| <u>Other State Revenues</u> | | | | |
| Alcoholic Beverage Tax | 3,855 | 0 | 0 | 3,855 |
| State Revenue Sharing - T.V.A. | 547,221 | 0 | 0 | 547,221 |
| Other State Grants | 187,692 | 0 | 1,974 | 189,666 |
| Total State of Tennessee | <u>\$ 14,158,232</u> | <u>\$ 0</u> | <u>\$ 26,397</u> | <u>\$ 14,184,629</u> |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 652,669 | \$ 652,669 |
| Breakfast | 0 | 0 | 220,856 | 220,856 |
| Vocational Education - Basic Grants to States | 0 | 91,676 | 0 | 91,676 |
| Title I Grants to Local Education Agencies | 0 | 510,327 | 0 | 510,327 |
| Innovative Education Program Strategies | 0 | 18,144 | 0 | 18,144 |
| Special Education - Grants to States | 0 | 870,536 | 0 | 870,536 |
| Special Education Preschool Grants | 0 | 25,900 | 0 | 25,900 |
| Eisenhower Professional Development State Grants | 0 | 189,253 | 0 | 189,253 |
| Other Federal through State | 0 | 43,989 | 0 | 43,989 |
| <u>Direct Federal Revenue</u> | | | | |
| ROTC Reimbursement | 43,284 | 0 | 0 | 43,284 |
| Total Federal Government | <u>\$ 43,284</u> | <u>\$ 1,749,825</u> | <u>\$ 873,525</u> | <u>\$ 2,666,634</u> |
| Total | <u>\$ 22,905,252</u> | <u>\$ 1,749,825</u> | <u>\$ 1,699,749</u> | <u>\$ 26,354,826</u> |

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

General Purpose School Fund

Instruction

Regular Instruction Program

| | | | |
|--|----|-----------|---------------|
| Teachers | \$ | 7,968,508 | |
| Career Ladder Program | | 147,614 | |
| Career Ladder Extended Contracts | | 66,233 | |
| Homebound Teachers | | 22,959 | |
| Instructional Computer Personnel | | 51,673 | |
| Educational Assistants | | 155,635 | |
| Other Salaries & Wages | | 11,071 | |
| Certified Substitute Teachers | | 116,339 | |
| Social Security | | 495,161 | |
| State Retirement | | 452,038 | |
| Life Insurance | | 39,860 | |
| Medical Insurance | | 1,096,850 | |
| Dental Insurance | | 60,981 | |
| Employer Medicare | | 118,875 | |
| Communication | | 30,023 | |
| Maintenance & Repair Services- Equipment | | 13,458 | |
| Other Contracted Services | | 67,927 | |
| Instructional Supplies and Materials | | 137,420 | |
| Textbooks | | 192,462 | |
| Other Supplies and Materials | | 8,830 | |
| Other Charges | | 29,018 | |
| Regular Instruction Equipment | | 44,969 | |
| Total Regular Instruction Program | | | \$ 11,327,904 |

Special Education Program

| | | |
|--|----|-----------|
| Teachers | \$ | 1,279,852 |
| Career Ladder Program | | 22,058 |
| Homebound Teachers | | 13,681 |
| Educational Assistants | | 103,231 |
| Certified Substitute Teachers | | 6,808 |
| Social Security | | 83,357 |
| State Retirement | | 77,925 |
| Life Insurance | | 8,912 |
| Medical Insurance | | 257,084 |
| Dental Insurance | | 20,774 |
| Employer Medicare | | 19,801 |
| Maintenance & Repair Services- Equipment | | 1,475 |
| Instructional Supplies and Materials | | 7,978 |
| Other Supplies and Materials | | 355 |

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | |
|---------------------------------|--------|--------------|
| Other Charges | \$ 581 | |
| Total Special Education Program | | \$ 1,903,872 |

Vocational Education Program

| | | |
|--------------------------------------|------------|---------|
| Teachers | \$ 652,983 | |
| Career Ladder Program | 8,500 | |
| Educational Assistants | 10,048 | |
| Certified Substitute Teachers | 8,301 | |
| Social Security | 39,395 | |
| State Retirement | 35,769 | |
| Life Insurance | 3,399 | |
| Medical Insurance | 90,073 | |
| Dental Insurance | 4,888 | |
| Employer Medicare | 9,458 | |
| Instructional Supplies and Materials | 20,909 | |
| Total Vocational Education Program | | 883,723 |

Student Body Education Program

| | | |
|--------------------------------------|-----------|--------|
| Other Salaries & Wages | \$ 19,000 | |
| Social Security | 998 | |
| State Retirement | 1,437 | |
| Employer Medicare | 267 | |
| Total Student Body Education Program | | 21,702 |

Support Services

Attendance

| | | |
|------------------------------|-----------|--------|
| Supervisor/Director | \$ 55,435 | |
| Career Ladder Program | 1,000 | |
| Social Security | 3,429 | |
| State Retirement | 3,104 | |
| Life Insurance | 180 | |
| Medical Insurance | 4,542 | |
| Dental Insurance | 272 | |
| Employer Medicare | 802 | |
| Travel | 490 | |
| Other Contracted Services | 360 | |
| Other Supplies and Materials | 1,344 | |
| Attendance Equipment | 14,614 | |
| Total Attendance | | 85,572 |

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

| | | | |
|------------------------------|----|---------|------------|
| Medical Personnel | \$ | 147,647 | |
| Other Salaries & Wages | | 8,447 | |
| Social Security | | 9,221 | |
| State Retirement | | 8,121 | |
| Life Insurance | | 722 | |
| Medical Insurance | | 18,249 | |
| Dental Insurance | | 1,086 | |
| Employer Medicare | | 1,850 | |
| Travel | | 4,689 | |
| Other Supplies and Materials | | 1,466 | |
| Other Charges | | 1,419 | |
| Health Equipment | | 6,550 | |
| Total Health Services | | | \$ 209,467 |

Other Student Support

| | | | |
|----------------------------------|----|---------|---------|
| Career Ladder Program | \$ | 7,552 | |
| Guidance Personnel | | 367,694 | |
| Career Ladder Extended Contracts | | 4,000 | |
| Social Workers | | 23,235 | |
| Secretary(s) | | 12,442 | |
| Other Salaries & Wages | | 2,721 | |
| Social Security | | 24,893 | |
| State Retirement | | 21,753 | |
| Life Insurance | | 1,762 | |
| Medical Insurance | | 50,055 | |
| Dental Insurance | | 2,716 | |
| Employer Medicare | | 5,980 | |
| Evaluation and Testing | | 32,740 | |
| Travel | | 1,537 | |
| Total Other Student Support | | | 559,080 |

Regular Instruction Program

| | | | |
|----------------------------------|----|---------|--|
| Supervisor/Director | \$ | 242,959 | |
| Career Ladder Program | | 19,607 | |
| Career Ladder Extended Contracts | | 16,000 | |
| Librarians | | 336,663 | |
| Secretary(s) | | 45,192 | |
| Other Salaries & Wages | | 18,359 | |
| Social Security | | 40,825 | |

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|-----------------------------------|----|--------|------------|
| State Retirement | \$ | 38,648 | |
| Life Insurance | | 2,768 | |
| Medical Insurance | | 70,773 | |
| Dental Insurance | | 4,617 | |
| Employer Medicare | | 9,548 | |
| Travel | | 8,549 | |
| Library Books/Media | | 24,510 | |
| In Service/Staff Development | | 9,009 | |
| Other Charges | | 8,155 | |
| Other Equipment | | 3,000 | |
| Total Regular Instruction Program | | | \$ 899,182 |

Special Education Program

| | | | |
|---------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 51,607 | |
| Career Ladder Program | | 1,000 | |
| Psychological Personnel | | 50,254 | |
| Secretary(s) | | 16,244 | |
| Other Salaries & Wages | | 1,612 | |
| Social Security | | 6,673 | |
| State Retirement | | 7,009 | |
| Life Insurance | | 451 | |
| Medical Insurance | | 16,188 | |
| Dental Insurance | | 815 | |
| Employer Medicare | | 1,561 | |
| Travel | | 7,685 | |
| Other Contracted Services | | 4,920 | |
| Other Supplies and Materials | | 365 | |
| Other Charges | | 600 | |
| Total Special Education Program | | | 166,984 |

Vocational Education Program

| | | | |
|-----------------------|----|--------|--|
| Supervisor/Director | \$ | 61,818 | |
| Career Ladder Program | | 1,000 | |
| Secretary(s) | | 22,522 | |
| Clerical Personnel | | 22,472 | |
| Social Security | | 6,472 | |
| State Retirement | | 6,861 | |
| Life Insurance | | 438 | |
| Medical Insurance | | 16,921 | |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

| | | | |
|------------------------------------|----|-------|------------|
| Dental Insurance | \$ | 815 | |
| Employer Medicare | | 1,514 | |
| Communication | | 2,032 | |
| Travel | | 189 | |
| Total Vocational Education Program | | | \$ 143,054 |

Board of Education

| | | | |
|--|----|---------|-----------|
| Secretary to Board | \$ | 392 | |
| Other Salaries & Wages | | 357,500 | |
| Board and Committee Members Fees | | 8,320 | |
| Social Security | | 536 | |
| State Retirement | | 30 | |
| Life Insurance | | 624 | |
| Medical Insurance | | 85,540 | |
| Unemployment Compensation | | 11,564 | |
| Employer Medicare | | 5,188 | |
| Audit Services | | 4,000 | |
| Bank Charges | | 594 | |
| Dues and Memberships | | 5,312 | |
| Legal Services | | 10,272 | |
| Travel | | 8,000 | |
| Liability Insurance | | 216,058 | |
| Trustee's Commission | | 179,857 | |
| Workers' Compensation Insurance | | 157,212 | |
| Criminal Investigation of Applicants - TBI | | 3,984 | |
| Other Charges | | 32,750 | |
| Total Board of Education | | | 1,087,733 |

Director of Schools

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 88,966 | |
| Career Ladder Program | | 1,000 | |
| Secretary(s) | | 26,842 | |
| Clerical Personnel | | 18,854 | |
| Social Security | | 8,039 | |
| State Retirement | | 8,407 | |
| Life Insurance | | 541 | |
| Medical Insurance | | 17,189 | |
| Dental Insurance | | 815 | |
| Employer Medicare | | 1,880 | |

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

| | | | |
|--|----|--------|------------|
| Communication | \$ | 7,783 | |
| Dues and Memberships | | 1,381 | |
| Maintenance & Repair Services- Equipment | | 11,508 | |
| Postal Charges | | 2,483 | |
| Travel | | 1,531 | |
| Office Supplies | | 6,975 | |
| Utilities | | 13,109 | |
| In Service/Staff Development | | 2,548 | |
| Administration Equipment | | 4,341 | |
| Total Director of Schools | | | \$ 224,192 |

Office of the Principal

| | | | |
|----------------------------------|----|---------|-----------|
| Principals | \$ | 454,164 | |
| Career Ladder Program | | 13,000 | |
| Accountants/Bookkeepers | | 42,744 | |
| Career Ladder Extended Contracts | | 8,000 | |
| Assistant Principals | | 180,452 | |
| Secretary(s) | | 188,960 | |
| Social Security | | 53,285 | |
| State Retirement | | 53,398 | |
| Life Insurance | | 4,152 | |
| Medical Insurance | | 124,347 | |
| Dental Insurance | | 6,517 | |
| Employer Medicare | | 12,462 | |
| Communication | | 21,406 | |
| Travel | | 2,121 | |
| Office Supplies | | 4,135 | |
| Total Office of the Principal | | | 1,169,143 |

Fiscal Services

| | | | |
|-------------------------|----|---------|--|
| Supervisor/Director | \$ | 37,348 | |
| Accountants/Bookkeepers | | 111,053 | |
| Social Security | | 8,768 | |
| State Retirement | | 11,234 | |
| Life Insurance | | 902 | |
| Medical Insurance | | 27,595 | |
| Dental Insurance | | 1,358 | |
| Employer Medicare | | 2,051 | |
| Travel | | 197 | |

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

| | | | |
|------------------------------|----|-------|------------|
| Other Contracted Services | \$ | 6,922 | |
| In Service/Staff Development | | 625 | |
| Administration Equipment | | 2,079 | |
| Total Fiscal Services | | | \$ 210,132 |

Operation of Plant

| | | | |
|------------------------------|----|---------|-----------|
| Custodial Personnel | \$ | 378,787 | |
| Social Security | | 20,153 | |
| State Retirement | | 26,339 | |
| Life Insurance | | 3,135 | |
| Medical Insurance | | 97,106 | |
| Dental Insurance | | 4,617 | |
| Employer Medicare | | 5,044 | |
| Laundry Service | | 1,847 | |
| Electricity | | 587,556 | |
| Natural Gas | | 80,390 | |
| Propane Gas | | 5,464 | |
| Water and Sewer | | 53,446 | |
| Other Supplies and Materials | | 26,199 | |
| Other Charges | | 18,000 | |
| Maintenance Equipment | | 5,818 | |
| Total Operation of Plant | | | 1,313,901 |

Maintenance of Plant

| | | | |
|--|----|---------|---------|
| Supervisor/Director | \$ | 35,739 | |
| Maintenance Personnel | | 118,079 | |
| Other Salaries & Wages | | 14,996 | |
| Social Security | | 10,338 | |
| State Retirement | | 11,994 | |
| Life Insurance | | 902 | |
| Medical Insurance | | 20,610 | |
| Dental Insurance | | 1,358 | |
| Employer Medicare | | 2,418 | |
| Communication | | 4,877 | |
| Maintenance & Repair Services- Buildings | | 9,460 | |
| Maintenance & Repair Services- Equipment | | 15,783 | |
| Other Contracted Services | | 1,746 | |
| Other Supplies and Materials | | 107,090 | |
| In Service/Staff Development | | 4,170 | |
| Total Maintenance of Plant | | | 359,560 |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

| | | | |
|--|----|---------|--------------|
| Supervisor/Director | \$ | 40,169 | |
| Mechanic(s) | | 67,887 | |
| Bus Drivers | | 482,952 | |
| Clerical Personnel | | 19,436 | |
| Other Salaries & Wages | | 87,442 | |
| Social Security | | 41,501 | |
| State Retirement | | 50,117 | |
| Life Insurance | | 10,826 | |
| Medical Insurance | | 264,417 | |
| Dental Insurance | | 13,850 | |
| Employer Medicare | | 9,701 | |
| Communication | | 1,632 | |
| Laundry Service | | 2,558 | |
| Maintenance & Repair Services- Equipment | | 1,420 | |
| Travel | | 1,159 | |
| Diesel Fuel | | 111,127 | |
| Gasoline | | 9,128 | |
| Tires and Tubes | | 12,980 | |
| Utilities | | 11,518 | |
| Vehicle Parts | | 54,996 | |
| Other Charges | | 3,374 | |
| Transportation Equipment | | 189,863 | |
| Total Transportation | | | \$ 1,488,053 |

Operation of Non-Instructional Services

Community Services

| | | |
|-------------------------------|----|---------|
| Teachers | \$ | 158,031 |
| Educational Assistants | | 20,198 |
| Other Salaries & Wages | | 116,646 |
| Certified Substitute Teachers | | 966 |
| Social Security | | 17,763 |
| State Retirement | | 12,196 |
| Life Insurance | | 722 |
| Medical Insurance | | 24,389 |
| Dental Insurance | | 2,172 |
| Employer Medicare | | 4,157 |
| Communication | | 2,270 |
| Travel | | 3,660 |
| Other Contracted Services | | 3,524 |

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

| | | | |
|--------------------------------------|----|-------|------------|
| Food Supplies | \$ | 9,951 | |
| Instructional Supplies and Materials | | 468 | |
| Other Supplies and Materials | | 8,772 | |
| In Service/Staff Development | | 1,500 | |
| Other Charges | | 4,076 | |
| Regular Instruction Equipment | | 699 | |
| Other Equipment | | 1,016 | |
| Total Community Services | | | \$ 393,176 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|--------|---------|
| Architects | \$ | 3,515 | |
| Building Improvements | | 87,858 | |
| Other Capital Outlay | | 10,915 | |
| Total Regular Capital Outlay | | | 102,288 |

Principal

Education

| | | | |
|--------------------|----|--------|--------|
| Principal on Notes | \$ | 47,920 | |
| Total Education | | | 47,920 |

Interest

Education

| | | | |
|-------------------|----|-------|-------|
| Interest on Notes | \$ | 1,438 | |
| Total Education | | | 1,438 |

Total General Purpose School Fund \$ 22,598,076

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|-------------------------------|----|---------|--|
| Teachers | \$ | 367,114 | |
| Educational Assistants | | 24,125 | |
| Certified Substitute Teachers | | 8,253 | |
| Social Security | | 22,629 | |
| State Retirement | | 21,977 | |
| Life Insurance | | 2,166 | |
| Medical Insurance | | 63,145 | |
| Employer Medicare | | 5,548 | |

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|--------------------------------------|----|--------|------------|
| Other Contracted Services | \$ | 13,858 | |
| Instructional Supplies and Materials | | 23,577 | |
| Other Charges | | 301 | |
| Regular Instruction Equipment | | 6,535 | |
| Total Regular Instruction Program | | | \$ 559,228 |

Special Education Program

| | | | |
|--|----|---------|---------|
| Teachers | \$ | 59,962 | |
| Educational Assistants | | 309,386 | |
| Certified Substitute Teachers | | 14,288 | |
| Social Security | | 22,609 | |
| State Retirement | | 23,778 | |
| Life Insurance | | 5,801 | |
| Medical Insurance | | 148,089 | |
| Employer Medicare | | 5,289 | |
| Maintenance & Repair Services- Equipment | | 8,926 | |
| Other Contracted Services | | 101,021 | |
| Instructional Supplies and Materials | | 33,462 | |
| Other Supplies and Materials | | 8,277 | |
| Other Charges | | 3,983 | |
| Special Education Equipment | | 68,122 | |
| Total Special Education Program | | | 812,993 |

Vocational Education Program

| | | | |
|--------------------------------------|----|--------|--------|
| Teachers | \$ | 16,523 | |
| Social Security | | 1,024 | |
| State Retirement | | 909 | |
| Medical Insurance | | 2,138 | |
| Employer Medicare | | 240 | |
| Travel | | 8,636 | |
| Instructional Supplies and Materials | | 4,263 | |
| Other Supplies and Materials | | 165 | |
| Vocational Instruction Equipment | | 47,642 | |
| Total Vocational Education Program | | | 81,540 |

Support Services

Other Student Support

| | | | |
|------------------------|----|--------|--|
| Social Workers | \$ | 12,482 | |
| Other Salaries & Wages | | 21,881 | |

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

| | | | |
|-----------------------------|----|-------|-----------|
| Social Security | \$ | 2,131 | |
| State Retirement | | 2,343 | |
| Life Insurance | | 180 | |
| Medical Insurance | | 4,627 | |
| Employer Medicare | | 498 | |
| Evaluation and Testing | | 8,003 | |
| Total Other Student Support | | | \$ 52,145 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|--------|---------|
| Supervisor/Director | \$ | 11,897 | |
| Secretary(s) | | 30,835 | |
| Other Salaries & Wages | | 5,670 | |
| Social Security | | 2,694 | |
| State Retirement | | 3,074 | |
| Life Insurance | | 180 | |
| Medical Insurance | | 7,742 | |
| Employer Medicare | | 630 | |
| Travel | | 2,629 | |
| Other Supplies and Materials | | 1,172 | |
| In Service/Staff Development | | 82,488 | |
| Other Charges | | 3,520 | |
| Administration Equipment | | 2,462 | |
| Total Regular Instruction Program | | | 154,993 |

Special Education Program

| | | | |
|---------------------------------|----|--------|--------|
| Psychological Personnel | \$ | 32,942 | |
| Secretary(s) | | 16,244 | |
| Social Security | | 2,989 | |
| State Retirement | | 2,794 | |
| Life Insurance | | 103 | |
| Medical Insurance | | 6,817 | |
| Employer Medicare | | 699 | |
| Travel | | 1,583 | |
| Other Contracted Services | | 3,226 | |
| Other Supplies and Materials | | 5,288 | |
| In Service/Staff Development | | 9,157 | |
| Other Charges | | 2,125 | |
| Other Equipment | | 7,161 | |
| Total Special Education Program | | | 91,128 |

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

| | | | |
|------------------------------------|----|-------|----------|
| Travel | \$ | 68 | |
| In Service/Staff Development | | 3,714 | |
| Total Vocational Education Program | | | \$ 3,782 |

Office of the Principal

| | | | |
|-------------------------------|----|-------|-------|
| Communication | \$ | 6,088 | |
| Total Office of the Principal | | | 6,088 |

Total School Federal Projects Fund \$ 1,761,897

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | | |
|--|----|---------|--------------|
| Supervisor/Director | \$ | 47,576 | |
| Accountants/Bookkeepers | | 24,797 | |
| Cafeteria Personnel | | 467,763 | |
| Other Salaries & Wages | | 30,774 | |
| Social Security | | 33,114 | |
| State Retirement | | 35,586 | |
| Life Insurance | | 6,258 | |
| Medical Insurance | | 154,427 | |
| Dental Insurance | | 9,505 | |
| Employer Medicare | | 7,814 | |
| Accounting Services | | 524 | |
| Communication | | 3,651 | |
| Maintenance & Repair Services- Equipment | | 8,551 | |
| Travel | | 6,834 | |
| Other Contracted Services | | 24,192 | |
| Food Preparation Supplies | | 50,046 | |
| Food Supplies | | 641,223 | |
| Office Supplies | | 2,048 | |
| Other Supplies and Materials | | 205 | |
| In Service/Staff Development | | 2,910 | |
| Other Charges | | 4,308 | |
| Food Service Equipment | | 31,324 | |
| Total Food Service | | | \$ 1,593,430 |

Total Central Cafeteria Fund 1,593,430

(Continued)

Exhibit E-5

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

| | | |
|--|-------------------|----------------------|
| <u>Education Capital Projects Fund</u> | | |
| <u>Capital Projects</u> | | |
| <u>Education Capital Projects</u> | | |
| Building Improvements | <u>\$ 538,196</u> | |
| Total Education Capital Projects | | <u>\$ 538,196</u> |
| Total Education Capital Projects Fund | | <u>\$ 538,196</u> |
| Total Governmental Funds - Coffee County School Department | | <u>\$ 26,491,599</u> |

SINGLE AUDIT REPORT
COFFEE COUNTY, TENNESSEE
AND
COFFEE 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

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

JIMMY HODGES, CFE
AMY HEWITT
KELLEY J. McNEAL, CPA, CGFM
JENI BOYETTE
State Auditors

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

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

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

January 4, 2006

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, and the Coffee County School Department as of and for the year ended June 30, 2005, which collectively comprise a portion of Coffee County's and the Coffee County School Department's basic financial statements and have issued our reports thereon dated January 4, 2006. Our reports on the financial statements of Coffee County, Tennessee, and the Coffee County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. 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 Coffee County's and the Coffee County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our 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 Coffee County's and the Coffee County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02, 05.03(A), 05.04, 05.05, 05.06, 05.08(C,D,E,F,G), 05.09, 05.10, 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(A) to be a material weakness.

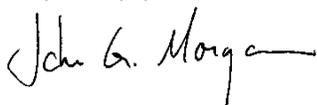
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coffee County's and the Coffee County School Department's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.03(B,C), 05.07, 05.08(A,B), and 05.12.

We also noted certain matters that we reported to the management of Coffee County and the Coffee 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
PHONE (615) 401-7841

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

January 4, 2006

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

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

Compliance

We have audited the compliance of Coffee County and the Coffee County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2005. Coffee County's and the Coffee County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Coffee County's and the Coffee County School Department's management. Our responsibility is to express an opinion on Coffee County's and the Coffee County School Department's compliance based on our audit.

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

In our opinion, Coffee County and the Coffee County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, and the Coffee County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated January 4, 2006. Our reports on the financial statements of Coffee County and the Coffee County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming 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 the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Passed-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------|
| U.S. Department of Agriculture: | | | |
| Passed-through State Department of Agriculture: | | | |
| Food Donation (Noncash Assistance) | 10.550 | N/A | \$ 147,246 |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 220,856 |
| National School Lunch Program | 10.555 | N/A | 652,669 |
| Total U.S. Department of Agriculture | | | \$ 1,020,771 |
| U.S. Department of Justice: | | | |
| Direct Program: | | | |
| Public Safety Partnership and Community Policing Grant | 16.710 | N/A | \$ 6,110 |
| Passed-through Hamilton County Sheriff's Department: | | | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance | | | |
| Discretionary Grants Program | 16.580 | 2000-D0-VX-0025 | 16,308 |
| Passed-through State Department of Children's Services: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | Z-99-088346-00 | 55,556 |
| Total U.S. Department of Justice | | | \$ 77,974 |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | \$ 513,011 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 906,204 |
| Special Education - Preschool Grants | 84.173 | N/A | 16,626 |
| Vocational Education - Basic Grants to States | 84.048 | N/A | 84,930 |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | (2) | 23,544 |
| State Grants for Innovative Programs | 84.298 | N/A | 8,619 |
| Education Technology State Grants | 84.318 | (2) | 14,124 |
| English Language Acquisition Grants | 84.365 | N/A | 15,357 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 176,939 |
| Total U.S. Department of Education | | | \$ 1,759,354 |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| State Domestic Preparedness Equipment Support Program | 97.004 | Z-03-017737-00 | \$ 28,798 (3) |
| State Domestic Preparedness Equipment Support Program | 97.004 | Z-04-020082-02 | 134,015 (3) |
| State Domestic Preparedness Equipment Support Program | 97.004 | Z-04-022430-00 | 400,211 (3) |
| Community Emergency Response Teams | 97.054 | Z-03-019269-00 | 776 |
| Total U.S. Department of Homeland Security | | | \$ 563,800 |
| Total Expenditures of Federal Awards | | | \$ 3,421,899 |

(Continued)

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Passed-through Entity Identifying Number | Expenditures |
|---|---------------------------|--|-------------------|
| <u>State Grants</u> | | | |
| Childcare Assistance - State Department of Human Services | N/A | (2) | \$ 8,554 |
| Early Childhood Education - State Department of Education | N/A | Z-05-022118-00 | 74,441 |
| Family Resource - State Department of Health | N/A | Z-05-21375-01 | 82,970 |
| Juvenile Accountability Block Grant - State Department of Children's Services | N/A | (2) | 1,417 |
| Juvenile Services Program - State Department of Children's Services | N/A | (2) | 13,000 |
| Litter Program - State Department of Transportation | N/A | Z-05-021485-08 | 28,731 |
| Milk Vending Machine Grant -State Department of Agriculture | N/A | (2) | 1,974 |
| Rural Local Health Services - State Department of Health | N/A | Z-05-020529-00 | 415,566 |
| Safe Schools Act 2000 - State Department of Education | N/A | (2) | 21,727 |
| State Reappraisal Program - Comptroller of the Treasury | N/A | (2) | 17,529 |
| Waste Tire Grant - State Department of Environment and Conservation | N/A | (2) | <u>36,342</u> |
| Total State Grants | | | <u>\$ 702,251</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 State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) from the U.S. Department of Homeland Security was \$563,024.

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

COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|---|
| 04.01 | 10 | Government-wide financial statements were not presented in accordance with generally accepted accounting principles |

COFFEE COUNTY LIBRARY

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|--|
| 04.06 | 14 | The audit of the Coffee County Library prepared by an accounting firm disclosed deficiencies |

OFFICE OF DIRECTOR OF SCHOOLS

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|--|
| 04.08 | 17 | Inventory records were not maintained adequately |

OFFICE OF SHERIFF

| <u>Finding Number</u> | <u>Page Number</u> | <u>Subject</u> |
|-----------------------|--------------------|---|
| 04.10 | 18 | The office had deficiencies in the administration of drug control funds |

OTHER FINDINGS AND RECOMMENDATIONS

| Finding Number | Page Number | Subject |
|----------------|-------------|---|
| 04.11 | 20 | A central system of accounting and budgeting had not been adopted |
| 04.12 | 20 | Duties were not segregated adequately in the Offices of Highway Superintendent, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff |
| 04.14 | 21 | A portion of sales tax collected outside municipalities was not apportioned with city school systems |

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Coffee County and the Coffee County School Department.
2. The audit of the financial statements of Coffee County and the Coffee County School Department disclosed reportable conditions in internal control. One of these conditions was considered to be a material weakness in Coffee County.
3. The audit disclosed two instances of noncompliance that were material to the financial statements of Coffee County and the Coffee County School Department.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Coffee County and the Coffee County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report. The finding and recommendation for the Coffee County Library is paraphrased from the auditor's report for the year ended June 30, 2004.

COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT

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

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

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

RECOMMENDATION

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

OFFICE OF COUNTY MAYOR

FINDING 05.02 GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED MONTHLY
(Internal Control – Reportable Condition Under Government Auditing Standards)

General ledger payroll liability accounts were not reconciled with payroll reports and insurance payments monthly. The failure to reconcile these accounts allows errors to remain undiscovered and uncorrected. Subsequent to June 30, 2005, the office prepared reconciliations of these accounts and identified specific posting errors. These errors resulted in the county paying approximately \$16,778 in insurance premiums which should have been paid from payroll deductions on county employees. These overpayments have been reflected as a receivable in the financial statements of the General Fund at June 30, 2005. Adjustments were presented to management for approval and posting to correct errors in posting, recognize the receivable, and properly present payroll liability accounts in the financial statements of this report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and errors should be corrected promptly. Also, the office should take steps to collect the county's overpayment of insurance premiums.

FINDING 05.03 DEFICIENCIES WERE NOTED IN BUDGET OPERATIONS
(A. Internal Control – Material Weakness Under Government Auditing Standards; B. and C. Noncompliance Under Government Auditing Standards)

Our examination noted the following deficiencies in budget operations:

- A. The General Debt Service Fund's estimated fund balance reflected in the county's budget at July 1, 2004, was \$777,082; however, the actual fund balance was \$517,123. Therefore, the estimated fund balance exceeded the actual fund balance presented to the County Commission by \$259,959.
- B. The budget and subsequent amendments submitted to and approved by the County Commission for the Local Purpose Tax Fund resulted in appropriations exceeding estimated available funding causing a budgeted fund deficit of \$4,197.
- C. General Fund expenditures exceeded appropriations in 20 personal services (payroll) accounts by amounts ranging from \$3 to \$69,956. In Section 4 of the county budget document, the appropriating resolution approved by the Coffee County Commission states that "the salary, wages or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts

authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution.”

RECOMMENDATION

The estimate of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations. Expenditures should be held within appropriations approved by the County Commission.

FINDING 05.04 **INVENTORY RECORDS WERE NOT MAINTAINED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The office did not maintain inventory records for assets owned by the general county government. Generally accepted accounting principles require accountability for all county-owned assets, such as vehicles, furniture, and equipment.

RECOMMENDATION

The office should maintain inventory records of all county-owned assets. Furthermore, personnel independent of maintaining the inventory should periodically verify the inventory records.

FINDING 05.05 **THE OFFICE DID NOT HAVE FORMAL POLICIES AND PROCEDURES FOR COMPUTER OPERATIONS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of County Mayor and the Ambulance Service did not have written policies and procedures for routine computer operations. Routine operations include system startup/shutdown, application access, system access security, system backup and retention schedules, hardware/software maintenance, output distribution, and other general data processing functions. Formal policies and procedures are necessary to ensure adequate management control over computer operations.

RECOMMENDATION

Management should prepare a computer policies and procedures manual that defines policies and procedures for operations such as system backups, security measures, and other general data processing functions. Upon completion, the manual should be distributed to all appropriate personnel.

FINDING 05.06 THE OFFICE DID NOT DEVELOP A DISASTER RECOVERY PLAN
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Office of County Mayor and the Ambulance Service 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.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 05.07 THE OFFICE MADE AN IMPROPER CONTRIBUTION FROM THE DRUG CONTROL FUND
(Noncompliance Under Government Auditing Standards)

The county made a \$20,000 contribution to the Coffee County Central High School Athletic Foundation's building fund from the Drug Control Fund. Section 39-17-420, Tennessee Code Annotated, provides that drug control funds can only be expended for (1) the local drug enforcement program, (2) the local drug education program, (3) the local drug treatment program, and (4) nonrecurring general law enforcement expenditures. Expenditures such as that noted above do not meet any of the four criteria for the expenditure of drug funds.

RECOMMENDATION

Drug control funds should only be expended for items that comply with the criteria as provided by state statute.

COFFEE COUNTY LIBRARY

FINDING 05.08 **THE COFFEE COUNTY LIBRARY AUDIT REPORT PREPARED BY AN ACCOUNTING FIRM DISCLOSED DEFICIENCIES**

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

The financial statements of the Coffee County Library (a special revenue fund of the primary government) for the year ended June 30, 2005, were not available from the library's auditor in time for inclusion in this report. The audit of the library for the year ended June 30, 2004, was also not available for inclusion in the county's report for the year ended June 30, 2004. However, the library's audit report for the year ended June 30, 2004, is now available, and notes several instances of noncompliance and internal control weaknesses that we are now disclosing in the county's report.

A. Expenditures Exceeded Appropriations

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

B. Funds Were Not Deposited Within Three Days of Collection

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

C. Expenditures and Reimbursements Were Not Documented Adequately

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

D. The Library Had Payroll Deficiencies

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

E. Purchasing Deficiencies Were Noted

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

F. Receipting Deficiencies Were Noted

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

G. Checks Were Not Properly Voided

Checks on hand had not been properly voided or mutilated in some way to prevent improper use.

RECOMMENDATION

The audit recommended the following:

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

within budget guidelines and ensures the expenditure is in accordance with the purpose of the appropriation. Board approval of expenditures before the actual purchase allows the board to maintain control over remaining funds to be spent. Adequate documentation should be maintained to substantiate bid and quotation requests.

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

LIBRARY BOARD'S COMMENTS

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.09 **INVENTORY RECORDS WERE NOT VERIFIED BY PERSONNEL INDEPENDENT OF MAINTAINING THE RECORDS**

(Internal Control – Reportable Condition Under Governmental Auditing Standards)

School officials maintained inventory records of assets owned by the School Department. However, these assets were not verified by personnel independent of maintaining the inventory records. Generally accepted accounting principles require accountability for all department-owned assets, such as vehicles, furniture, and equipment.

RECOMMENDATION

Personnel who are independent of maintaining the inventory should periodically verify the inventory records.



OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.10 **A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAD NOT BEEN ADOPTED**

(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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



FINDING 05.11 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

FINDING 05.12 A PORTION OF SALES TAX COLLECTED OUTSIDE MUNICIPALITIES WAS NOT APPORTIONED WITH CITY SCHOOL SYSTEMS
(Material Noncompliance Under Government Auditing Standards)

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

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

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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

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