

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

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

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

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Audit Highlights

Annual Financial Report
Crockett 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 Crockett County as of and for the year ended June 30, 2005.

Results

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

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

Findings

The following are summaries of the audit findings:

CROCKETT COUNTY

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

OFFICE OF COUNTY MAYOR

- ◆ The office did not issue purchase orders.
- ◆ Expenditures exceeded appropriations in the Other Emergency Management (\$20,582) and the Principal – Education (\$2,348) major appropriation categories (legal level of control) in the General and General Debt Service Funds, respectively.

OFFICE OF ROAD SUPERVISOR

- ◆ In most instances, dollar amounts were not assigned to purchase orders until after purchases were made and invoices were received.
-

OFFICE OF SHERIFF

- ◆ Receipts were issued for collections at the time bank deposits were prepared instead of at the time collections were received.
-

OFFICE OF ASSESSOR

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

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
- ◆ Certain payments for city elections were not remitted to the General Fund; instead, these checks were issued directly to the registrar as unauthorized compensation.

INTRODUCTORY SECTION

Crockett County Officials
June 30, 2005

Officials:

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

Board of County Commissioners:

Larry Griffin, Chairman
Alpha H. Worrell, Chairman ProTem
John T. Antwine
Pat Branch
Nixon Brasfield
Tony Cole
Harold C. Craig
Nancy C. Haynes
Leatha S. Johnson
Melvin L. Lawson
Sam T. Lewis
Jerrel Little

Carolyn K. Nance
Harold Park
Donald Prescott
John Schwerdt
Jane Smith
Edwin M. Tritt
Gaylon Turnage
Ronnie Turner
Richard Walker
Charles Paul Ward
Jimmy E. Webb
Cartha D. Williams
Gary N. Williams

Road Commission:

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

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 16, 2005

Crockett County Mayor and
Board of County Commissioners
Crockett 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 Crockett County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 30 which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Crockett County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

for the county's governmental activities and discretely presented component units are not reasonably determinable.

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Crockett County, Tennessee, as of June 30, 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 Crockett 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.

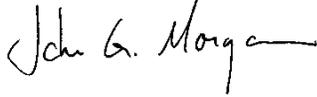
In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2005, on our consideration of Crockett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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., Crockett 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 33 through 37 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crockett County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the 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 sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 884	\$ 884
Equity in Pooled Cash and Investments	876,677	782,063	1,355,293	564,299	3,578,332
Accounts Receivable	14,534	0	8,882	0	23,416
Due from Other Governments	124,455	322,216	78,626	53,206	578,503
Due from Other Funds	50,180	0	19,726	45,920	115,826
Property Taxes Receivable	2,224,685	0	760,495	0	2,985,180
Allowance for Uncollectible Property Taxes	(75,523)	0	(25,804)	0	(101,327)
Total Assets	\$ 3,215,008	\$ 1,104,279	\$ 2,197,218	\$ 664,309	\$ 7,180,814
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 19,750	\$ 0	\$ 0	\$ 0	\$ 19,750
Payroll Deductions Payable	0	47	0	0	47
Contracts Payable	0	77,638	0	0	77,638
Due to Other Funds	0	0	0	884	884
Deferred Revenue - Current Property Taxes	1,993,656	0	681,592	0	2,675,248
Deferred Revenue - Delinquent Property Taxes	149,706	0	51,099	0	200,805
Other Deferred Revenues	21,067	122,289	39,313	44,421	227,090
Total Liabilities	\$ 2,184,179	\$ 199,974	\$ 772,004	\$ 45,305	\$ 3,201,462
Fund Balances					
Reserved for Alcohol and Drug Treatment	\$ 5,143	\$ 0	\$ 0	\$ 0	\$ 5,143
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	26,605	0	0	0	26,605
Reserved for Computer System - Register	22,393	0	0	0	22,393
Reserved for Automation Purposes - Circuit Court	358	0	0	0	358
Reserved for Automation Purposes - General Sessions Court	8,152	0	0	0	8,152
Reserved for Automation Purposes - Chancery Court	2,538	0	0	0	2,538
Reserved for State Reappraisal Grant	2,009	0	0	0	2,009
Reserved for Capital Outlay	3,759	0	0	0	3,759
Unreserved, Reported In:					
General Fund	959,872	0	0	0	959,872
Special Revenue Funds	0	904,305	0	226,388	1,130,693
Debt Service Funds	0	0	1,425,214	0	1,425,214
Capital Projects Funds	0	0	0	392,616	392,616
Total Fund Balances	\$ 1,030,829	\$ 904,305	\$ 1,425,214	\$ 619,004	\$ 3,979,352
Total Liabilities and Fund Balances	\$ 3,215,008	\$ 1,104,279	\$ 2,197,218	\$ 664,309	\$ 7,180,814

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

Exhibit B

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,294,068	\$ 328,612	\$ 1,390,285	\$ 162,903	\$ 4,175,868
Licenses and Permits	5,856	0	0	0	5,856
Fines, Forfeitures, and Penalties	73,696	0	0	9,221	82,917
Charges for Current Services	641,613	0	0	1,005	642,618
Other Local Revenues	102,752	710	142,988	22,127	268,577
Fees Received from County Officials	553,142	0	0	0	553,142
State of Tennessee	592,526	1,818,493	0	41,240	2,452,259
Federal Government	68,089	0	0	6,440	74,529
Other Governments and Citizens Groups	21,509	0	150,000	0	171,509
Total Revenues	\$ 4,353,251	\$ 2,147,815	\$ 1,683,273	\$ 242,936	\$ 8,427,275
<u>Expenditures</u>					
Current:					
General Government	\$ 436,098	\$ 0	\$ 0	\$ 0	\$ 436,098
Finance	345,286	0	0	0	345,286
Administration of Justice	373,732	0	0	1,005	374,737
Public Safety	1,566,864	0	0	5,387	1,572,251
Public Health and Welfare	726,875	0	0	207,663	934,538
Social, Cultural, and Recreational Services	232,562	0	0	0	232,562
Agricultural and Natural Resources	127,837	0	0	0	127,837
Other Operations	700,823	0	0	0	700,823
Highways	0	2,325,444	0	0	2,325,444
Debt Service:					
Principal	0	0	872,673	0	872,673
Interest	0	0	1,024,134	0	1,024,134
Other Debt Service	0	0	23,978	0	23,978
Capital Projects	0	0	0	6,600	6,600
Total Expenditures	\$ 4,510,077	\$ 2,325,444	\$ 1,920,785	\$ 220,655	\$ 8,976,961
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (156,826)	\$ (177,629)	\$ (237,512)	\$ 22,281	\$ (549,686)
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 44,022	\$ 0	\$ 0	\$ 0	\$ 44,022
Transfers In	0	0	19,726	45,920	65,646
Transfers Out	(65,646)	0	0	0	(65,646)
Total Other Financing Sources (Uses)	\$ (21,624)	\$ 0	\$ 19,726	\$ 45,920	\$ 44,022
Net Change in Fund Balances					
Fund Balance, July 1, 2004	\$ 1,209,279	\$ 1,081,934	\$ 1,643,000	\$ 550,803	\$ 4,485,016
Fund Balance, June 30, 2005	\$ 1,030,829	\$ 904,305	\$ 1,425,214	\$ 619,004	\$ 3,979,352

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

Exhibit C

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 3,744
Cash	401,131
Investments	100,228
Accounts Receivable	95
Due from Other Governments	99,130
Taxes Receivable	482,022
Allowance for Uncollectible Taxes	(16,403)
Notes Receivable - Long-Term	<u>7,428</u>
Total Assets	<u>\$ 1,077,375</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 568,588
Due to Litigants, Heirs, and Others	<u>508,787</u>
Total Liabilities	<u>\$ 1,077,375</u>

The accompanying notes are an intergral part of this statement.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

Blended Component Units – There are no legally separate component units of Crockett 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 Crockett County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the fund financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in those statements to emphasize that they are legally separate from the county.

The Crockett County School Department operates the public school system in the county, with the exception of the city school systems of Alamo and Bells, which operate the elementary schools in those cities. The voters of Crockett County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

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

Administrative Office:

Crockett County Emergency Communications District
884 South Cavalier Drive
Alamo, TN 38001

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

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

and fiduciary. An emphasis is placed on major funds within the governmental category. Crockett County has no proprietary funds to report.

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

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

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

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

Crockett County reports the following major governmental funds:

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

Highway/Public Works Fund – This fund accounts for transactions of the 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, Crockett County reports the following fund types:

Capital Projects Funds – The General Capital Projects Fund accounts for state and local funds to be used for construction of a county health department. The Community Development/Industrial Park Fund accounts for federal and local funds to be used for the construction of housing for low income families.

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

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

1. **Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all Crockett County and Crockett County School Department funds. Each fund's portion of this pool is displayed on the balance sheets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. In addition, investments are held separately by the county's Constitutional Officers – Agency Fund. Crockett County and the Crockett County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered

mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

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 1.83 percent of total taxes levied.

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

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

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

3. Capital Assets

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

4. Compensated Absences

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

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

5. Long-term Obligations

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

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

6. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to

change. The County Commission has designated \$70,062 from the General Fund for library building construction.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Emergency Management major appropriation category (the legal level of control) of the General Fund by \$20,582. Also, expenditures exceeded appropriations approved by the County Commission in the Principal – Education major appropriation category (the legal level of control) of the General Debt Service Fund by \$2,348. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues in the General Fund and by available fund balance in the General Debt Service Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Crockett County and the Crockett County School Department participate in an internal cash and investment pool through the Office of Trustee. The Crockett County School Department meets the criteria for a discretely presented component unit of Crockett County. Since Crockett County is presenting fund financial statements only, the financial information for the Crockett County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments 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, Crockett County had the following investments carried at fair value or cost. Except for the investments in the Constitutional Officers – Agency Fund, all investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Crockett County and the discretely presented Crockett County School Department since both pool their deposits and investments through the county trustee.

The investments in the Constitutional Officers – Agency Fund are by court order and at the request of a litigant. These investments do not expose the county to any risk; therefore, further disclosure is not required.

Investment	Maturity	Cost
County Trustee's Investment Pool:		
State Treasurer's Investment Pool	Daily	\$ 508,096
Constitutional Officers – Agency Fund:		
Goldman Sachs Government Money Market	On Demand	546
Fidelity Institutional Short Intermediate Government Mutual Fund	On Demand	4,036
Vanguard Bond Index Mutual Fund	On Demand	31,536
Vanguard Intermediate Term Treasury Mutual Fund	On Demand	4,088
ABN AMRO/MONTAG & CALDWELL		
Growth CLI Mutual Fund	On Demand	7,500
Fidelity Low Price Stock Mutual Fund	On Demand	4,073
Longleaf Partners Mutual Fund	On Demand	5,931
T. Rowe Price Growth Stock Mutual Fund	On Demand	7,684
T. Rowe Price Equity Income Mutual Fund	On Demand	14,764
T. Rowe Price Mid Cap Growth Mutual Fund	On Demand	6,206
Vanguard International Growth Mutual Fund	On Demand	5,833
Vanguard Explorer FD 24 Mutual Fund	On Demand	2,048
Vanguard Index S&P 500 Mutual Fund	On Demand	<u>5,983</u>
Total		<u>\$ 608,324</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Crockett County has no investment policy that would further limit its investment choices. As of June 30, 2005, Crockett County's investment in the State Treasurer's Investment Pool was unrated. The investments in the Constitutional Officers – Agency Fund are by court order and at the request of a litigant. These investments do not expose the county to any credit risk.

B. Notes Receivable

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

C. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 50,180
General Debt Service	General	19,726
Nonmajor governmental	"	45,920

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.

In the General Fund, \$49,296 of the receivable was in transit from the Solid Waste/Sanitation Fund at June 30, 2005. The receivable in the General Debt Service Fund (\$19,726) was in transit from the General Fund. The receivable in the nonmajor governmental fund (General Capital Projects Fund, \$45,920) was in transit from the General Fund at June 30, 2005.

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>
General Fund	\$ 19,726	\$ 45,920
Total	\$ 19,726	\$ 45,920

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

D. Capital Leases

Terms of capital lease obligations outstanding at June 30, 2005, are as follows:

<u>Description</u>	<u>Date of Lease</u>	<u>Length of Lease</u>	<u>Total Payments</u>	<u>Interest Rate</u>
Sheriff's Vehicle	3-17-04	2 Years	\$ 29,390	5.05%
Sheriff's Patrol Car	6-22-04	2 Years	22,804	4.5
Sheriff's Patrol Cars	5-20-05	2 Years	46,123	5

Titles to the above-noted equipment transfer to Crockett County at the end of lease periods.

Since Crockett County is presenting fund financial statements only, the present value of minimum lease payments under lease agreements has not been reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in the government-wide financial statements, but Crockett County is not presenting government-wide financial statements.

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

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2006	\$ 32,772
2007	15,374
Total Minimum Lease Payments	\$ 48,146
Amounts Representing Interest	(2,898)
Present Value of Minimum Lease Payments	<u>\$ 45,248</u>

E. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, 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	4.5 to 5%	\$ 16,435,000	\$ 15,290,406
General Obligation Bonds - Refunding	2.5 to 5	6,305,000	4,790,000
Capital Outlay Notes	3.95 to 5.1	820,000	553,006

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 804,909	\$ 964,082	\$ 65,640	\$ 23,852
2007	851,154	927,550	68,601	20,891
2008	942,462	888,603	71,682	17,810
2009	1,008,834	845,046	74,907	14,584
2010	1,100,277	797,844	272,176	34,012
2011-2015	5,766,200	3,180,046	0	0
2016-2020	7,729,444	1,631,269	0	0
2021-2025	1,654,481	144,099	0	0
2026-2030	69,533	49,047	0	0
2031-2035	88,742	29,838	0	0
2035-2038	64,370	6,529	0	0
Total	\$ 20,080,406	\$ 9,463,953	\$ 553,006	\$ 111,149

There is \$1,425,214 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$1,382, based on the 2000 federal census. Total debt per capita, including bonds and notes, amounted to \$1,423, 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	Capitalized Leases
Balance, July 1, 2004	\$ 20,891,338	\$ 614,747	\$ 46,815
Additions	0	0	44,022
Deductions	(810,932)	(61,741)	(45,589)
Balance, June 30, 2005	<u>\$ 20,080,406</u>	<u>\$ 553,006</u>	<u>\$ 45,248</u>
Balance Due Within One Year	<u>\$ 804,909</u>	<u>\$ 65,640</u>	<u>\$ 30,585</u>

Defeasance of Prior Debt

In prior years, Crockett County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. The defeased bonds (1994 General Obligation Series) became callable and were retired by the trustee during the 2004-05 year.

IV. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

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

losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

Crockett County joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school boards. Crockett County 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 TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Change

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

C. Subsequent Event

On July 28, 2005, the Crockett County Commission approved a resolution authorizing the issuance of refunding bonds in an amount not to exceed \$9,455,000 to refund a portion of the \$9,850,000 School Bonds, Series 2001 and a portion of the \$5,085,000 School Bonds, Series 2002.

D. 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.

E. Retirement Commitments

Plan Description

Employees of Crockett County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-

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

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

Funding Policy

Crockett County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 5.3 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Crockett County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Crockett County's annual pension cost of \$196,189 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.

Crockett County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$196,189	100%	\$0
6-30-04	164,975	100	0
6-30-03	152,607	100	0

Required Supplementary Information

Schedule of Funding Progress for Crockett County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$7,534	\$7,642	\$108	98.59%	\$2,823	3.83%
6-30-01	6,795	6,958	163	97.66	2,937	5.55
6-30-99	5,851	6,156	305	95.05	2,603	11.72

F. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated. This act provides all purchases exceeding \$5,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of Chapter 26, Private Acts of 1933, as amended, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. These statutes vest purchasing responsibilities with the County Road Commission and require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive basis.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,294,068	\$ 2,274,358	\$ 2,274,358	\$ 19,710
Licenses and Permits	5,856	5,400	5,400	456
Fines, Forfeitures and Penalties	73,696	71,350	72,800	896
Charges for Current Services	641,613	537,750	642,483	(870)
Other Local Revenues	102,752	63,500	100,550	2,202
Fees Received from County Officials	553,142	550,000	550,000	3,142
State of Tennessee	592,526	393,684	453,784	138,742
Federal Government	68,089	31,183	130,846	(62,757)
Other Governments and Citizens Groups	21,509	0	18,500	3,009
Total Revenues	\$ 4,353,251	\$ 3,927,225	\$ 4,248,721	\$ 104,530
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,606	\$ 13,036	\$ 13,036	\$ 430
Board of Equalization	170	500	500	330
Beer Board	775	650	900	125
County Mayor	121,239	124,882	124,882	3,643
County Attorney	400	3,000	3,000	2,600
Election Commission (Including Voter Registration)	85,452	88,095	93,475	8,023
Register of Deeds	76,676	84,375	84,085	7,409
County Buildings	138,780	159,857	153,357	14,577
<u>Finance</u>				
Accounting and Budgeting	1,801	5,850	5,850	4,049
Property Assessor's Office	105,887	106,668	106,617	730
Reappraisal Program	3,698	3,894	3,894	196
County Trustee's Office	114,380	117,884	117,884	3,504
County Clerk's Office	119,520	117,218	122,846	3,326
<u>Administration of Justice</u>				
Circuit Court	166,793	167,157	169,548	2,755
General Sessions Judge	69,357	71,554	71,554	2,197
Drug Court	1,423	0	1,450	27
Chancery Court	76,053	79,743	79,743	3,690
Juvenile Court	51,307	53,306	53,306	1,999
Other Administration of Justice	8,799	9,000	9,000	201

(Continued)

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety</u>				
Sheriff's Department	718,721	670,966	737,670	18,949
Jail	634,218	593,071	666,986	32,768
Fire Prevention and Control	52,980	53,050	53,050	70
Civil Defense	25,134	24,211	27,811	2,677
Rescue Squad	7,000	7,000	7,000	0
Other Emergency Management	120,244	0	99,662	(20,582)
County Coroner/Medical Examiner	5,729	6,600	6,600	871
Other Public Safety	2,838	2,838	2,838	0
<u>Public Health and Welfare</u>				
Local Health Center	\$ 41,266	\$ 45,087	\$ 45,087	\$ 3,821
Rabies and Animal Control	29,141	29,139	29,354	213
Ambulance/Emergency Medical Services	585,214	533,108	589,121	3,907
Maternal and Child Health Services	4,000	4,000	4,000	0
Alcohol and Drug Programs	10,165	10,165	10,165	0
Crippled Children Services	1,650	1,650	1,650	0
Other Local Health Services	2,000	2,000	2,000	0
Appropriation to State	8,000	53,920	8,000	0
Other Local Welfare Services	1,336	2,000	2,000	664
Waste Pickup	27,829	31,737	31,737	3,908
Other Public Health and Welfare	16,274	0	50,100	33,826
<u>Social, Cultural and Recreational Services</u>				
Adult Activities	83,111	81,908	87,906	4,795
Senior Citizens Assistance	60,124	61,290	61,565	1,441
Libraries	61,356	62,224	66,707	5,351
Parks and Fair Boards	9,000	9,000	9,000	0
Other Social, Cultural and Recreational	18,971	19,335	19,335	364
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	43,323	50,240	50,240	6,917
Soil Conservation	77,014	76,868	77,018	4
Flood Control	7,500	7,500	7,500	0
<u>Other Operations</u>				
Industrial Development	33,973	9,604	34,604	631
Veterans' Services	15,858	16,014	16,014	156
Other Charges	163,151	173,470	173,470	10,319
Contributions to Other Agencies	22,000	22,000	22,000	0
Employee Benefits	434,163	420,500	438,802	4,639
Miscellaneous	31,678	39,500	50,860	19,182
Total Expenditures	\$ 4,510,077	\$ 4,326,664	\$ 4,704,779	\$ 194,702

(Continued)

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (156,826)	\$ (399,439)	\$ (456,058)	\$ 299,232
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 44,022	\$ 0	\$ 44,022	\$ 0
Transfers Out	(65,646)	(20,000)	(65,920)	274
Total Other Financing Sources (Uses)	\$ (21,624)	\$ (20,000)	\$ (21,898)	\$ 274
Net Change in Fund Balance	\$ (178,450)	\$ (419,439)	\$ (477,956)	\$ 299,506
Fund Balance, July 1, 2004	1,209,279	1,093,560	1,093,560	115,719
Fund Balance, June 30, 2005	\$ 1,030,829	\$ 674,121	\$ 615,604	\$ 415,225

Exhibit D-2

Crockett County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 328,612	\$ 341,049	\$ 341,049	\$ (12,437)
Other Local Revenues	710	150	150	560
State of Tennessee	1,818,493	2,037,536	2,037,536	(219,043)
Total Revenues	<u>\$ 2,147,815</u>	<u>\$ 2,378,735</u>	<u>\$ 2,378,735</u>	<u>\$ (230,920)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 142,767	\$ 153,406	\$ 153,406	\$ 10,639
Highway and Bridge Maintenance	941,782	1,263,314	1,263,314	321,532
Operation and Maintenance of Equipment	264,204	305,364	305,364	41,160
Other Charges	97,002	98,757	98,757	1,755
Employee Benefits	187,082	223,278	223,278	36,196
Capital Outlay	692,607	1,066,410	1,066,410	373,803
Total Expenditures	<u>\$ 2,325,444</u>	<u>\$ 3,110,529</u>	<u>\$ 3,110,529</u>	<u>\$ 785,085</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (177,629)</u>	<u>\$ (731,794)</u>	<u>\$ (731,794)</u>	<u>\$ 554,165</u>
Net Change in Fund Balance	\$ (177,629)	\$ (731,794)	\$ (731,794)	\$ 554,165
Fund Balance, July 1, 2004	1,081,934	1,088,434	1,088,434	(6,500)
Fund Balance, June 30, 2005	<u>\$ 904,305</u>	<u>\$ 356,640</u>	<u>\$ 356,640</u>	<u>\$ 547,665</u>

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

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Other Emergency Management major appropriation category (the level of control) of the General Fund by \$20,582. Such an overexpenditure is a violation of state statute. This overexpenditure was funded by greater than anticipated revenues.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Crockett County's convenience center operations.

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

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

Capital Projects Funds

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

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

Community Development/Industrial Park Capital Projects Fund – The Community Development/Industrial Park Fund is used to account for the construction of housing for low income families.

Exhibit E-1

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 884	\$ 884	\$ 0	\$ 0	\$ 0	884
Equity in Pooled Cash and Investments	196,938	20,665	0	217,603	334,196	12,500	346,696	564,299
Due from Other Governments	53,206	0	0	53,206	0	0	0	53,206
Due from Other Funds	0	0	0	0	45,920	0	45,920	45,920
Total Assets	\$ 250,144	\$ 20,665	\$ 884	\$ 271,693	\$ 380,116	\$ 12,500	\$ 392,616	\$ 664,309
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Due to Other Funds	\$ 0	\$ 0	\$ 884	\$ 884	\$ 0	\$ 0	\$ 0	884
Other Deferred Revenues	44,421	0	0	44,421	0	0	0	44,421
Total Liabilities	\$ 44,421	\$ 0	\$ 884	\$ 45,305	\$ 0	\$ 0	\$ 0	45,305
<u>Fund Balances</u>								
Unreserved	\$ 205,723	\$ 20,665	\$ 0	\$ 226,388	\$ 380,116	\$ 12,500	\$ 392,616	\$ 619,004
Total Fund Balances	\$ 205,723	\$ 20,665	\$ 0	\$ 226,388	\$ 380,116	\$ 12,500	\$ 392,616	\$ 619,004
Total Liabilities and Fund Balances	\$ 250,144	\$ 20,665	\$ 884	\$ 271,693	\$ 380,116	\$ 12,500	\$ 392,616	\$ 664,309

Exhibit E-2

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>								
Local Taxes	\$ 162,903	\$ 0	\$ 0	\$ 162,903	\$ 0	\$ 0	\$ 0	\$ 162,903
Fines, Forfeitures, and Penalties	0	9,221	0	9,221	0	0	0	9,221
Charges for Current Services	0	0	1,005	1,005	0	0	0	1,005
Other Local Revenues	0	3,000	0	3,000	6,627	12,500	19,127	22,127
State of Tennessee	41,240	0	0	41,240	0	0	0	41,240
	0	0	0	0	2,940	3,500	6,440	6,440
Total Revenues	\$ 204,143	\$ 12,221	\$ 1,005	\$ 217,369	\$ 9,567	\$ 16,000	\$ 25,567	\$ 242,936
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 1,005	\$ 1,005	\$ 0	\$ 0	\$ 0	\$ 1,005
Public Safety	0	5,387	0	5,387	0	0	0	5,387
Public Health and Welfare	207,663	0	0	207,663	0	0	0	207,663
Capital Projects	0	0	0	0	3,100	3,500	6,600	6,600
Total Expenditures	\$ 207,663	\$ 5,387	\$ 1,005	\$ 214,055	\$ 3,100	\$ 3,500	\$ 6,600	\$ 220,655
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,520)	\$ 6,834	\$ 0	\$ 3,314	\$ 6,467	\$ 12,500	\$ 18,967	\$ 22,281
Other Financing Sources (Uses)								
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,920	\$ 0	\$ 45,920	\$ 45,920
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,920	\$ 0	\$ 45,920	\$ 45,920
Net Change in Fund Balances	\$ (3,520)	\$ 6,834	\$ 0	\$ 3,314	\$ 52,387	\$ 12,500	\$ 64,887	\$ 68,201
Fund Balance, July 1, 2004	209,243	13,831	0	223,074	327,729	0	327,729	550,803
Fund Balance, June 30, 2005	\$ 205,723	\$ 20,665	\$ 0	\$ 226,388	\$ 380,116	\$ 12,500	\$ 392,616	\$ 619,004

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 162,903	\$ 160,750	\$ 160,750	\$ 2,153
State of Tennessee	41,240	45,350	45,350	(4,110)
Total Revenues	<u>\$ 204,143</u>	<u>\$ 206,100</u>	<u>\$ 206,100</u>	<u>\$ (1,957)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 207,663	\$ 209,448	\$ 211,483	\$ 3,820
Total Expenditures	<u>\$ 207,663</u>	<u>\$ 209,448</u>	<u>\$ 211,483</u>	<u>\$ 3,820</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,520)</u>	<u>\$ (3,348)</u>	<u>\$ (5,383)</u>	<u>\$ 1,863</u>
Net Change in Fund Balance	\$ (3,520)	\$ (3,348)	\$ (5,383)	\$ 1,863
Fund Balance, July 1, 2004	<u>209,243</u>	<u>200,278</u>	<u>200,278</u>	<u>8,965</u>
Fund Balance, June 30, 2005	<u>\$ 205,723</u>	<u>\$ 196,930</u>	<u>\$ 194,895</u>	<u>\$ 10,828</u>

Exhibit E-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 9,221	\$ 10,000	\$ 10,000	\$ (779)
Other Local Revenues	3,000	0	0	3,000
Total Revenues	<u>\$ 12,221</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 2,221</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 5,387	\$ 11,000	\$ 11,000	\$ 5,613
Total Expenditures	<u>\$ 5,387</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 5,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,834</u>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	<u>\$ 7,834</u>
Net Change in Fund Balance	\$ 6,834	\$ (1,000)	\$ (1,000)	\$ 7,834
Fund Balance, July 1, 2004	13,831	13,763	13,763	68
Fund Balance, June 30, 2005	<u>\$ 20,665</u>	<u>\$ 12,763</u>	<u>\$ 12,763</u>	<u>\$ 7,902</u>

Major Governmental Funds

General Debt Service Fund

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

Exhibit F

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,390,285	\$ 1,379,850	\$ 1,379,850	\$ 10,435
Other Local Revenues	142,988	190,000	190,000	(47,012)
Other Governments and Citizens Groups	150,000	0	150,000	0
Total Revenues	<u>\$ 1,683,273</u>	<u>\$ 1,569,850</u>	<u>\$ 1,719,850</u>	<u>\$ (36,577)</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 580,811	\$ 578,598	\$ 580,811	\$ 0
Education	291,862	292,897	289,514	(2,348)
<u>Interest</u>				
General Government	127,078	129,294	129,290	2,212
Education	897,056	896,022	897,196	140
<u>Other Debt Service</u>				
General Government	22,949	24,535	24,535	1,586
Education	1,029	1,030	1,030	1
Total Expenditures	<u>\$ 1,920,785</u>	<u>\$ 1,922,376</u>	<u>\$ 1,922,376</u>	<u>\$ 1,591</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (237,512)</u>	<u>\$ (352,526)</u>	<u>\$ (202,526)</u>	<u>\$ (34,986)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 19,726	\$ 327,000	\$ 177,000	\$ (157,274)
Total Other Financing Sources (Uses)	<u>\$ 19,726</u>	<u>\$ 327,000</u>	<u>\$ 177,000</u>	<u>\$ (157,274)</u>
Net Change in Fund Balance	\$ (217,786)	\$ (25,526)	\$ (25,526)	\$ (192,260)
Fund Balance, July 1, 2004	<u>1,643,000</u>	<u>1,648,706</u>	<u>1,648,706</u>	<u>(5,706)</u>
Fund Balance, June 30, 2005	<u>\$ 1,425,214</u>	<u>\$ 1,623,180</u>	<u>\$ 1,623,180</u>	<u>\$ (197,966)</u>

Agency Funds

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

Agency Funds

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

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

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

Exhibit G-1

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

	<u>Agency Funds</u>				
	Cities - Sales Tax	City School ADA - Alamo	City School ADA - Bells	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 2,054	\$ 1,690	\$ 0	\$ 3,744
Cash	0	0	0	401,131	401,131
Investments	0	0	0	100,228	100,228
Accounts Receivable	0	50	45	0	95
Due from Other Governments	62,200	14,000	22,930	0	99,130
Taxes Receivable	0	264,497	217,525	0	482,022
Allowance for Uncollectible Taxes	0	(9,001)	(7,402)	0	(16,403)
Notes Receivable - Long-Term	0	0	0	7,428	7,428
Total Assets	<u>\$ 62,200</u>	<u>\$ 271,600</u>	<u>\$ 234,788</u>	<u>\$ 508,787</u>	<u>\$ 1,077,375</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 62,200	\$ 271,600	\$ 234,788	\$ 0	\$ 568,588
Due to Litigants, Heirs, and Others	0	0	0	508,787	508,787
Total Liabilities	<u>\$ 62,200</u>	<u>\$ 271,600</u>	<u>\$ 234,788</u>	<u>\$ 508,787</u>	<u>\$ 1,077,375</u>

Exhibit G-2

Crockett 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	\$ 329,545	\$ 329,545	\$ 0
Due From Other Governments	55,139	62,200	55,139	62,200
Total Assets	<u>\$ 55,139</u>	<u>\$ 391,745</u>	<u>\$ 384,684</u>	<u>\$ 62,200</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 55,139</u>	<u>\$ 391,745</u>	<u>\$ 384,684</u>	<u>\$ 62,200</u>
Total Liabilities	<u>\$ 55,139</u>	<u>\$ 391,745</u>	<u>\$ 384,684</u>	<u>\$ 62,200</u>
<u>City School ADA - Alamo Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,367	\$ 329,934	\$ 329,247	\$ 2,054
Accounts Receivable	50	50	50	50
Due From Other Governments	12,198	14,000	12,198	14,000
Taxes Receivable	256,021	264,497	256,021	264,497
Allowance for Uncollectible Taxes	(9,090)	(9,001)	(9,090)	(9,001)
Total Assets	<u>\$ 260,546</u>	<u>\$ 599,480</u>	<u>\$ 588,426</u>	<u>\$ 271,600</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 260,546</u>	<u>\$ 599,480</u>	<u>\$ 588,426</u>	<u>\$ 271,600</u>
Total Liabilities	<u>\$ 260,546</u>	<u>\$ 599,480</u>	<u>\$ 588,426</u>	<u>\$ 271,600</u>
<u>City School ADA - Bells Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,142	\$ 271,326	\$ 270,778	\$ 1,690
Accounts Receivable	45	45	45	45
Due From Other Governments	10,192	22,930	10,192	22,930
Taxes Receivable	213,941	217,525	213,941	217,525
Allowance for Uncollectible Taxes	(7,596)	(7,402)	(7,596)	(7,402)
Total Assets	<u>\$ 217,724</u>	<u>\$ 504,424</u>	<u>\$ 487,360</u>	<u>\$ 234,788</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 217,724</u>	<u>\$ 504,424</u>	<u>\$ 487,360</u>	<u>\$ 234,788</u>
Total Liabilities	<u>\$ 217,724</u>	<u>\$ 504,424</u>	<u>\$ 487,360</u>	<u>\$ 234,788</u>

Exhibit G-2

Crockett County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,006,918	\$ 2,629,035	\$ 3,234,822	\$ 401,131
Investments	0	100,228	0	100,228
Accounts Receivable	84	0	84	0
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	<u>\$ 1,014,430</u>	<u>\$ 2,729,263</u>	<u>\$ 3,234,906</u>	<u>\$ 508,787</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 1,014,430</u>	<u>\$ 2,729,263</u>	<u>\$ 3,234,906</u>	<u>\$ 508,787</u>
Total Liabilities	<u>\$ 1,014,430</u>	<u>\$ 2,729,263</u>	<u>\$ 3,234,906</u>	<u>\$ 508,787</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,509	\$ 930,805	\$ 929,570	\$ 3,744
Cash	1,006,918	2,629,035	3,234,822	401,131
Investments	0	100,228	0	100,228
Accounts Receivable	179	95	179	95
Due From Other Governments	77,529	99,130	77,529	99,130
Taxes Receivable	469,962	482,022	469,962	482,022
Allowance for Uncollectible Taxes	(16,686)	(16,403)	(16,686)	(16,403)
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	<u>\$ 1,547,839</u>	<u>\$ 4,224,912</u>	<u>\$ 4,695,376</u>	<u>\$ 1,077,375</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 533,409	\$ 1,495,649	\$ 1,460,470	\$ 568,588
Due to Litigants, Heirs, and Others	<u>1,014,430</u>	<u>2,729,263</u>	<u>3,234,906</u>	<u>508,787</u>
Total Liabilities	<u>\$ 1,547,839</u>	<u>\$ 4,224,912</u>	<u>\$ 4,695,376</u>	<u>\$ 1,077,375</u>

MISCELLANEOUS SCHEDULES

Exhibit H-1

Crockett County, Tennessee
Schedule of Changes in Long-Term Notes, Capitalized Leases 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
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Classrooms and Fieldhouse	\$ 360,000	5.1%	6-22-1998	6-30-10	\$ 206,657	\$ 0	\$ 30,346	\$ 176,311
Trash Compactors and Site Preparation	60,000	3.974	Various	4-15-11	38,004	0	4,879	33,125
School Construction	400,000	3.95	3-6-03	12-15-14	370,086	0	26,516	343,570
Total Notes Payable					<u>\$ 614,747</u>	<u>\$ 0</u>	<u>\$ 61,741</u>	<u>\$ 553,006</u>
CAPITALIZED LEASE PURCHASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Patrol Car	22,136	5.25	7-24-03	7-24-05	\$ 14,377	\$ 0	\$ 14,377	0
Sheriff's Vehicle	28,000	5.05	3-17-04	3-17-06	18,203	0	8,877	9,326
Sheriff's Patrol Car	21,836	4.5	6-22-04	6-22-06	14,235	0	6,961	7,274
Sheriff's Patrol Cars	44,022	5	5-20-05	5-20-07	0	44,022	15,374	28,648
Total Capitalized Lease Purchases Payable					<u>\$ 46,815</u>	<u>\$ 44,022</u>	<u>\$ 45,589</u>	<u>\$ 45,248</u>
GENERAL BONDED DEBT								
<u>Payable through General Debt Service Fund</u>								
Courthouse and Library (General Motors Acceptance Corp.)	200,000	5	1-28-1976	1-1-16	\$ 104,427	\$ 0	\$ 7,351	\$ 97,076
Courthouse and Library (General Motors Acceptance Corp.)	50,000	5	12-30-1976	12-1-16	26,052	0	1,829	24,223
Nursing Home (General Motors Acceptance Corp.)	300,000	5	10-26-1977	1-1-17	166,189	0	10,587	155,602
Nursing Home (General Motors Acceptance Corp.)	50,000	5	2-9-1979	1-1-19	30,687	0	1,648	29,039
Nursing Home (General Motors Acceptance Corp.)	500,000	5	8-9-1982	1-1-11	195,000	0	25,000	170,000
School Refunding 1997 Series	3,595,000	4 to 5	11-1-1997	4-1-12	3,425,000	0	35,000	3,390,000
Courthouse and Senior Citizens' Buildings Renovations	400,000	5	10-14-1999	10-14-37	383,983	0	4,517	379,466
General Obligation School Bonds	9,850,000	4.5 to 5	8-9-01	4-1-21	9,750,000	0	100,000	9,650,000
General Obligation Refunding Bonds	2,710,000	2.5 to 4.875	4-17-02	4-1-14	1,925,000	0	525,000	1,400,000
General Obligation School Bonds	5,085,000	4.55 to 5	4-17-02	4-1-17	4,885,000	0	100,000	4,785,000
Total General Bonded Debt					<u>\$ 20,891,338</u>	<u>\$ 0</u>	<u>\$ 810,932</u>	<u>\$ 20,080,406</u>

Exhibit H-2

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

Year Ending June 30			General Motors Acceptance Corporation		Total Requirements
	Bond Requirements	Interest Requirements	Bond Requirements	Interest Requirements	
2006	\$ 759,743	\$ 940,175	\$ 45,166	\$ 23,907	\$ 1,768,991
2007	804,980	905,901	46,174	21,649	1,778,704
2008	890,229	869,263	52,233	19,340	1,831,065
2009	955,490	828,317	53,344	16,729	1,853,880
2010	1,045,765	783,783	54,512	14,061	1,898,121
2011	1,121,053	733,364	55,737	11,336	1,921,490
2012	1,181,356	679,301	27,024	8,549	1,896,230
2013	981,673	622,960	28,375	7,198	1,640,206
2014	1,052,007	578,313	29,794	5,779	1,665,893
2015	1,257,357	529,497	31,824	3,749	1,822,427
2016	1,417,725	469,991	29,837	2,638	1,920,191
2017	1,533,112	402,354	16,989	964	1,953,419
2018	1,558,517	328,262	2,836	129	1,889,744
2019	1,558,943	252,273	2,095	332	1,813,643
2020	1,609,390	174,326	0	0	1,783,716
2021	1,609,860	93,856	0	0	1,703,716
2022	10,353	13,363	0	0	23,716
2023	10,870	12,846	0	0	23,716
2024	11,414	12,302	0	0	23,716
2025	11,984	11,732	0	0	23,716
2026	12,584	11,132	0	0	23,716
2027	13,213	10,503	0	0	23,716
2028	13,873	9,843	0	0	23,716
2029	14,567	9,149	0	0	23,716
2030	15,296	8,420	0	0	23,716
2031	16,060	7,656	0	0	23,716
2032	16,863	6,853	0	0	23,716
2033	17,707	6,009	0	0	23,716
2034	18,591	5,125	0	0	23,716
2035	19,521	4,195	0	0	23,716
2036	20,498	3,218	0	0	23,716
2037	21,522	2,194	0	0	23,716
2038	22,350	1,117	0	0	23,467
Total	\$ 19,604,466	\$ 9,327,593	\$ 475,940	\$ 136,360	\$ 29,544,359

Exhibit H-3

Crockett County, Tennessee
Schedule of Investments - All Funds
June 30, 2005

<u>Fund and Type</u>	<u>Amount</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Clerk and Master</u>	
Goldman Sachs Government Money Market	\$ 546
Fidelity Institutional Short Intermediate Government Mutual Fund	4,036
Vanguard Bond Index Mutual Fund	31,536
Vanguard Intermediate Term Treasury Mutual Fund	4,088
ABN AMRO/MONTAG & CALDWELL Growth CL I Mutual Fund	7,500
Fidelity Low Price Stock Mutual Fund	4,073
Longleaf Partners Mutual Fund	5,931
T. Rowe Price Growth Stock Mutual Fund	7,684
T. Rowe Price Equity Income Mutual Fund	14,764
T. Rowe Price Mid Cap Growth Mutual Fund	6,206
Vanguard International Growth Mutual Fund	5,833
Vanguard Explorer FD 24 Mutual Fund	2,048
Vanguard Index S&P 500 Mutual Fund	<u>5,983</u>
Total Constitutional Officers - Agency Fund	<u>\$ 100,228</u>
Total Investments	<u><u>\$ 100,228</u></u>

Exhibit H-4

Crockett County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2005

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

Exhibit H-5

Crockett 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	General Debt Service	Litigation tax for debt retirement.	\$ 19,726
General	General Capital Projects	To provide funds for building construction.	<u>45,920</u>
Total Transfers			<u>\$ 65,646</u>

Exhibit H-6

Crockett 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>	\$ 55,403	\$ 50,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	52,765	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	47,969	410,700	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	47,969	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	47,969	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	47,969	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	48,974 (1)	30,000	"
Register	Section 8-24-102, <u>TCA</u>	47,969	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	53,365 (2)	25,000	"
Employee Bonds:				
General Fund Employees	-----	-----	150,000	Tennessee School Boards Risk Management Trust
Road Supervisor's Bookkeeper	-----	-----	10,000	Western Surety Company

(1) - Includes special commissioner fees of \$1,005.

(2) - Includes law enforcement training supplement of \$600.

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

Exhibit H-7

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,911,131	\$ 0	\$ 0	\$ 0	\$ 0	\$ 652,600	\$ 0	\$ 0	\$ 2,563,731
Discount on Property Taxes	(12,904)	0	0	0	0	(4,407)	0	0	(17,311)
Trustee's Collections - Prior Year	82,191	0	0	0	0	28,056	0	0	110,247
Trustee's Collections - Bankruptcy	3,227	0	0	0	0	1,102	0	0	4,329
Circuit/Clerk & Master Collections - Prior Years	53,334	0	0	0	0	18,212	0	0	71,546
Interest and Penalty	15,444	0	0	0	0	5,268	0	0	20,712
Payments in Lieu of Taxes - T.V.A.	96	0	0	0	0	7	0	0	103
Payments in Lieu of Taxes - Other	2,376	0	0	0	0	0	0	0	2,376
<u>County Local Option Taxes</u>									
Local Option Sales Tax	49,296	45,213	0	0	0	427,584	0	0	522,093
Hotel/Motel Tax	11,498	0	0	0	0	0	0	0	11,498
Wheel Tax	0	0	0	0	328,612	261,863	0	0	590,475
Litigation Tax - General	55,501	0	0	0	0	0	0	0	55,501
Litigation Tax - Jail, Workhouse, or Courthouse	19,727	0	0	0	0	0	0	0	19,727
Business Tax	62,688	0	0	0	0	0	0	0	62,688
<u>Statutory Local Taxes</u>									
Bank Excise Tax	40,463	0	0	0	0	0	0	0	40,463
Wholesale Beer Tax	0	116,987	0	0	0	0	0	0	116,987
Interstate Telecommunications Tax	0	703	0	0	0	0	0	0	703
Total Local Taxes	\$ 2,294,068	\$ 162,903	\$ 0	\$ 0	\$ 328,612	\$ 1,390,285	\$ 0	\$ 0	\$ 4,175,868
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Vaccination	\$ 1,818	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,818
Cable TV Franchise	2,368	0	0	0	0	0	0	0	2,368
<u>Permits</u>									
Beer Permits	1,670	0	0	0	0	0	0	0	1,670
Total Licenses and Permits	\$ 5,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,856
<u>Fines, Forfeitures and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 3,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,824

(Continued)

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

Exhibit H-7

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fines, Forfeitures and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Officers Costs	\$ 3,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,090
Drug Control Fines	378	0	1,667	0	0	0	0	0	2,045
Drug Court Fees	1,102	0	0	0	0	0	0	0	1,102
Jail Fees	257	0	0	0	0	0	0	0	257
DUI Treatment Fines	475	0	0	0	0	0	0	0	475
Data Entry Fee - Circuit Court	182	0	0	0	0	0	0	0	182
<u>General Sessions Court</u>									
Fines	16,460	0	0	0	0	0	0	0	16,460
Officers Costs	19,088	0	0	0	0	0	0	0	19,088
Drug Control Fines	2,606	0	2,931	0	0	0	0	0	5,537
Drug Court Fees	2,087	0	0	0	0	0	0	0	2,087
Jail Fees	4,387	0	0	0	0	0	0	0	4,387
DUI Treatment Fines	2,914	0	0	0	0	0	0	0	2,914
Data Entry Fee - General Sessions Court	3,982	0	0	0	0	0	0	0	3,982
<u>Juvenile Court</u>									
Fines	86	0	0	0	0	0	0	0	86
Officers Costs	8,452	0	0	0	0	0	0	0	8,452
<u>Chancery Court</u>									
Officers Costs	3,192	0	0	0	0	0	0	0	3,192
Data Entry Fee - Chancery Court	1,134	0	0	0	0	0	0	0	1,134
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	4,623	0	0	0	0	0	4,623
Total Fines, Forfeitures and Penalties	\$ 73,696	\$ 0	\$ 9,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,917
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 624,684	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 624,684
<u>Fees</u>									
Library Fees	2,531	0	0	0	0	0	0	0	2,531
Telephone Commissions	6,431	0	0	0	0	0	0	0	6,431
Vending Machine Collections	306	0	0	0	0	0	0	0	306
Special Commissioner Fees/Special Master Fees	0	0	0	1,005	0	0	0	0	1,005

(Continued)

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

Exhibit H-7

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>									
<u>Fees (Cont.)</u>									
Data Processing Fee - Register	\$ 5,272	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,272
Data Processing Fee - Sheriff	1,789	0	0	0	0	0	0	0	1,789
Sexual Offender Registration Fee	600	0	0	0	0	0	0	0	600
Total Charges for Current Services	\$ 641,613	\$ 0	\$ 0	\$ 1,005	\$ 0	\$ 0	\$ 0	\$ 0	\$ 642,618
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 987	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,596	\$ 6,627	\$ 0	\$ 44,210
Lease/Rentals	39,642	0	0	0	0	106,392	0	0	146,034
Sale of Materials and Supplies	0	0	0	0	300	0	0	0	300
Miscellaneous Refunds	12,279	0	3,000	0	410	0	0	0	15,689
<u>Nonrecurring Items</u>									
Insurance Recovery	49,069	0	0	0	0	0	0	0	49,069
Contributions & Gifts	300	0	0	0	0	0	0	12,500	12,800
Performance Bond Forfeitures	475	0	0	0	0	0	0	0	475
Total Other Local Revenues	\$ 102,752	\$ 0	\$ 3,000	\$ 0	\$ 710	\$ 142,988	\$ 6,627	\$ 12,500	\$ 268,577
<u>Fees Received from County Officials</u>									
<u>Fees In Lieu of Salary</u>									
County Clerk	\$ 122,586	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,586
Circuit Court Clerk	17,050	0	0	0	0	0	0	0	17,050
General Sessions Court Clerk	91,036	0	0	0	0	0	0	0	91,036
Clerk and Master	62,707	0	0	0	0	0	0	0	62,707
Juvenile Court Clerk	36,023	0	0	0	0	0	0	0	36,023
Register	61,304	0	0	0	0	0	0	0	61,304
Sheriff	7,592	0	0	0	0	0	0	0	7,592
Trustee	154,844	0	0	0	0	0	0	0	154,844
Total Fees Received from County Officials	\$ 553,142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 553,142
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,765	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,765

(Continued)

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

Exhibit H-7

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>									
<u>General Government Grants (Cont.)</u>									
Aging Programs	\$ 81,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,408
State Reappraisal Grant	5,706	0	0	0	0	0	0	0	5,706
Solid Waste Grants	0	5,049	0	0	0	0	0	0	5,049
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	6,224	0	0	0	0	0	0	0	6,224
<u>Health and Welfare Grants</u>									
Health Department Programs	41,445	0	0	0	0	0	0	0	41,445
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	213,812	0	0	0	213,812
State Aid Program	0	0	0	0	207,401	0	0	0	207,401
Litter Program	27,099	0	0	0	0	0	0	0	27,099
<u>Other State Revenues</u>									
Income Tax	6,191	0	0	0	0	0	0	0	6,191
Beer Tax	0	16,778	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	0	19,413	0	0	0	0	0	0	19,413
Mixed Drink Tax	708	0	0	0	0	0	0	0	708
State Revenue Sharing - T.V.A.	157,853	0	0	0	0	0	0	0	157,853
Contracted Prisoner Boarding	228,547	0	0	0	0	0	0	0	228,547
Gasoline and Motor Fuel Tax	0	0	0	0	1,385,590	0	0	0	1,385,590
Petroleum Special Tax	0	0	0	0	11,690	0	0	0	11,690
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	11,200	0	0	0	0	0	0	0	11,200
Total State of Tennessee	\$ 592,526	\$ 41,240	\$ 0	\$ 0	\$ 1,818,493	\$ 0	\$ 0	\$ 0	\$ 2,452,259
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,940	\$ 3,500	\$ 6,440
Disaster Relief	2,852	0	0	0	0	0	0	0	2,852
Homeland Security Grants	50,237	0	0	0	0	0	0	0	50,237
Law Enforcement Grants	15,000	0	0	0	0	0	0	0	15,000
Total Federal Government	\$ 68,089	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,940	\$ 3,500	\$ 74,529

(Continued)

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

Exhibit H-7

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 19,604	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,604
Contributions	0	0	0	0	0	150,000	0	0	150,000
<u>Citizens Groups</u>									
Donations	1,905	0	0	0	0	0	0	0	1,905
Total Other Governments and Citizens Groups	\$ 21,509	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 171,509
Total	\$ 4,353,251	\$ 204,143	\$ 12,221	\$ 1,005	\$ 2,147,815	\$ 1,683,273	\$ 9,567	\$ 16,000	\$ 8,427,275

Exhibit H-8

Crockett 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	\$	11,456	
Dues and Memberships		<u>1,150</u>	
Total County Commission			\$ 12,606

Board of Equalization

Board and Committee Members Fees	\$	<u>170</u>	
Total Board of Equalization			170

Beer Board

Board and Committee Members Fees	\$	<u>775</u>	
Total Beer Board			775

County Mayor

County Official/Administrative Officer	\$	55,403	
Accountants/Bookkeepers		26,096	
Secretary(s)		21,683	
Longevity Pay		400	
Contracts with Private Agencies		4,153	
Dues and Memberships		2,120	
Postal Charges		1,357	
Printing, Stationery and Forms		939	
Travel		3,633	
Office Supplies		3,347	
Other Charges		143	
Office Equipment		<u>1,965</u>	
Total County Mayor			121,239

County Attorney

County Official/Administrative Officer	\$	<u>400</u>	
Total County Attorney			400

Election Commission

County Official/Administrative Officer	\$	38,375	
Temporary Personnel		7,626	
Election Commission		4,071	
Election Workers		14,485	
Contracts with Private Agencies		6,813	
Data Processing Services		985	
Dues and Memberships		2,150	
Legal Notices, Recording and Court Costs		<u>2,555</u>	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Postal Charges	\$	1,258	
Printing, Stationery and Forms		1,843	
Travel		2,730	
Office Supplies		1,327	
Office Equipment		1,234	
Total Election Commission			\$ 85,452

Register of Deeds

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		19,250	
Data Processing Services		3,554	
Dues and Memberships		478	
Operating Lease Payments		369	
Postal Charges		273	
Printing, Stationery and Forms		150	
Travel		1,035	
Other Contracted Services		2,241	
Office Equipment		1,357	
Total Register of Deeds			76,676

County Buildings

Custodial Personnel	\$	3,565	
Other Salaries & Wages		1,783	
Communication		28,394	
Maintenance & Repair Services- Buildings		49,717	
Maintenance & Repair Services- Equipment		1,475	
Pest Control		1,585	
Rentals		1,064	
Other Contracted Services		427	
Custodial Supplies		9,838	
Electricity		15,632	
Natural Gas		6,234	
Water and Sewer		5,395	
Building and Contents Insurance		13,671	
Total County Buildings			138,780

Finance

Accounting and Budgeting

Accounting Services	\$	551	
Audit Services		1,250	
Total Accounting and Budgeting			1,801

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		38,227	
Longevity Pay		250	
Contracts with Private Agencies		8,442	
Data Processing Services		4,833	
Dues and Memberships		1,014	
Legal Notices, Recording and Court Costs		55	
Postal Charges		222	
Printing, Stationery and Forms		40	
Travel		2,524	
Office Supplies		140	
Premiums on Corporate Surety Bonds		262	
Office Equipment		1,909	
Total Property Assessor's Office			\$ 105,887

Reappraisal Program

Data Processing Personnel	\$	1,515	
Data Processing Services		1,580	
Travel		603	
Total Reappraisal Program			3,698

County Trustee's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		39,966	
Longevity Pay		1,050	
Data Processing Services		3,437	
Dues and Memberships		413	
Maintenance Agreements		2,067	
Postal Charges		2,647	
Printing, Stationery and Forms		916	
Travel		887	
Other Contracted Services		2,081	
Office Supplies		1,259	
Other Charges		4	
Office Equipment		11,684	
Total County Trustee's Office			114,380

County Clerk's Office

County Official/Administrative Officer	\$	47,969
Deputy(ies)		38,727

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Longevity Pay	\$	700	
Other Salaries & Wages		15,990	
Dues and Memberships		313	
Postal Charges		2,664	
Printing, Stationery and Forms		438	
Travel		806	
Office Supplies		2,854	
Other Charges		70	
Office Equipment		8,989	
Total County Clerk's Office			\$ 119,520

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		82,089	
Part-time Personnel		9,987	
Longevity Pay		2,550	
Jury and Witness Fees		4,308	
Data Processing Services		7,786	
Dues and Memberships		428	
Postal Charges		1,406	
Printing, Stationery and Forms		1,770	
Office Supplies		8,000	
Other Charges		500	
Total Circuit Court			166,793

General Sessions Judge

Judge(s)	\$	60,979	
Dues and Memberships		90	
Travel		493	
Other Contracted Services		7,438	
Office Supplies		357	
Total General Sessions Judge			69,357

Drug Court

Other Supplies and Materials	\$	1,423	
Total Drug Court			1,423

Chancery Court

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

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	21,036	
Longevity Pay		650	
Dues and Memberships		378	
Postal Charges		2,445	
Printing, Stationery and Forms		778	
Office Supplies		2,797	
Total Chancery Court			\$ 76,053

Juvenile Court

Supervisor/Director	\$	24,782	
Probation Officer(s)		15,301	
Longevity Pay		900	
Communication		577	
Maintenance & Repair Services- Vehicles		2,520	
Travel		2,195	
Other Contracted Services		1,284	
Office Supplies		212	
Other Charges		3,536	
Total Juvenile Court			51,307

Other Administration of Justice

Other Salaries & Wages	\$	7,568	
In-Service Training		445	
Other Charges		786	
Total Other Administration of Justice			8,799

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	52,765	
Assistant(s)		30,104	
Deputy(ies)		317,005	
Guards		8,109	
Secretary(s)		14,902	
Longevity Pay		5,050	
Other Salaries & Wages		32,766	
In-Service Training		9,684	
Communication		17,058	
Contracts with Private Agencies		9,320	
Data Processing Services		5,392	
Dues and Memberships		1,806	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Legal Notices, Recording and Court Costs	\$	217	
Maintenance & Repair Services- Vehicles		23,527	
Postal Charges		2,673	
Travel		1,581	
Other Contracted Services		696	
Gasoline		36,907	
Law Enforcement Supplies		2,115	
Office Supplies		9,233	
Tires and Tubes		2,761	
Uniforms		9,212	
Other Supplies and Materials		1,171	
Premiums on Corporate Surety Bonds		50	
Other Charges		1,217	
Principal on Capitalized Leases		45,589	
Interest on Capitalized Leases		2,605	
Law Enforcement Equipment		254	
Motor Vehicles		45,935	
Office Equipment		28,788	
Other Equipment		229	
Total Sheriff's Department			\$ 718,721

Jail

Dispatchers/Radio Operators	\$	102,329	
Guards		187,047	
Cafeteria Personnel		15,220	
Longevity Pay		3,550	
Other Salaries & Wages		32,268	
Medical and Dental Services		57,519	
Travel		397	
Custodial Supplies		15,604	
Drugs and Medical Supplies		56,107	
Electricity		15,772	
Food Supplies		100,136	
Law Enforcement Supplies		966	
Natural Gas		8,384	
Uniforms		7,340	
Water and Sewer		7,631	
Other Supplies and Materials		4,010	
Other Charges		75	
Office Equipment		19,863	
Total Jail			634,218

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contributions	\$	52,000	
Other Charges		980	
Total Fire Prevention and Control			\$ 52,980

Civil Defense

Assistant(s)	\$	5,999	
Supervisor/Director		14,210	
Communication		497	
Travel		405	
Gasoline		640	
Other Supplies and Materials		104	
Other Charges		1,345	
Motor Vehicles		1,897	
Other Equipment		37	
Total Civil Defense			25,134

Rescue Squad

Contributions	\$	7,000	
Total Rescue Squad			7,000

Other Emergency Management

Other Supplies and Materials	\$	23,916	
Motor Vehicles		54,576	
Other Equipment		41,752	
Total Other Emergency Management			120,244

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	2,500	
Contracts with Government Agencies		3,000	
Other Equipment		229	
Total County Coroner/Medical Examiner			5,729

Other Public Safety

Other Salaries & Wages	\$	2,838	
Total Other Public Safety			2,838

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	4,896	
Longevity Pay		250	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	3,194	
Contracts with Other Public Agencies		19,838	
Postal Charges		1,722	
Printing, Stationery and Forms		220	
Travel		775	
Drugs and Medical Supplies		1,897	
Office Supplies		1,823	
Utilities		5,775	
Other Charges		876	
Total Local Health Center			\$ 41,266

Rabies and Animal Control

Supervisor/Director	\$	22,439	
Longevity Pay		750	
Communication		587	
Travel		4,318	
Other Supplies and Materials		1,047	
Total Rabies and Animal Control			29,141

Ambulance/Emergency Medical Services

Assistant(s)	\$	1,627	
Supervisor/Director		42,436	
Medical Personnel		302,356	
Secretary(s)		20,067	
Longevity Pay		4,250	
Other Salaries & Wages		48,629	
In-Service Training		885	
Communication		5,495	
Contracts with Private Agencies		6,744	
Dues and Memberships		325	
Evaluation and Testing		90	
Licenses		992	
Maintenance & Repair Services- Vehicles		14,287	
Postal Charges		847	
Travel		968	
Other Contracted Services		1,000	
Diesel Fuel		23,611	
Drugs and Medical Supplies		32,601	
Office Supplies		3,523	
Uniforms		2,574	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Supplies and Materials	\$	2,464	
Other Charges		135	
Data Processing Equipment		18,549	
Motor Vehicles		37,064	
Office Equipment		300	
Other Equipment		13,395	
Total Ambulance/Emergency Medical Services			\$ 585,214

Maternal and Child Health Services

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

Alcohol and Drug Programs

Contributions	\$	10,165	
Total Alcohol and Drug Programs			10,165

Crippled Children Services

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

Other Local Health Services

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

Appropriation to State

Contracts with Other Public Agencies	\$	6,000	
Contributions		2,000	
Total Appropriation to State			8,000

Other Local Welfare Services

Contributions	\$	1,336	
Total Other Local Welfare Services			1,336

Waste Pickup

Other Salaries & Wages	\$	16,478	
Equipment and Machinery Parts		821	
Gasoline		730	
Instructional Supplies and Materials		5,572	
Other Charges		4,228	
Total Waste Pickup			27,829

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Assistant(s)	\$	7,724	
Communication		694	
Postal Charges		1,400	
Travel		1,658	
Office Supplies		876	
Other Charges		186	
Office Equipment		3,736	
Total Other Public Health and Welfare			\$ 16,274

Social, Cultural and Recreational Services

Adult Activities

Supervisor/Director	\$	29,451	
Part-time Personnel		27,980	
Longevity Pay		1,450	
Other Salaries & Wages		1,105	
Maintenance & Repair Services- Buildings		2,324	
Maintenance & Repair Services- Vehicles		295	
Postal Charges		296	
Travel		4,494	
Other Contracted Services		7,630	
Custodial Supplies		2,041	
Gasoline		665	
Office Supplies		1,297	
Other Charges		2,515	
Office Equipment		1,568	
Total Adult Activities			83,111

Senior Citizens Assistance

Assistant(s)	\$	15,236	
Investigator(s)		13,358	
Educational Assistants		15,174	
Part-time Personnel		6,229	
Travel		1,147	
Utilities		8,980	
Total Senior Citizens Assistance			60,124

Libraries

Librarians	\$	21,946	
Custodial Personnel		960	
Longevity Pay		1,750	

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries (Cont.)

Other Salaries & Wages	\$	22,487	
Communication		555	
Postal Charges		185	
Travel		495	
Library Books/Media		3,241	
Office Supplies		31	
Utilities		5,055	
Other Supplies and Materials		1,363	
Data Processing Equipment		2,172	
Office Equipment		1,116	
Total Libraries			\$ 61,356

Parks and Fair Boards

Contributions	\$	3,000	
Other Contracted Services		2,400	
Electricity		2,500	
Other Charges		1,100	
Total Parks and Fair Boards			9,000

Other Social, Cultural and Recreational

Supervisor/Director	\$	18,035	
Longevity Pay		50	
Travel		886	
Total Other Social, Cultural and Recreational			18,971

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	13,408	
Assistant(s)		11,659	
Supervisor/Director		4,392	
Clerical Personnel		4,033	
Communication		4,147	
Other Charges		3,735	
Maintenance Equipment		1,949	
Total Agriculture Extension Service			43,323

Soil Conservation

Supervisor/Director	\$	28,565	
Secretary(s)		21,533	
Longevity Pay		2,600	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

Other Salaries & Wages	\$	18,816	
Other Charges		<u>5,500</u>	
Total Soil Conservation	\$		77,014

Flood Control

Dues and Memberships	\$	<u>7,500</u>	
Total Flood Control			7,500

Other Operations

Industrial Development

Other Charges	\$	9,604	
Site Development		<u>24,369</u>	
Total Industrial Development			33,973

Veterans' Services

Supervisor/Director	\$	9,824	
Postal Charges		592	
Travel		379	
Office Supplies		272	
Other Charges		<u>4,791</u>	
Total Veterans' Services			15,858

Other Charges

Liability Insurance	\$	42,120	
Trustee's Commission		52,904	
Vehicle and Equipment Insurance		20,880	
Workers' Compensation Insurance		<u>47,247</u>	
Total Other Charges			163,151

Contributions to Other Agencies

Contributions	\$	<u>22,000</u>	
Total Contributions to Other Agencies			22,000

Employee Benefits

Social Security	\$	179,971	
State Retirement		110,674	
Medical Insurance		137,629	
Unemployment Compensation		<u>5,889</u>	
Total Employee Benefits			434,163

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contracts with Government Agencies	\$	8,500	
Legal Notices, Recording and Court Costs		1,461	
Pauper Burials		750	
Postal Charges		342	
Other Contracted Services		3,924	
Office Supplies		2,366	
Other Supplies and Materials		10,004	
Other Charges		3,909	
Office Equipment		422	
Total Miscellaneous			\$ 31,678

Total General Fund \$ 4,510,077

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$	5,798	
Attendants		33,477	
Social Security		2,561	
Communication		1,741	
Contracts with Private Agencies		150,229	
Maintenance & Repair Services- Equipment		4,153	
Other Contracted Services		3,944	
Utilities		2,102	
Trustee's Commission		2,467	
Other Charges		1,191	
Total Convenience Centers			\$ 207,663

Total Solid Waste/Sanitation Fund 207,663

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	300	
Maintenance & Repair Services- Vehicles		483	
Rentals		32	
Veterinary Services		276	
Animal Food and Supplies		271	
Instructional Supplies and Materials		557	
Law Enforcement Supplies		3,330	

(Continued)

Exhibit H-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Other Supplies and Materials	\$ 95	
Trustee's Commission	43	
Total Drug Enforcement	\$ 5,387	

Total Drug Control Fund \$ 5,387

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 1,005	
Total Chancery Court	\$ 1,005	

Total Constitutional Officers - Fees Fund 1,005

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 52,765	
Accountants/Bookkeepers	44,882	
Board and Committee Members Fees	14,220	
Communication	3,034	
Data Processing Services	4,921	
Dues and Memberships	5,537	
Legal Notices, Recording and Court Costs	723	
Maintenance & Repair Services- Buildings	1,041	
Maintenance & Repair Services- Office Equipment	125	
Postal Charges	428	
Travel	3,617	
Custodial Supplies	505	
Data Processing Supplies	766	
Drugs and Medical Supplies	783	
Electricity	3,134	
Natural Gas	874	
Office Supplies	1,106	
Water and Sewer	1,034	
Other Charges	3,272	
Total Administration	\$ 142,767	

Highway and Bridge Maintenance

Foremen	\$ 77,733
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(Continued)

Exhibit H-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	91,757	
Truck Drivers		59,715	
Laborers		152,010	
Engineering Services		20,784	
Other Contracted Services		2,238	
Asphalt - Cold Mix		2,685	
Asphalt - Hot Mix		321,180	
Asphalt - Liquid		27,860	
Crushed Stone		103,429	
Fertilizer, Lime and Seed		302	
Pipe		63,808	
Road Signs		3,922	
Sand		640	
Wood Products		12,650	
Other Supplies and Materials		1,069	
Total Highway and Bridge Maintenance			\$ 941,782

Operation and Maintenance of Equipment

Mechanic(s)	\$	46,978	
Laborers		45,812	
Laundry Service		2,440	
Maintenance & Repair Services- Equipment		17,923	
Diesel Fuel		65,684	
Equipment and Machinery Parts		34,259	
Garage Supplies		1,942	
Gasoline		27,377	
Lubricants		4,091	
Propane Gas		92	
Small Tools		2,980	
Tires and Tubes		14,606	
Other Supplies and Materials		20	
Total Operation and Maintenance of Equipment			264,204

Other Charges

Premiums on Corporate Surety Bonds	\$	550	
Trustee's Commission		17,227	
Vehicle and Equipment Insurance		37,833	
Workers' Compensation Insurance		39,262	
Other Charges		2,130	
Total Other Charges			97,002

(Continued)

Exhibit H-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	36,324	
State Retirement		28,755	
Employee and Dependent Insurance		107,908	
Unemployment Compensation		5,600	
Employer Medicare		8,495	
Total Employee Benefits			\$ 187,082

Capital Outlay

Bridge Construction	\$	244,231	
Building Construction		400	
Highway Equipment		147,623	
Maintenance Equipment		9,000	
Office Equipment		9,956	
State Aid Projects		281,397	
Total Capital Outlay			692,607

Total Highway/Public Works Fund \$ 2,325,444

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$	575,932	
Principal on Notes		4,879	
Total General Government			\$ 580,811

Education

Principal on Bonds	\$	235,000	
Principal on Notes		56,862	
Total Education			291,862

Interest

General Government

Interest on Bonds	\$	125,573	
Interest on Notes		1,505	
Total General Government			127,078

Education

Interest on Bonds	\$	870,811	
Interest on Notes		26,245	
Total Education			897,056

(Continued)

Exhibit H-8

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Fiscal Agent Charges	\$ 265	
Trustee's Commission	<u>22,684</u>	
Total General Government		\$ 22,949
<u>Education</u>		
Fiscal Agent Charges	\$ <u>1,029</u>	
Total Education		<u>1,029</u>
Total General Debt Service Fund		\$ 1,920,785
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Contracts with Government Agencies	\$ <u>3,100</u>	
Total Public Health and Welfare Projects		<u>\$ 3,100</u>
Total General Capital Projects Fund		3,100
<u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Contracts with Private Agencies	\$ <u>3,500</u>	
Total Public Health and Welfare Projects		<u>\$ 3,500</u>
Total Community Development/Industrial Park Fund		<u>3,500</u>
Total Governmental Funds - Primary Government		<u>\$ 8,976,961</u>

Exhibit H-9

Crockett 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 - Alamo Fund	City School ADA - Bells Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 227,006	\$ 186,693	\$ 413,699
Discount on Property Taxes	0	(1,538)	(1,265)	(2,803)
Trustee's Collections - Prior Years	0	11,192	9,205	20,397
Trustee's Collections - Bankruptcy	0	384	316	700
Circuit/Clerk and Master Collections - Prior Years	0	6,365	5,228	11,593
Interest and Penalty	0	1,855	1,526	3,381
Payments in Lieu of Taxes - T.V.A.	0	12	10	22
Local Option Sales Tax	329,545	74,724	61,454	465,723
Wheel Tax	0	9,083	7,459	16,542
Interstate Telecommunications Tax	0	526	433	959
Marriage Licenses	0	204	168	372
Mixed Drink Tax	0	121	99	220
Total Cash Receipts	\$ 329,545	\$ 329,934	\$ 271,326	\$ 930,805
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 326,249	\$ 323,564	\$ 266,104	\$ 915,917
Trustee's Commission	3,296	5,683	4,674	13,653
Total Cash Disbursements	\$ 329,545	\$ 329,247	\$ 270,778	\$ 929,570
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ 687	\$ 548	\$ 1,235
Cash Balance, July 1, 2004	0	1,367	1,142	2,509
Cash Balance, June 30, 2005	\$ 0	\$ 2,054	\$ 1,690	\$ 3,744

STATISTICAL SECTION

Table 1

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

<u>Year</u>	<u>Amount</u>
1994	\$ 2,673
1995	3,958
1996	3,430
1997	3,425
1998	3,226
1999	2,157
2000	5,532
2001	14,987
2002	28,576
2003	<u>68,330</u>
Total	<u>\$ 136,294</u>

Table 2

Crockett County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 1.05	\$ 1.08	\$ 1.24	\$ 1.17	\$ 1.19	\$ 1.23	\$ 1.23	\$ 1.23	\$ 1.23	\$ 1.23
Solid Waste/Sanitation	0.12	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Debt Service	0.12	0.14	0.14	0.11	0.09	0.09	0.42	0.42	0.42	0.42
General Purpose School	1.00	0.95	0.95	0.83	0.83	0.83	0.83	0.83	0.83	0.83
School Transportation	0.15	0.15	0.15	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Total Tax Rates	\$ 2.44	\$ 2.44	\$ 2.48	\$ 2.23	\$ 2.23	\$ 2.27	\$ 2.60	\$ 2.60	\$ 2.60	\$ 2.60
<u>Assessed Valuation</u>										
Real and Personal	\$ 104,386,817	\$ 107,542,411	\$ 109,873,580	\$ 139,631,079	\$ 144,479,112	\$ 147,440,469	\$ 153,250,477	\$ 156,561,871	\$ 156,934,008	\$ 166,621,326
Public Utilities	9,956,603	9,924,822	9,017,699	9,002,831	11,396,768	11,928,639	10,819,569	11,655,931	10,855,272	12,167,971
Total Assessed Valuation	\$ 114,343,420	\$ 117,467,233	\$ 118,891,279	\$ 148,633,910	\$ 155,875,880	\$ 159,369,108	\$ 164,070,046	\$ 168,217,802	\$ 167,789,280	\$ 178,789,297

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

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE WISEMAN, CGFM
Auditor 4

KATHLEEN P. BURRISS, CGFM
ELISHA CROWELL
State Auditors

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

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

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

Scope

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

Results

Our report on Crockett County School Department's financial statements was unqualified, and our audit resulted in one finding and recommendation, which we have reviewed with management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following is a summary of the audit finding:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

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

INTRODUCTORY SECTION

Crockett County School Officials
June 30, 2005

Officials:

Stan Black, Director of Schools

Board of Education:

Jasper Taylor, IV, Chairman
David L. Bushart
David Eubanks
William Mark Faulkner
Frankie G. McCord
David Russell
Will Spence

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

September 16, 2005

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

To the Director of Schools and the Board of Education:

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2005, on our consideration of the Crockett County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Crockett County School Department has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. For the first time, the Crockett County School Department has presented government-wide financial statements.

As described in Note IV.B., the Crockett County School Department has implemented GASB 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 management of the Crockett County School Department did not prepare the management’s discussion and analysis. The management’s discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America.

The budgetary comparison information on pages 31 through 35 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crockett County School Department’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and the 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,



John G. Morgan
Comptroller of the Treasury

JGM/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

Crockett County, Tennessee
Statement of Net Assets
Crockett County School Department
June 30, 2005

<u>ASSETS</u>	<u>Governmental Activities</u>
Equity in Pooled Cash and Investments	\$ 1,950,892
Accounts Receivable	1,514
Due from Other Governments	192,622
Property Taxes Receivable	1,245,948
Allowance for Uncollectible Property Taxes	(42,130)
Capital Assets:	
Assets Not Depreciated:	
Land	776,905
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	15,042,004
Infrastructure	436,792
Other Capital Assets	636,926
Total Assets	<u>\$ 20,241,473</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 28,657
Deferred Revenue - Current Property Taxes	1,117,477
Total Liabilities	<u>\$ 1,146,134</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 16,892,627
Restricted for:	
Capital Projects	8,624
Other Purposes	396,815
Unrestricted	1,797,273
Total Net Assets	<u>\$ 19,095,339</u>

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

Exhibit B

Crockett County, Tennessee
Statement of Activities
Crockett County School Department
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total
					Governmental Activities
Governmental Activities:					
Instruction	\$ 6,676,331	\$ 480	\$ 912,653	\$ 724	\$ (5,762,474)
Support Services	3,514,989	0	159,148	0	(3,355,841)
Operation of Noninstructional Services	936,842	350,963	606,424	0	20,545
Other Debt Service	150,000	0	0	0	(150,000)
Total Governmental Activities	\$ 11,278,162	\$ 351,443	\$ 1,678,225	\$ 724	\$ (9,247,770)
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 1,150,653
Local option sales tax					291,991
Other local taxes					113,917
Grants & Contributions not restricted for specific programs					7,315,155
Interest Income					45,000
Miscellaneous					73,675
Total General Revenues					\$ 8,990,391
Change in net assets					\$ (257,379)
Net assets, July 1, 2004					19,352,718
Net assets, June 30, 2005					\$ 19,095,339

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

Exhibit C-1

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,605,409	\$ 7,460	\$ 334,839	\$ 1,947,708
Accounts Receivable	1,029	18	467	1,514
Due from Other Governments	189,422	0	3,200	192,622
Due from Other Funds	3,184	0	0	3,184
Property Taxes Receivable	1,018,746	227,202	0	1,245,948
Allowance for Uncollectible Property Taxes	(34,576)	(7,554)	0	(42,130)
Total Assets	\$ 2,783,214	\$ 227,126	\$ 338,506	\$ 3,348,846
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 28,407	\$ 0	\$ 250	\$ 28,657
Deferred Revenue - Current Property Taxes	913,000	204,477	0	1,117,477
Deferred Revenue - Delinquent Property Taxes	68,457	14,601	0	83,058
Other Deferred Revenues	26,224	0	0	26,224
Total Liabilities	\$ 1,036,088	\$ 219,078	\$ 250	\$ 1,255,416
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 46,117	\$ 0	\$ 1,104	\$ 47,221
Reserved for Career Ladder - Extended Contract	13,018	0	0	13,018
Reserved for Title I Grants to Local Education Agencies	0	0	52,875	52,875
Reserved for Innovative Education Program Strategies	0	0	2,699	2,699
Reserved for Special Education - Grants to States	0	0	27,315	27,315
Other Federal Reserves	0	0	14,200	14,200
Unreserved, Reported In:				
General Fund	1,687,991	0	0	1,687,991
Special Revenue Funds	0	8,048	232,543	240,591
Capital Projects Funds	0	0	7,520	7,520
Total Fund Balances	\$ 1,747,126	\$ 8,048	\$ 338,256	\$ 2,093,430
Total Liabilities and Fund Balances	\$ 2,783,214	\$ 227,126	\$ 338,506	\$ 3,348,846

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	2,093,430
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,892,627
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>109,282</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>19,095,339</u></u>

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

Exhibit D-1

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Funds Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,266,285	\$ 277,281	\$ 0	\$ 1,543,566
Licenses and Permits	779	0	0	779
Charges for Current Services	26,998	0	325,345	352,343
Other Local Revenues	125,504	0	2,839	128,343
State of Tennessee	7,296,312	0	9,916	7,306,228
Federal Government	219,941	0	1,406,886	1,626,827
Total Revenues	\$ 8,935,819	\$ 277,281	\$ 1,744,986	\$ 10,958,086
<u>Expenditures</u>				
Current:				
Instruction	\$ 5,312,904	\$ 0	\$ 864,096	\$ 6,177,000
Support Services	3,406,927	4,764	136,146	3,547,837
Operation of Non-Instructional Services	98,908	0	731,358	830,266
Capital Outlay	215,515	0	0	215,515
Debt Service:				
Other Debt Service	150,000	0	0	150,000
Capital Projects	0	0	55,294	55,294
Total Expenditures	\$ 9,184,254	\$ 4,764	\$ 1,786,894	\$ 10,975,912
Excess (Deficiency) of Revenues Over Expenditures	\$ (248,435)	\$ 272,517	\$ (41,908)	\$ (17,826)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 276,474	\$ 0	\$ 0	\$ 276,474
Transfers Out	0	(273,145)	(3,329)	(276,474)
Total Other Financing Sources (Uses)	\$ 276,474	\$ (273,145)	\$ (3,329)	\$ 0
Net Change in Fund Balances	\$ 28,039	\$ (628)	\$ (45,237)	\$ (17,826)
Fund Balance, July 1, 2004	1,719,087	8,676	383,493	2,111,256
Fund Balance, June 30, 2005	\$ 1,747,126	\$ 8,048	\$ 338,256	\$ 2,093,430

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

Exhibit D-2

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

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$	(17,826)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was less than depreciation in the current period.		(252,618)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>13,065</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(257,379)</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The School Department operates the public school system in the county, with the exception of the city school systems of Alamo and Bells, which operate the elementary schools in those cities. The voters of Crockett County elect its seven-member board. The School Department is a component unit of Crockett County. The School Department is fiscally dependent on Crockett County because it may not issue debt without county approval, and its budget and property tax levy are subject to the Crockett County Commission's approval. The School Department's taxes are levied under the taxing authority of Crockett County and are included as part of Crockett County's total tax levy.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School Department. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the School Department does not have any business-type activities to report and only reports governmental activities in the government-wide financial statements.

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

Crockett County issues all debt for the School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2005.

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when the School Department receives cash.

The School Department reports the following major governmental funds:

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

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

Additionally, the School Department reports the following fund type:

Capital Projects Fund – The Education Capital Projects Fund accounts for building construction and renovations of the School Department.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by Crockett County, the primary government, and all funds of the School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Debt Service Fund. Crockett County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a

policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held by the School Department at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections or that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans).

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.83 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-50
Other Capital Assets	3-10
Infrastructure:	
Improvements Other than Buildings	8-20

4. Compensated Absences

There is no liability for unpaid accumulated vacation leave for employees of the School Department since those benefits do not vest or accumulate and must be used within the year or lost. There is also no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government.

5. Net Assets and Fund Equity

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

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

As of June 30, 2005, Crockett County had \$17,825,000 in outstanding debt for capital purposes for the School Department. The debt is a liability of Crockett County, but the capital assets acquired are reported in the financial statements of the School Department. The School Department received assets significantly increasing its unrestricted net assets with no corresponding increase in the School Department's liabilities.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

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

Exhibit D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$252,618 difference are as follows:

Capital outlay	\$ 281,351
Depreciation expense	<u>(533,969)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (252,618)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Alternative Instruction Program major appropriation category (the legal level of control) of the General Purpose School Fund by \$2,613. Also, Other Financing Sources (Uses) exceeded total appropriations approved by the County Commission in the School Transportation Fund by \$1,411. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances in each fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Crockett County and the Crockett County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, 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.

Deposits

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

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, the following investment was carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Crockett County and the School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturity</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 508,096</u>
Total		<u><u>\$ 508,096</u></u>

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

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

B. Capital Assets

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

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 776,905	\$ 0	\$ 0	\$ 776,905
Total Capital Assets Not Depreciated	\$ 776,905	\$ 0	\$ 0	\$ 776,905
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,106,940	\$ 0	\$ 0	\$ 19,106,940
Infrastructure	302,524	195,029	0	497,553
Other Capital Assets	2,341,066	86,322	(12,096)	2,415,292
Total Capital Assets Depreciated	\$ 21,750,530	\$ 281,351	\$ (12,096)	\$ 22,019,785

Less Accumulated
Depreciated For:

Buildings and Improvements	\$ 3,686,194	\$ 378,742	\$ 0	\$ 4,064,936
Infrastructure	36,696	24,065	0	60,761
Other Capital Assets	1,659,300	131,162	(12,096)	1,778,366

Total Accumulated Depreciation	\$ 5,382,190	\$ 533,969	\$ (12,096)	\$ 5,904,063
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Total Capital Assets Depreciated, Net	\$ 16,368,340	\$ (252,618)	\$ 0	\$ 16,115,722
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Governmental Activities Capital Assets, Net	\$ 17,145,245	\$ (252,618)	\$ 0	\$ 16,892,627
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Depreciation expense was charged to functions of the discretely presented School Department as follows:

Governmental Activities:

Instruction	\$ 351,710
Support Services	128,874
Operation of Non-Instructional Services	<u>53,385</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 533,969</u>

C. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor governmental	\$ 3,184

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

The receivable in the General Purpose School Fund (\$3,184) was in transit from the School Federal Projects Fund at June 30, 2005.

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u> General Purpose School Fund
School Transportation Fund	\$ 273,145
Nonmajor governmental funds	<u>3,329</u>
Total	<u><u>\$ 276,474</u></u>

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

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

The School Department participates in the Local Government Group Insurance (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of

the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Board Association, an association of member school boards. 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 TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Changes

At the beginning of the year, the School Department implemented the provisions of Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, the School Department had only elected to implement the provisions of Statement 34 that related to the fund financial statements.

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

C. Contingent Liabilities

The School Department attorney advised there was one pending lawsuit against the School Department. However, he estimates that the pending lawsuit would not materially affect the financial statements of the School Department.

D. Retirement Commitments

Plan Description

Employees of Crockett County, including the School Department, are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee

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

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

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

SCHOOL TEACHERS

Plan Description

The Crockett County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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 Crockett County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Crockett County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were, \$287,002, \$170,104, and \$155,405, respectively, equal to the required contributions for each year.

E. Purchasing Laws

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 E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,266,285	\$ 0	\$ 0	\$ 1,266,285	\$ 1,280,448	\$ 1,280,038	\$ (13,753)
Licenses and Permits	779	0	0	779	600	600	179
Charges for Current Services	26,998	0	0	26,998	35,215	35,215	(8,217)
Other Local Revenues	125,504	0	0	125,504	205,163	205,163	(79,659)
State of Tennessee	7,296,312	0	0	7,296,312	7,184,990	7,283,090	13,222
Federal Government	219,941	0	0	219,941	266,171	246,171	(26,230)
Total Revenues	\$ 8,935,819	\$ 0	\$ 0	\$ 8,935,819	\$ 8,972,587	\$ 9,050,277	\$ (114,458)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,059,719	\$ 0	\$ 17,918	\$ 4,077,637	\$ 4,158,195	\$ 4,178,195	\$ 100,558
Alternative Instruction Program	81,723	0	0	81,723	78,010	79,110	(2,613)
Special Education Program	438,565	0	0	438,565	485,695	495,795	57,230
Vocational Education Program	672,875	0	0	672,875	663,615	680,615	7,740
Adult Education Program	60,022	(284)	0	59,738	77,375	68,725	8,987
<u>Support Services</u>							
Attendance	36,977	0	0	36,977	37,468	37,818	841
Health Services	1,809	0	0	1,809	3,500	3,500	1,691
Other Student Support	302,170	(543)	0	301,627	358,655	347,815	46,188
Regular Instruction Program	345,947	0	0	345,947	349,830	353,830	7,883
Special Education Program	34,329	0	0	34,329	34,570	34,820	491
Vocational Education Program	5,281	0	0	5,281	5,000	5,800	519
Adult Programs	62,781	0	0	62,781	93,660	77,835	15,054
Board of Education	194,006	(550)	0	193,456	201,750	206,155	12,699
Director of Schools	156,230	0	0	156,230	161,120	161,120	4,890
Office of the Principal	715,488	0	0	715,488	727,880	739,380	23,892

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	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>							
Fiscal Services	\$ 93,204	\$ (187)	\$ 0	\$ 93,017	\$ 96,710	\$ 96,710	\$ 3,693
Operation of Plant	782,709	0	3,200	785,909	822,385	822,385	36,476
Maintenance of Plant	213,762	(4,454)	20,379	229,687	221,920	256,420	26,733
Transportation	462,234	0	0	462,234	484,385	492,885	30,651
<u>Operation of Non-Instructional Services</u>							
Community Services	232	(232)	0	0	123,855	0	0
Early Childhood Education	98,676	0	135	98,811	0	124,355	25,544
<u>Capital Outlay</u>							
Regular Capital Outlay	215,515	(220,000)	4,485	0	100,000	100,000	100,000
<u>Other Debt Service</u>							
Education	150,000	0	0	150,000	150,000	150,000	0
Total Expenditures	\$ 9,184,254	\$ (226,250)	\$ 46,117	\$ 9,004,121	\$ 9,435,578	\$ 9,513,268	\$ 509,147
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (248,435)	\$ 226,250	\$ (46,117)	\$ (68,302)	\$ (462,991)	\$ (462,991)	\$ 394,689
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 276,474	\$ 0	\$ 0	\$ 276,474	\$ 267,734	\$ 267,734	\$ 8,740
Total Other Financing Sources (Uses)	\$ 276,474	\$ 0	\$ 0	\$ 276,474	\$ 267,734	\$ 267,734	\$ 8,740
Net Change in Fund Balance							
Fund Balance, July 1, 2004	\$ 1,719,087	(226,250)	0	1,492,837	1,186,262	1,186,262	306,575
Fund Balance, June 30, 2005	\$ 1,747,126	\$ 0	\$ (46,117)	\$ 1,701,009	\$ 991,005	\$ 991,005	\$ 710,004

Exhibit E-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 277,281	\$ 272,734	\$ 276,734	\$ 547
Total Revenues	\$ 277,281	\$ 272,734	\$ 276,734	\$ 547
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 4,764	\$ 5,000	\$ 5,000	\$ 236
Total Expenditures	\$ 4,764	\$ 5,000	\$ 5,000	\$ 236
Excess (Deficiency) of Revenues Over Expenditures	\$ 272,517	\$ 267,734	\$ 271,734	\$ 783
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (273,145)	\$ (267,734)	\$ (271,734)	\$ (1,411)
Total Other Financing Sources (Uses)	\$ (273,145)	\$ (267,734)	\$ (271,734)	\$ (1,411)
Net Change in Fund Balance	\$ (628)	\$ 0	\$ 0	\$ (628)
Fund Balance, July 1, 2004	8,676	8,740	8,740	(64)
Fund Balance, June 30, 2005	\$ 8,048	\$ 8,740	\$ 8,740	\$ (692)

**CROCKETT COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF CROCKETT 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 Crockett County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Alternative Instruction Program major appropriation category of the General Purpose School Fund by \$2,613. Also, Other Financing Sources (Uses) exceeded total appropriations approved by the County Commission in the School Transportation Fund by \$1,411. Such overexpenditures are a violation of state statute. These overexpenditures were funded from 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 expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

Capital Projects Funds

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

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

Exhibit F-1

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 96,689	\$ 229,526	\$ 326,215	\$ 8,624	\$ 334,839
Accounts Receivable	0	467	467	0	467
Due from Other Governments	650	2,550	3,200	0	3,200
Total Assets	<u>\$ 97,339</u>	<u>\$ 232,543</u>	<u>\$ 329,882</u>	<u>\$ 8,624</u>	<u>\$ 338,506</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 250	\$ 0	\$ 250	\$ 0	\$ 250
Total Liabilities	<u>\$ 250</u>	<u>\$ 0</u>	<u>\$ 250</u>	<u>\$ 0</u>	<u>\$ 250</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 1,104	\$ 1,104
Reserved for Title I Grants to Local Education Agencies	52,875	0	52,875	0	52,875
Reserved for Innovative Education Program Strategies	2,699	0	2,699	0	2,699
Reserved for Special Education - Grants to States	27,315	0	27,315	0	27,315
Other Federal Reserves	14,200	0	14,200	0	14,200
Unreserved	0	232,543	232,543	7,520	240,063
Total Fund Balances	<u>\$ 97,089</u>	<u>\$ 232,543</u>	<u>\$ 329,632</u>	<u>\$ 8,624</u>	<u>\$ 338,256</u>
Total Liabilities and Fund Balances	<u>\$ 97,339</u>	<u>\$ 232,543</u>	<u>\$ 329,882</u>	<u>\$ 8,624</u>	<u>\$ 338,506</u>

Exhibit F-2

Crockett County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Crockett County School Department
For the Year Ended June 30, 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	\$ 325,345	\$ 325,345	\$ 0	\$ 325,345
Other Local Revenues	0	2,115	2,115	724	2,839
State of Tennessee	0	9,916	9,916	0	9,916
Federal Government	960,225	446,661	1,406,886	0	1,406,886
Total Revenues	\$ 960,225	\$ 784,037	\$ 1,744,262	\$ 724	\$ 1,744,986
<u>Expenditures</u>					
Current:					
Instruction	\$ 864,096	\$ 0	\$ 864,096	\$ 0	\$ 864,096
Support Services	136,146	0	136,146	0	136,146
Operation of Non-Instructional Services	0	731,358	731,358	0	731,358
Capital Projects	0	0	0	55,294	55,294
Total Expenditures	\$ 1,000,242	\$ 731,358	\$ 1,731,600	\$ 55,294	\$ 1,786,894
Excess (Deficiency) of Revenues Over Expenditures	\$ (40,017)	\$ 52,679	\$ 12,662	\$ (54,570)	\$ (41,908)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (3,329)	\$ 0	\$ (3,329)	\$ 0	\$ (3,329)
Total Other Financing Sources (Uses)	\$ (3,329)	\$ 0	\$ (3,329)	\$ 0	\$ (3,329)
Net Change in Fund Balances	\$ (43,346)	\$ 52,679	\$ 9,333	\$ (54,570)	\$ (45,237)
Fund Balance, July 1, 2004	140,435	179,864	320,299	63,194	383,493
Fund Balance, June 30, 2005	\$ 97,089	\$ 232,543	\$ 329,632	\$ 8,624	\$ 338,256

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 960,225	\$ 927,942	\$ 960,225	\$ 0
Total Revenues	\$ 960,225	\$ 927,942	\$ 960,225	\$ 0
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 482,663	\$ 504,088	\$ 537,358	\$ 54,695
Special Education Program	330,221	310,839	350,778	20,557
Vocational Education Program	51,212	51,212	51,212	0
<u>Support Services</u>				
Other Student Support	6,522	10,273	10,273	3,751
Regular Instruction Program	63,254	85,761	80,577	17,323
Special Education Program	32,607	47,134	37,234	4,627
Transportation	33,763	56,569	35,894	2,131
Total Expenditures	\$ 1,000,242	\$ 1,065,876	\$ 1,103,326	\$ 103,084
Excess (Deficiency) of Revenues Over Expenditures	\$ (40,017)	\$ (137,934)	\$ (143,101)	\$ 103,084
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 14,000	\$ 0	\$ 0
Transfers Out	(3,329)	(17,788)	(3,821)	492
Total Other Financing Sources (Uses)	\$ (3,329)	\$ (3,788)	\$ (3,821)	\$ 492
Net Change in Fund Balance	\$ (43,346)	\$ (141,722)	\$ (146,922)	\$ 103,576
Fund Balance, July 1, 2004	140,435	146,922	146,922	(6,487)
Fund Balance, June 30, 2005	\$ 97,089	\$ 5,200	\$ 0	\$ 97,089

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 325,345	\$ 337,164	\$ 337,164	\$ (11,819)
Other Local Revenues	2,115	3,060	3,060	(945)
State of Tennessee	9,916	10,744	10,744	(828)
Federal Government	446,661	430,204	430,204	16,457
Total Revenues	<u>\$ 784,037</u>	<u>\$ 781,172</u>	<u>\$ 781,172</u>	<u>\$ 2,865</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 731,358	\$ 806,493	\$ 806,493	\$ 75,135
Total Expenditures	<u>\$ 731,358</u>	<u>\$ 806,493</u>	<u>\$ 806,493</u>	<u>\$ 75,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 52,679</u>	<u>\$ (25,321)</u>	<u>\$ (25,321)</u>	<u>\$ 78,000</u>
Net Change in Fund Balance	\$ 52,679	\$ (25,321)	\$ (25,321)	\$ 78,000
Fund Balance, July 1, 2004	179,864	181,343	181,343	(1,479)
Fund Balance, June 30, 2005	<u>\$ 232,543</u>	<u>\$ 156,022</u>	<u>\$ 156,022</u>	<u>\$ 76,521</u>

MISCELLANEOUS SCHEDULES

Exhibit G-1

Crockett County, Tennessee
Schedule of Transfers - All Funds
Crockett 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.	\$ 3,329
School Transportation	General Purpose School	To provide funds for school transportation.	<u>273,145</u>
Total Transfers			<u>\$ 276,474</u>

Exhibit G-2

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Commission	\$ 83,190 (1)	\$ 50,000	Auto Owners Insurance Company
Employee Bonds:				
Director of School's Employees	-----	-----	150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000.

Exhibit G-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 874,728	\$ 0	\$ 0	\$ 186,456	\$ 0	\$ 1,061,184
Discount on Property Taxes	(5,907)	0	0	(1,260)	0	(7,167)
Trustee's Collections - Prior Year	37,533	0	0	8,014	0	45,547
Trustee's Collections - Bankruptcy	1,477	0	0	315	0	1,792
Circuit/Clerk & Master Collections - Prior Years	24,396	0	0	5,203	0	29,599
Interest and Penalty	7,301	0	0	1,525	0	8,826
Payments in Lieu of Taxes - T.V.A.	45	0	0	10	0	55
<u>County Local Option Taxes</u>						
Local Option Sales Tax	289,849	0	0	0	0	289,849
Wheel Tax	34,804	0	0	77,018	0	111,822
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,059	0	0	0	0	2,059
Total Local Taxes	\$ 1,266,285	\$ 0	\$ 0	\$ 277,281	\$ 0	\$ 1,543,566
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 779
Total Licenses and Permits	\$ 779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 779
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Adult Education	\$ 480	\$ 0	\$ 0	\$ 0	\$ 0	\$ 480
Lunch Payments - Children	0	0	141,361	0	0	141,361
Lunch Payments - Adults	0	0	15,327	0	0	15,327
Income from Breakfast	0	0	32,057	0	0	32,057
Receipts from Individual Schools	25,522	0	0	0	0	25,522
TBI Criminal Background Fee	96	0	0	0	0	96
<u>Other Charges for Services</u>						
Other Charges for Services	900	0	136,600	0	0	137,500
Total Charges for Current Services	\$ 26,998	\$ 0	\$ 325,345	\$ 0	\$ 0	\$ 352,343
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 45,000	\$ 0	\$ 2,095	\$ 0	\$ 724	\$ 47,819
Lease/Rentals	13,178	0	0	0	0	13,178

(Continued)

Exhibit G-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Materials and Supplies	\$ 250	\$ 0	\$ 0	\$ 0	\$ 0	250
Miscellaneous Refunds	44,341	0	0	0	0	44,341
<u>Nonrecurring Items</u>						
Insurance Recovery	13,706	0	0	0	0	13,706
Sale of Equipment	928	0	0	0	0	928
Damages Recovered from Individuals	2,716	0	0	0	0	2,716
Contributions & Gifts	5,013	0	20	0	0	5,033
<u>Other Local Revenues</u>						
Other Local Revenues	372	0	0	0	0	372
Total Other Local Revenues	\$ 125,504	\$ 0	\$ 2,115	\$ 0	\$ 724	\$ 128,343
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 6,836,078	\$ 0	\$ 0	\$ 0	\$ 0	6,836,078
School Food Service	0	0	9,916	0	0	9,916
Driver Education	12,120	0	0	0	0	12,120
Other State Education Funds	137,260	0	0	0	0	137,260
Career Ladder Program	87,691	0	0	0	0	87,691
Career Ladder - Extended Contract	64,967	0	0	0	0	64,967
Other Vocational	17,547	0	0	0	0	17,547
<u>Other State Revenues</u>						
Mixed Drink Tax	459	0	0	0	0	459
State Revenue Sharing - T.V.A.	50,000	0	0	0	0	50,000
Other State Grants	90,190	0	0	0	0	90,190
Total State of Tennessee	\$ 7,296,312	\$ 0	\$ 9,916	\$ 0	\$ 0	\$ 7,306,228
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 308,461	\$ 0	\$ 0	308,461
Breakfast	0	0	138,200	0	0	138,200
Adult Education State Grant Program	65,624	0	0	0	0	65,624
Vocational Education - Basic Grants to States	0	55,011	0	0	0	55,011
Title I Grants to Local Education Agencies	0	397,118	0	0	0	397,118
Innovative Education Program Strategies	0	22,902	0	0	0	22,902
Special Education - Grants to States	0	341,480	0	0	0	341,480

(Continued)

Exhibit G-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor- tation	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Special Education Preschool Grants	\$ 0	\$ 10,220	\$ 0	\$ 0	\$ 0	\$ 10,220
Eisenhower Professional Development State Grants	0	97,157	0	0	0	97,157
Other Federal through State	154,317	36,337	0	0	0	190,654
Total Federal Government	\$ 219,941	\$ 960,225	\$ 446,661	\$ 0	\$ 0	\$ 1,626,827
Total	\$ 8,935,819	\$ 960,225	\$ 784,037	\$ 277,281	\$ 724	\$ 10,958,086

Exhibit G-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,912,224	
Career Ladder Program		42,000	
Career Ladder Extended Contracts		32,500	
Homebound Teachers		5,844	
Educational Assistants		105,103	
Other Salaries & Wages		5,500	
Certified Substitute Teachers		59,364	
Social Security		178,688	
State Retirement		169,446	
Medical Insurance		248,094	
Unemployment Compensation		3,702	
Employer Medicare		41,790	
Maintenance & Repair Services- Equipment		45,415	
Other Contracted Services		3,972	
Instructional Supplies and Materials		51,872	
Textbooks		78,579	
Other Charges		5,149	
Regular Instruction Equipment		70,477	
Total Regular Instruction Program			\$ 4,059,719

Alternative Instruction Program

Teachers	\$	64,975	
Social Security		3,555	
State Retirement		3,574	
Medical Insurance		8,704	
Unemployment Compensation		83	
Employer Medicare		832	
Total Alternative Instruction Program			81,723

Special Education Program

Teachers	\$	317,290
Career Ladder Program		3,000
Career Ladder Extended Contracts		1,000
Homebound Teachers		3,975
Educational Assistants		27,258
Social Security		19,459
State Retirement		17,699
Medical Insurance		39,304
Unemployment Compensation		624

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	4,598	
Other Contracted Services		3,372	
Other Supplies and Materials		194	
Other Charges		792	
Total Special Education Program			\$ 438,565

Vocational Education Program

Teachers	\$	518,526	
Career Ladder Program		7,000	
Clerical Personnel		10,171	
Certified Substitute Teachers		11,709	
Social Security		30,900	
State Retirement		28,011	
Medical Insurance		39,506	
Unemployment Compensation		600	
Employer Medicare		7,227	
Maintenance & Repair Services- Equipment		1,537	
Instructional Supplies and Materials		14,721	
Other Supplies and Materials		1,866	
Other Charges		1,101	
Total Vocational Education Program			672,875

Adult Education Program

Teachers	\$	44,966	
Social Security		2,472	
State Retirement		2,106	
Medical Insurance		5,830	
Unemployment Compensation		80	
Employer Medicare		578	
Instructional Supplies and Materials		3,990	
Total Adult Education Program			60,022

Support Services

Attendance

Supervisor/Director	\$	28,891	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,000	
Social Security		1,851	
State Retirement		1,699	

(Continued)

Exhibit G-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Medical Insurance	\$	1,261	
Unemployment Compensation		21	
Employer Medicare		433	
Travel		821	
Total Attendance			\$ 36,977

Health Services

Other Supplies and Materials	\$	393	
Other Charges		1,416	
Total Health Services			1,809

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		97,728	
Career Ladder Extended Contracts		3,500	
Social Workers		11,597	
Secretary(s)		24,359	
School Resource Officer		2,200	
Other Salaries & Wages		69,672	
Social Security		12,372	
State Retirement		11,209	
Medical Insurance		14,727	
Unemployment Compensation		349	
Employer Medicare		2,894	
Evaluation and Testing		7,416	
Travel		1,628	
Other Contracted Services		2,970	
Other Supplies and Materials		21,427	
Other Charges		16,122	
Total Other Student Support			302,170

Regular Instruction Program

Supervisor/Director	\$	81,192	
Career Ladder Program		3,500	
Career Ladder Extended Contracts		1,000	
Librarians		80,207	
Secretary(s)		14,000	
Other Salaries & Wages		74,235	
Social Security		14,757	

(Continued)

Exhibit G-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	13,678	
Medical Insurance		14,829	
Unemployment Compensation		263	
Employer Medicare		3,451	
Travel		8,743	
Library Books/Media		27,576	
In Service/Staff Development		8,516	
Total Regular Instruction Program			\$ 345,947

Special Education Program

Supervisor/Director	\$	27,213	
Career Ladder Program		500	
Social Security		1,559	
State Retirement		1,524	
Medical Insurance		3,147	
Unemployment Compensation		21	
Employer Medicare		365	
Total Special Education Program			34,329

Vocational Education Program

Travel	\$	4,161	
In Service/Staff Development		1,120	
Total Vocational Education Program			5,281

Adult Programs

Supervisor/Director	\$	49,338	
Career Ladder Program		1,000	
Other Salaries & Wages		2,318	
Social Security		3,212	
State Retirement		2,769	
Unemployment Compensation		50	
Employer Medicare		751	
Travel		783	
In Service/Staff Development		2,560	
Total Adult Programs			62,781

Board of Education

Board and Committee Members Fees	\$	1,725	
Social Security		107	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Unemployment Compensation	\$	10	
Employer Medicare		25	
Audit Services		3,600	
Dues and Memberships		6,405	
Legal Services		8,225	
Travel		1,377	
Other Contracted Services		1,250	
Liability Insurance		19,148	
Premiums on Corporate Surety Bonds		135	
Trustee's Commission		41,102	
Workers' Compensation Insurance		82,904	
Refund to Applicant for Criminal Investigation		2,128	
Other Charges		25,865	
Total Board of Education			\$ 194,006

Director of Schools

County Official/Administrative Officer	\$	82,190	
Career Ladder Program		2,500	
Career Ladder Extended Contracts		1,500	
Secretary(s)		24,572	
Social Security		6,290	
State Retirement		5,878	
Medical Insurance		17,272	
Unemployment Compensation		83	
Employer Medicare		1,471	
Communication		4,685	
Postal Charges		1,623	
Travel		4,244	
Other Contracted Services		3,847	
Other Charges		75	
Total Director of Schools			156,230

Office of the Principal

Principals	\$	290,380	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		16,000	
Assistant Principals		137,963	
Secretary(s)		75,220	
Clerical Personnel		10,172	

(Continued)

Exhibit G-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Social Security	\$	31,597	
State Retirement		29,790	
Medical Insurance		29,830	
Unemployment Compensation		535	
Employer Medicare		7,390	
Communication		31,543	
Dues and Memberships		2,220	
Postal Charges		4,027	
Other Contracted Services		28,419	
Office Supplies		5,402	
Total Office of the Principal			\$ 715,488

Fiscal Services

Accountants/Bookkeepers	\$	38,160	
Clerical Personnel		26,838	
Social Security		3,347	
State Retirement		3,445	
Medical Insurance		12,038	
Unemployment Compensation		83	
Employer Medicare		783	
Data Processing Services		3,828	
Office Supplies		3,036	
In Service/Staff Development		151	
Administration Equipment		1,495	
Total Fiscal Services			93,204

Operation of Plant

Custodial Personnel	\$	170,586	
Social Security		9,795	
State Retirement		7,718	
Medical Insurance		14,550	
Unemployment Compensation		450	
Employer Medicare		2,291	
Other Contracted Services		32,993	
Electricity		309,001	
Natural Gas		96,238	
Water and Sewer		24,160	
Other Supplies and Materials		22,530	
Boiler Insurance		4,377	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Building and Contents Insurance	\$	79,735	
Other Charges		8,285	
Total Operation of Plant			\$ 782,709

Maintenance of Plant

Maintenance Personnel	\$	76,945	
Social Security		4,256	
State Retirement		4,078	
Medical Insurance		17,276	
Unemployment Compensation		145	
Employer Medicare		995	
Communication		2,198	
Maintenance & Repair Services- Buildings		16,711	
Maintenance & Repair Services- Equipment		29,769	
Maintenance & Repair Services- Vehicles		2,053	
Travel		603	
Other Supplies and Materials		37,669	
Other Charges		6,249	
Maintenance Equipment		14,815	
Total Maintenance of Plant			213,762

Transportation

Supervisor/Director	\$	30,591	
Mechanic(s)		28,712	
Bus Drivers		165,432	
Other Salaries & Wages		2,029	
Social Security		13,736	
State Retirement		4,135	
Medical Insurance		12,161	
Unemployment Compensation		650	
Employer Medicare		3,212	
Communication		413	
Maintenance & Repair Services- Vehicles		1,709	
Medical and Dental Services		2,737	
Diesel Fuel		50,274	
Gasoline		7,284	
Lubricants		2,340	
Tires and Tubes		5,126	
Vehicle Parts		9,165	

(Continued)

Exhibit G-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Other Supplies and Materials	\$	639	
Vehicle and Equipment Insurance		24,618	
Other Charges		2,202	
Transportation Equipment		95,069	
Total Transportation			\$ 462,234

Operation of Non-Instructional Services

Community Services

Other Supplies and Materials	\$	232	
Total Community Services			232

Early Childhood Education

Supervisor/Director	\$	33,690	
Teachers		33,656	
Other Salaries & Wages		1,776	
Social Security		3,977	
State Retirement		3,704	
Medical Insurance		4,857	
Unemployment Compensation		88	
Employer Medicare		930	
Travel		4,246	
Other Contracted Services		3,000	
Other Supplies and Materials		6,834	
Other Charges		1,918	
Total Early Childhood Education			98,676

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	215,515	
Total Regular Capital Outlay			215,515

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	150,000	
Total Education			150,000

Total General Purpose School Fund \$ 9,184,254

(Continued)

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	310,954	
Educational Assistants		60,464	
Certified Substitute Teachers		2,888	
Social Security		20,655	
State Retirement		15,491	
Medical Insurance		31,613	
Unemployment Compensation		583	
Employer Medicare		4,830	
Instructional Supplies and Materials		32,833	
Regular Instruction Equipment		2,352	
Total Regular Instruction Program			\$ 482,663

Special Education Program

Teachers	\$	70,851	
Educational Assistants		159,534	
Social Security		13,741	
State Retirement		10,882	
Unemployment Compensation		443	
Employer Medicare		3,214	
Other Contracted Services		20,700	
Instructional Supplies and Materials		38,708	
Special Education Equipment		12,148	
Total Special Education Program			330,221

Vocational Education Program

Travel	\$	4,040	
Instructional Supplies and Materials		3,196	
Vocational Instruction Equipment		43,976	
Total Vocational Education Program			51,212

Support Services

Other Student Support

Travel	\$	2,498	
In Service/Staff Development		1,302	
Other Charges		2,722	
Total Other Student Support			6,522

Regular Instruction Program

Supervisor/Director	\$	27,555	
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(Continued)

Exhibit G-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	1,670	
Unemployment Compensation		40	
Employer Medicare		391	
Travel		4,209	
In Service/Staff Development		26,334	
Other Charges		71	
Other Equipment		2,984	
Total Regular Instruction Program			\$ 63,254

Special Education Program

Travel	\$	4,256	
Other Contracted Services		22,052	
In Service/Staff Development		4,226	
Other Charges		2,073	
Total Special Education Program			32,607

Transportation

Bus Drivers	\$	25,016	
Social Security		1,503	
State Retirement		423	
Unemployment Compensation		82	
Employer Medicare		351	
Gasoline		6,388	
Total Transportation			33,763

Total School Federal Projects Fund \$ 1,000,242

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	38,160
Accountants/Bookkeepers		23,537
Cafeteria Personnel		204,530
Other Salaries & Wages		2,440
Social Security		16,263
State Retirement		10,156
Medical Insurance		9,477
Unemployment Compensation		924
Employer Medicare		3,792

(Continued)

Exhibit G-4

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Maintenance & Repair Services- Equipment	\$	8,023	
Travel		1,900	
Other Contracted Services		6,718	
Food Supplies		306,872	
Other Supplies and Materials		24,018	
Other Charges		25,353	
Food Service Equipment		49,195	
Total Food Service			\$ 731,358

Total Central Cafeteria Fund \$ 731,358

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	4,764	
Total Board of Education			\$ 4,764

Total School Transportation Fund 4,764

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	43,731	
Regular Instruction Equipment		11,563	
Total Education Capital Projects			\$ 55,294

Total Education Capital Projects Fund 55,294

Total Governmental Funds - Crockett County School Department \$ 10,975,912

SINGLE AUDIT REPORT
CROCKETT COUNTY, TENNESSEE
AND
CROCKETT 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

NORMAN R. NORMENT, CGFM
Audit Manager

HORACE WISEMAN, CGFM
Auditor 4

KATHLEEN P. BURRISS, CGFM
ELISHA CROWELL
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
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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

September 16, 2005

Crockett County Mayor, Board of County Commissioners,
Director of Schools, and Board Of Education
Crockett 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 Crockett County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department as of and for the year ended June 30, 2005, which collectively comprise a portion of Crockett County's and the Crockett County School Department's basic financial statements and have issued our reports thereon dated September 16, 2005. Our report on the financial statements of Crockett County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement 34. Our report on the financial statements of the Crockett County School Department was unqualified. 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 Crockett County's and the Crockett County's 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 Crockett County's and the Crockett County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02, 05.04, 05.07, and 05.08.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crockett County's and the Crockett County School Department's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and 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, 05.05, 05.06, and 05.09.

We also noted certain matters that we reported to the management of Crockett County and the Crockett County School Department in separate communications.

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

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/rd



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-0269
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 16, 2005

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Crockett County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated September 16, 2005. Our report on the financial statements of Crockett County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement 34. Our report on the financial statements of the Crockett County School Department was unqualified. 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 flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/rd

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	\$ 49,632
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 138,200
National School Lunch Program	10.555	N/A	308,461
Total Passed-through State Department of Education			\$ 446,661
Total U.S. Department of Agriculture			\$ 496,293
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11633-00	\$ 2,940
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-04-09	\$ 3,500
Total U.S. Department of Housing and Urban Development			\$ 6,440
U.S. Department of Justice:			
Passed through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-05-020366-00	\$ 9,765
Passed through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (B)	16.580	Z-01-098955-00	\$ 15,000
Total U.S. Department of Justice			\$ 24,765
U.S. Department of Labor:			
Passed through Dyersburg State Community College:			
WIA Youth Activities	17.259	03-12-205-999-YOUTH	\$ 14,000
Total U.S. Department of Labor			\$ 14,000
U. S. Department of Transportation:			
Passed through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-05-024226-00	\$ 10,000
Total U. S. Department of Transportation			\$ 10,000
U. S. Department of Education:			
Passed through University of Tennessee:			
Adult Education - State Grant Program	84.002	ED-04-01198-00	\$ 9,141 (3)
Passed through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04-025614-01	\$ 800 (3)
Adult Education - State Grant Program	84.002	Z-04-016657-00	2,205 (3)
Adult Education - State Grant Program	84.002	Z-05-022209-00	62,619 (3)
Adult Education - State Grant Program	84.002	GG-05-10999-00	11,478 (3)
Total Passed through State Department of Labor and Workforce Development			\$ 77,102

(Continued)

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U. S. Department of Education: (Cont.)			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 397,183
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	386,372
Special Education - Preschool Grants	84.173	N/A	10,220
Vocational Education - Basic Grants to States	84.048	N/A	55,011
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	9,690
Even Start - State Educational Agencies	84.213	Z-05-020459-00	98,121
State Grants for Innovative Programs	84.298	N/A	20,204
Education Technology State Grants	84.318X	N/A	7,252
English Language Acquisition Grants	84.365A	N/A	24,750
Teacher and Principal Training and Recruiting	84.367A	N/A	92,889
Total Passed through State Department of Education			<u>\$ 1,101,692</u>
Passed through Jackson State Community College:			
Tech-Prep Education	84.243	N/A	\$ 5,787
Total U.S. Department of Education			<u>\$ 1,193,722</u>
U. S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 81,408
Passed through State Department of Education:			
Promoting Safe and Stable Families	93.556	Z-05-021377-00	\$ 33,300
Temporary Assistance for Needy Families	93.558	Z-05-022302-00	15,791
Total Passed through the State Department of Education			<u>\$ 49,091</u>
Total U. S. Department of Health and Human Services			<u>\$ 130,499</u>
U. S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022431-00	\$ 27,747 (4)
State Domestic Preparedness Equipment Support Program	97.004	Z-05-025405-00	9,052 (4)
State Domestic Preparedness Equipment Support Program	97.004	GE-05-11684-00	5,029 (4)
Emergency Management Performance Grants	97.042	Z-03-014785-00	2,852 (5)
Emergency Management Performance Grants	97.042	Z-04-020251-00	8,409 (5)
Total U.S. Department of Homeland Security			<u>\$ 53,089</u>
Total Expenditures of Federal Awards			<u>\$ 1,928,808</u>

(Continued)

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 5,706
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-03-011310-01	5,049
Local Health Services - State Department of Health	N/A	Z-05-020513-00	25,416
Local Health Services - State Department of Health	N/A	GG-05-11542-00	16,029
Litter Grant - State Department of Transportation	N/A	Z-05-021486-00	27,099
Safe Schools Act - State Department of Education	N/A	(2)	9,732
Adult Education (Families First) - State Department of Education	N/A	Z-05-022302-00	7,431
Adult Education - State Department of Education	N/A	GG-05-10999-00	13,523
Adult Education - State Department of Education	N/A	Z-05-022209-00	16,333
Adult Education - State Department of Education	N/A	Z-04-016657-00	586
High Schools That Work - State Department of Education	N/A	Z-05-021131-00	4,024
2004 Library Services and Technology Act and Gates Foundation Technology Grant - Tennessee State Library and Archives	N/A	Z-04-021857-00	1,200
Crockett Academy -State Department of Children's Services	N/A	GG-05-11193-00	<u>90,190</u>
 Total State Grants			 <u>\$ 222,318</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U. S. Department of Education \$86,243.
- (4) Total State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) from the U. S. Department of Homeland Security \$41,828.
- (5) Total Emergency Management Performance Grants (CFDA No. 97.042) from the U. S. Department of Homeland Security \$11,261.

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

CROCKETT COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	14	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	15	Purchase orders were not issued

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04	15	Deficiencies were noted in the issuance of purchase orders

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.05	16	Receipts were not issued at the time of collection

OFFICE OF ASSESSOR OF PROPERTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.06	16	Assessment records were changed during the year as property transfers were made

OTHER FINDINGS AND RECOMMENDATIONS

Finding Number	Page Number	Subject
04.07	17	A central system of accounting, budgeting, and purchasing had not been adopted
04.08	17	Duties were not segregated adequately in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of Crockett County, and an unqualified opinion was issued on financial statements of the Crockett County School Department.
2. The audit of the financial statements of Crockett County and the Crockett County School Department disclosed reportable conditions in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Crockett County. The audit did not disclose any instances of noncompliance that were material to the financial statements of the Crockett 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 which 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Special Education Cluster: the Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Crockett County and the Crockett County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We have reviewed these findings and recommendations with management to provide an opportunity for their response. Management offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

CROCKETT COUNTY

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

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

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

RECOMMENDATION

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

OFFICE OF COUNTY MAYOR

FINDING 05.02 **PURCHASE ORDERS WERE NOT ISSUED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 05.03 **EXPENDITURES EXCEEDED APPROPRIATIONS AT THE MAJOR CATEGORY LEVEL OF CONTROL IN THE GENERAL FUND AND THE GENERAL DEBT SERVICE FUND**
(Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations in the Other Emergency Management (\$20,582) and the Principal - Education (\$2,348) major appropriation categories (legal level of control) in the General and General Debt Service Funds, respectively. Section 5-9-401, Tennessee Code Annotated, states that “all funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

OFFICE OF ROAD SUPERVISOR

FINDING 05.04 **PURCHASE ORDERS WERE NOT PROPERLY ISSUED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

In most instances, dollar amounts were not assigned to purchase orders until after purchases were made and invoices were received. The dollar amounts of items on purchase orders are necessary to quantify purchasing commitments.

RECOMMENDATION

The office should improve purchasing procedures by including the dollar amounts on the purchase order when the purchase orders are issued.

OFFICE OF SHERIFF

FINDING 05.05 **RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION**
(Noncompliance Under Government Auditing Standards)

Receipts were issued for collections at the time bank deposits were prepared instead of at the time collections were received. Since receipts were not issued at the point of collection we were unable to determine if funds were deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. The practice of issuing receipts subsequent to the actual collection increases the risks that funds will not be properly accounted. We performed a cash count on May 2, 2005, and found \$632 in cash and checks on hand which had not been receipted. Dates on the checks ranged from March 25, 2005, to April 26, 2005.

RECOMMENDATION

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

OFFICE OF ASSESSOR OF PROPERTY

FINDING 05.06 **ASSESSMENT RECORDS WERE CHANGED DURING THE YEAR AS PROPERTY TRANSFERS WERE MADE**
(Noncompliance Under Government Auditing Standards)

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

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.07 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 05.08 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in issuing receipts, preparing bank deposits, taking deposits to the bank, posting receipts to the cash journal, and/or reconciling bank statements. These same employees also performed the daily reconciliation of receipts with cash. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

FINDING 05.09 **CERTAIN PAYMENTS FOR CITY ELECTIONS WERE NOT REMITTED TO THE GENERAL FUND**
(Noncompliance Under Government Auditing Standards)

During the fiscal year, the county election registrar billed the cities of Alamo, Bells, Friendship, Gadsden, and Maury City \$145 each (\$725) for extra hours that she worked during the elections. She instructed each city to make their check payable to her. The registrar cashed these checks for personal use. Section 5-9-401, Tennessee Code Annotated, states that "all funds ... including, but not limited to ... taxes, county aid funds, federal

funds, and fines which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of the county governments shall be appropriated to such use the by the county legislative bodies.”

RECOMMENDATION

The election registrar is an employee of the county; therefore, all of her compensation should be approved by the Election Commission and the County Commission and processed through the county’s payroll system with all applicable payroll taxes withheld. All funds received from the various cities for election work should be deposited to the county’s General Fund. The registrar should obtain subsequent approval for this compensation from the Election Commission and County Commission or reimburse the General Fund for this unauthorized compensation.

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

There were no findings and questioned costs for federal awards.

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