

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

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

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Audit Highlights

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

Results

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Lawrence County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

LAWRENCE COUNTY

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

OFFICE OF CENTRAL ACCOUNTING, BUDGETING, AND PURCHASING

- ◆ The office failed to make timely requests for waste tire grant reimbursements resulting in a loss of \$40,708 in revenue to the county.
- ◆ Deficiencies were noted in the administration of the Home Investment Partnerships Program.
- ◆ Appropriations exceeded estimated available funds in the Industrial/Economic Development Fund by \$416,316.
- ◆ Purchase orders were not issued for some required purchases. In addition, several invoices were paid after the due date resulting in late charges.

OFFICE OF TRUSTEE

- ◆ Some county funds were not invested in accordance with state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The clerk did not prepare trial balances of execution docket cause balances for Circuit and General Sessions Courts.
-

OFFICE OF SHERIFF

- ◆ Bank statements were not reconciled with the cash journal, resulting in numerous undetected posting errors on the cash journal which, in turn, caused the annual financial report to be inaccurate.
 - ◆ Confidential funds were disbursed for nonconfidential transactions.
 - ◆ Internal controls over receiving and storing inmates' personal property were inadequate.
-

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Public Library, Ambulance Service, and Office of Register.

INTRODUCTORY SECTION

Lawrence County Officials

June 30, 2005

Officials:

Ametra Bailey, County Executive
Donnie Joe Brown, Road Superintendent
Cindy Benefield, Trustee
Barbara Kizer, Assessor of Property
Chuck Kizer, County Clerk
Leon Clanton, Circuit and General Sessions Courts Clerk
Kristy Gang, Clerk and Master
Teresa Dunkin, Register
William Dorning, Sheriff
Teresa Purcell, Director of Accounts and Budgets

Board of County Commissioners:

Ametra Bailey, Chairman	Ronald Benefield
Wayne Yocom	Delano Benefield
Robert Green	Franklin Burns
Dennis Gillepsie	Mark Curtis
Ricky Snider	Ray Brazier
Jim Gable	Glenn Woodall
Bobby Clifton	Bill Grisham
Jerry Dryden	Glenn E. Woodall, Jr.
James Martin	Jackie Bailey
Charles Doerflinger	

Budget and Finance Committee:

Ametra Bailey, Chairman
Bobby Clifton
Wayne Yocom
Olan Brazier
Dennis Gillepsie

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

February 10, 2006

Lawrence County Executive and
Board of County Commissioners
Lawrence County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Lawrence County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 15 through 41, 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 Lawrence 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, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial

statements for the county's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

As described in Note I, Lawrence 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 Lawrence County, Tennessee, as of June 30, 2005, or the changes in its financial position or its cash flows, where applicable, 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 Lawrence County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, 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.

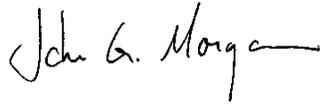
In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2006, on our consideration of Lawrence County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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., Lawrence 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 45 through 51 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 Lawrence County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a stylized flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 133,034	\$ 133,034
Equity in Pooled Cash and Investments	2,541,280	822,731	5,268,106	3,173,730	11,805,847
Accounts Receivable	229,324	0	0	365,510	594,834
Allowance for Uncollectibles	(42,817)	0	0	(68,919)	(111,736)
Due from Other Governments	104,528	447,222	156,352	206,034	914,136
Due from Other Funds	23,825	0	0	2,304	26,129
Property Taxes Receivable	5,755,194	1,385,510	2,078,265	0	9,218,969
Allowance for Uncollectible Property Taxes	(100,133)	(24,106)	(36,159)	0	(160,398)
Total Assets	<u>\$ 8,511,201</u>	<u>\$ 2,631,357</u>	<u>\$ 7,466,564</u>	<u>\$ 3,811,693</u>	<u>\$ 22,420,815</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 100,052	\$ 58,030	\$ 0	\$ 363,469	\$ 521,551
Payroll Deductions Payable	4,279	1,086	0	274	5,639
Contracts Payable	0	0	0	76,224	76,224
Retainage Payable	0	0	0	8,469	8,469
Due to Other Funds	2,304	0	0	23,825	26,129
Deferred Revenue - Current Property Taxes	5,242,988	1,262,201	1,893,301	0	8,398,490
Deferred Revenue - Delinquent Property Taxes	359,921	86,629	129,947	0	576,497
Other Deferred Revenues	155,407	182,144	79,475	206,034	623,060
Total Liabilities	<u>\$ 5,864,951</u>	<u>\$ 1,590,090</u>	<u>\$ 2,102,723</u>	<u>\$ 678,295</u>	<u>\$ 10,236,059</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 315,404	\$ 28,368	\$ 0	\$ 720,669	\$ 1,064,441
Reserved for Alcohol and Drug Treatment	122,268	0	0	0	122,268
Reserved for Courthouse and Jail Maintenance	209,371	0	0	0	209,371
Reserved for Computer System - Register	29,247	0	0	0	29,247
Reserved for Automation Purposes - Circuit Court	4,285	0	0	0	4,285
Reserved for Automation Purposes - General Sessions Court	11,606	0	0	0	11,606
Reserved for Automation Purposes - Juvenile Court	387	0	0	0	387
Reserved for Automation Purposes - Chancery Court	2,952	0	0	0	2,952
Reserved for Capital Outlay	0	0	0	119	119
Reserved for Other General Purposes	207	0	0	4,000	4,207
Unreserved, Reported In:					
General Fund	1,950,523	0	0	0	1,950,523
Special Revenue Funds	0	1,012,899	0	1,915,862	2,928,761
Debt Service Funds	0	0	5,363,841	0	5,363,841
Capital Projects Funds	0	0	0	492,748	492,748
Total Fund Balances	<u>\$ 2,646,250</u>	<u>\$ 1,041,267</u>	<u>\$ 5,363,841</u>	<u>\$ 3,133,398</u>	<u>\$ 12,184,756</u>
Total Liabilities and Fund Balances	<u>\$ 8,511,201</u>	<u>\$ 2,631,357</u>	<u>\$ 7,466,564</u>	<u>\$ 3,811,693</u>	<u>\$ 22,420,815</u>

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

Exhibit B

Lawrence 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	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,577,168	\$ 1,283,018	\$ 4,141,967	\$ 0	\$ 276,204	\$ 11,278,357
Licenses and Permits	22,375	0	0	0	0	22,375
Fines, Forfeitures, and Penalties	196,298	0	0	0	126,854	323,152
Charges for Current Services	1,247,279	22	0	0	1,227,531	2,474,832
Other Local Revenues	66,499	168,612	447,990	0	80,327	763,428
Fees Received from County Officials	912,764	0	0	0	0	912,764
State of Tennessee	441,359	2,257,283	0	0	316,290	3,014,932
Federal Government	445,840	154,792	0	0	471,002	1,071,634
Other Governments and Citizens Groups	0	55,413	0	0	72,250	127,663
Total Revenues	\$ 8,909,582	\$ 3,919,140	\$ 4,589,957	\$ 0	\$ 2,570,458	\$ 19,989,137
<u>Expenditures</u>						
Current:						
General Government	\$ 1,378,377	\$ 0	\$ 0	\$ 0	\$ 153,508	\$ 1,531,885
Finance	424,554	0	0	0	393,232	817,786
Administration of Justice	827,759	0	0	0	25,051	852,810
Public Safety	3,318,714	0	0	0	62,411	3,381,125
Public Health and Welfare	1,441,515	0	0	0	1,140,205	2,581,720
Social, Cultural, and Recreational Services	108,487	0	0	0	297,962	406,449
Agricultural and Natural Resources	119,962	0	0	0	0	119,962
Other Operations	1,688,083	0	0	0	13,001	1,701,084
Highways	0	3,703,659	0	0	0	3,703,659
Debt Service:						
Principal	0	0	2,853,117	0	0	2,853,117
Interest	0	0	1,440,615	0	0	1,440,615
Other Debt Service	0	0	133,125	0	0	133,125
Capital Projects	0	0	0	8,000,000	1,722,960	9,722,960
Total Expenditures	\$ 9,307,451	\$ 3,703,659	\$ 4,426,857	\$ 8,000,000	\$ 3,808,330	\$ 29,246,297
Excess (Deficiency) of Revenues Over Expenditures	\$ (397,869)	\$ 215,481	\$ 163,100	\$ (8,000,000)	\$ (1,237,872)	\$ (9,257,160)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 8,000,000	\$ 0	\$ 8,000,000
Notes Issued	0	0	0	0	925,000	925,000

(Continued)

Exhibit B

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 7,755,000	\$ 0	\$ 0	\$ 7,755,000
Transfers In	0	1,647	110,000	0	2,453,843	2,565,490
Transfers Out	(593,304)	(110,000)	0	0	0	(703,304)
Payments to Refunded Debt Escrow Agent	0	0	(7,860,937)	0	0	(7,860,937)
Total Other Financing Sources (Uses)	\$ (593,304)	\$ (108,353)	\$ 4,063	\$ 8,000,000	\$ 3,378,843	\$ 10,681,249
Net Change in Fund Balances	\$ (991,173)	\$ 107,128	\$ 167,163	\$ 0	\$ 2,140,971	\$ 1,424,089
Fund Balance, July 1, 2004	3,637,423	934,139	5,196,678	0	992,427	10,760,667
Fund Balance, June 30, 2005	\$ 2,646,250	\$ 1,041,267	\$ 5,363,841	\$ 0	\$ 3,133,398	\$ 12,184,756

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

Exhibit C-1

Lawrence County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Self - Insurance Fund
	<u> </u>	<u> </u>
<u>Operating Revenues</u>		
Charges for Current Services	\$ 808,208	\$ 21,881
Other Local Revenues	34,675	0
Total Operating Revenues	<u>\$ 842,883</u>	<u>\$ 21,881</u>
<u>Operating Expenses</u>		
Landfill Operation and Maintenance	\$ 526,647	\$ 0
Other General Government	0	56,539
Total Operating Expenses	<u>\$ 526,647</u>	<u>\$ 56,539</u>
Operating Income (Loss)	<u>\$ 316,236</u>	<u>\$ (34,658)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 12,272	\$ 0
Solid Waste Grants	5,072	0
Total Nonoperating Revenues (Expenses)	<u>\$ 17,344</u>	<u>\$ 0</u>
Income (Loss) Before Operating Transfers	\$ 333,580	\$ (34,658)
Operating Transfers In (Out)	<u>(1,936,304)</u>	<u>(1,681)</u>
Change in Net Assets	\$ (1,602,724)	\$ (36,339)
Net Assets, July 1, 2004	<u>1,602,724</u>	<u>36,339</u>
Nets Assets, June 30, 2005	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

Lawrence County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Self - Insurance Fund
	<hr/>	<hr/>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users	\$ 1,095,126	\$ 62,214
Other Cash Receipts (Payments)	34,675	0
Payments to Employees	(83,011)	0
Waste Collection and Disposal Activity	(745,436)	0
Self-insurance Claims Activity	0	(61,103)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 301,354</u>	<u>\$ 1,111</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Grants Received	\$ 5,072	\$ 0
Transfers Out	(1,936,304)	(1,681)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (1,931,232)</u>	<u>\$ (1,681)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	\$ 12,272	\$ 0
Net Cash Provided By (Used In) Investing Activities	<u>\$ 12,272</u>	<u>\$ 0</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,617,606)	\$ (570)
Cash and cash equivalents, July 1, 2004	1,617,606	570
Cash and cash equivalents, June 30, 2005	<u>\$ 0</u>	<u>\$ 0</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ 316,236	\$ (34,658)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Change in Assets and Liabilities:		
(Increase) decrease in Accounts Receivable	257,488	0
(Increase) decrease in Capital Assets	678,802	0
(Increase) decrease in Due from Other Funds	29,430	40,333
Increase (decrease) in Accounts Payable	(344,758)	0
Increase (decrease) in Payroll Deductions Payable	(269)	0
Increase (decrease) in Claims and Judgements Payable	0	(4,564)
Increase (decrease) in Accrued Closure/Postclosure Costs	(630,000)	0
Increase (decrease) in Accrued Expenses	(5,575)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 301,354</u>	<u>\$ 1,111</u>

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

Exhibit D-1

Lawrence County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust Fund	Agency Funds
	<u>Library Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 75,799	\$ 1,577,334
Equity in Pooled Cash and Investments	0	25,932
Due from Other Governments	<u>0</u>	<u>645,495</u>
Total Assets	<u>\$ 75,799</u>	<u>\$ 2,248,761</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 2,784
Due to Other Taxing Units	0	645,495
Due to Joint Ventures	0	27,988
Due to Litigants, Heirs, and Others	<u>0</u>	<u>1,572,494</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,248,761</u>
<u>NET ASSETS</u>		
Held in Trust for Library	<u>\$ 75,799</u>	

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

Lawrence County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2005

Private
 Purpose
 Trust
 Fund

 Library
 Trust Fund

ADDITIONS

Other Sources:

Transfers In	\$ 75,799
Total Additions	<u>\$ 75,799</u>
Change in Net Assets	\$ 75,799
Net Assets, July 1, 2004	<u>0</u>
Net Assets, June 30, 2005	<u><u>\$ 75,799</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lawrence 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.

Lawrence County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type 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. Lawrence 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 Lawrence County's auditor to issue an adverse opinion on the county's financial statements.

Although Lawrence 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 Lawrence County:

A. Reporting Entity

Lawrence County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Lawrence County, the primary government.

Blended Component Units – There are no legally separate component units of Lawrence 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 Lawrence 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 Lawrence County School Department operates the public school system in the county, and the voters of Lawrence 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 Lawrence County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Lawrence County, and the Lawrence 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 Lawrence County School Department and the Lawrence 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. The Lawrence County Emergency Communications District's financial statements are published as a separate report. Complete financial statements of the Lawrence County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Lawrence County Emergency Communications District
240 West Gaines Street
Lawrenceburg, TN 38464-0691

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

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

governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Lawrence County reports two proprietary funds, an enterprise fund and an internal service fund. The two proprietary funds were closed prior to June 30, 2005.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds and enterprise funds are aggregated into single columns on the fund financial statements. Internal service funds and fiduciary funds in total are reported in single columns by fund types.

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. Lawrence County considers grants 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.

Proprietary fund and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Lawrence 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.

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

Lawrence County reports the following major enterprise fund:

Enterprise Fund – The Solid Waste Disposal Fund accounts for the county’s long-term disposal services, the operation of a solid waste transfer station, solid waste transportation services, and closure/postclosure costs of the county’s landfill.

Additionally, Lawrence County reports the following fund types:

Internal Service Fund – The Self-Insurance Fund is used to account for workers’ compensation claims due to on-the-job injuries provided to other departments on a cost-reimbursement basis.

Private-Purpose Trust Fund – The Library Trust Fund is used to account for an endowment received by the county for which the principal amount must remain intact while interest earned on the principal is to be expended to benefit Lawrence County’s library.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received from the state to be forwarded to the various cities in Lawrence County, and state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. Lawrence County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has two proprietary funds, one enterprise fund that accounts for the county's solid waste operations, and one internal service fund that accounts for workers' compensation claims due to on-the-job injuries. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the county's enterprise and internal service funds are charges for services. Operating expenses for the internal service fund include general operating expenses and employee benefits.

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

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on hand and cash on deposit with the county trustee.

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 Lawrence County and Lawrence County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Lawrence County and the Lawrence County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not

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

2. Receivables and Payables

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

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

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

Lawrence County closed the Solid Waste Disposal Fund (proprietary fund) during the fiscal year and converted its operations to a Solid Waste/Sanitation Fund (special revenue fund). Capital assets of the Solid Waste Disposal Fund will be reflected in the county's government-wide financial statements upon implementation of GASB 34.

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Lawrence County does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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, claims and judgments, and landfill closure/postclosure costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

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

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 General Fund had a designation of \$28,398 at June 30, 2005, which represents funds set aside by the County Commission for the purchase of computer equipment for the Ambulance Service.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Fund Deficit

The Industrial/Economic Development Fund had a fund deficit of \$71,136 at June 30, 2005. The fund deficit resulted from the unperformed portions of construction projects of \$541,610 being reserved as encumbrances. Funding for future expenditures is expected to be received from a federal grant.

B. Appropriations Exceeded Estimated Available Funds

The budget and subsequent amendments submitted to and approved by the County Commission for the Industrial/Economic Development Fund resulted in appropriations exceeding estimated funding by \$416,316.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Lawrence County and the Lawrence County School Department participate in an internal cash and investment pool through the Office of Trustee. The Lawrence County School Department meets the criteria for a discretely presented component unit of Lawrence County. Since Lawrence County is presenting fund financial statements only, the financial information for the Lawrence County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county's investment in Federal Home Loan Mortgage Corporation (Freddie Mac) of \$387,156 is not authorized by state statute.

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

Investment	Maturity	Fair Value Or Cost
Federal Home Loan Bank	7-8-05	\$ 24,992
Federal Home Loan Bank	8-26-05	209,345
Federal Home Loan Bank	9-16-05	114,569
Federal Home Loan Bank	3-17-06	69,213
Federal Home Loan Bank	7-24-06	489,845
Federal Home Loan Bank	7-28-06	492,190
Federal Home Loan Bank	8-21-06	73,992
Total Federal Home Loan Bank		<u>\$ 1,474,146</u>
Federal National Mortgage Association	7-29-05	\$ 46,927
Federal National Mortgage Association	9-2-05	14,967
Federal National Mortgage Association	2-13-06	64,472
Federal National Mortgage Association	7-9-06	49,141
Federal National Mortgage Association	10-15-05	796,508
Federal National Mortgage Association	10-21-05	189,170
Federal National Mortgage Association	9-28-06	493,440
Total Federal National Mortgage Association		<u>\$ 1,654,625</u>
Federal Farm Credit Bank	8-3-05	\$ 2,645,866
Federal Farm Credit Bank	8-15-05	424,337
Total Federal Farm Credit Bank		<u>\$ 3,070,203</u>
Federal Mortgage Assistance Corporation	9-15-05	\$ 50,936
Federal Mortgage Assistance Corporation	2-17-06	247,725
Federal Mortgage Assistance Corporation	7-6-06	88,495
Total Federal Mortgage Assistance Corporation		<u>\$ 387,156</u>
Total		<u>\$ 6,586,130</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. Lawrence 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. Lawrence County has no investment policy that would further limit its investment choices. Lawrence County's investments with the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Farm Credit Bank are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AAA by Standard & Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county’s investment in a single issuer. Lawrence County places no limit on the amount the county may invest in one issuer. More than five percent of the county’s investments are in the Federal Home Loan Bank (22 percent), the Federal National Mortgage Association (25 percent), the Federal Farm Credit Bank (47 percent), and the Federal Mortgage Assistance Corporation (six percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Lawrence County does not have a formal policy that limits custodial credit risk for investments. The county’s investment of \$6,586,130 in the investments listed in the above table have a custodial credit risk exposure because the securities are uninsured, unregistered, and held by the county’s financial agent which is also the counterparty for these investments.

B. Construction Commitments

At June 30, 2005, the Industrial/Economic Development Fund had an uncompleted construction contract of approximately \$541,610 for waterline extensions. Funding for these future expenditures is expected to be received from a federal grant.

At June 30, 2005, the General Capital Projects Fund had an uncompleted construction contract of approximately \$98,013 for construction of a Health Department building. Funding has been received for these future expenditures.

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	\$ 23,825
Nonmajor governmental	General	2,304

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

Interfund Transfers:

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

Transfers Out	Transfers In			
	General Debt Service Fund	Highway/Public Works Fund	Nonmajor Governmental Funds	Library Trust Fund
General Fund	\$ 0	\$ 0	517,505	\$ 75,799
Highway/Public Works Fund	110,000	0	0	0
Solid Waste Disposal Fund	0	0	1,936,304	0
Internal Service Fund	0	1,647	34	0
Total	\$ 110,000	\$ 1,647	\$ 2,453,843	\$ 75,799

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. Long-term Debt

Since Lawrence 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 Lawrence County is not presenting government-wide financial statements.

General Obligation Bonds and Notes

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 24 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 capital outlay notes included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	2.2 to 4.85%	\$ 3,340,000	\$ 3,095,000
General Obligation Bonds - Refunding	2.599 to 5.05	45,850,000	35,495,000
Capital Outlay Notes	1.55 to 4.125	7,350,000	5,706,883
Capital Outlay Notes - Refunding	2.74	2,195,000	1,655,000

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	\$ 2,310,000	\$ 1,397,628	\$ 1,063,644	\$ 250,346
2007	2,410,000	1,255,980	1,103,239	215,883
2008	2,575,000	1,173,322	810,000	179,792
2009	2,665,000	1,084,447	845,000	152,283
2010	2,745,000	992,366	870,000	123,354
2011-2015	13,560,000	3,540,857	2,670,000	218,008
2016-2020	7,560,000	1,628,565	0	0
2021-2025	3,885,000	587,575	0	0
2026	880,000	17,951	0	0
Total	<u>\$ 38,590,000</u>	<u>\$ 11,678,691</u>	<u>\$ 7,361,883</u>	<u>\$ 1,139,666</u>

There is \$5,363,841 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$967, based on the 2000 federal census. Total debt per capita, including bonds and notes, amounted to \$1,151, 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
Balance, July 1, 2004	\$ 31,930,000	\$ 7,480,000
Additions	15,755,000	925,000
Deductions	(9,095,000)	(1,043,117)
Balance, June 30, 2005	<u>\$ 38,590,000</u>	<u>\$ 7,361,883</u>
Balance Due Within One Year	<u>\$ 2,310,000</u>	<u>\$ 1,063,644</u>

Governmental Activities:

	Compensated Absences	Closure/ Postclosure Costs
Balance, July 1, 2004	\$ 192,152	\$ 630,000
Additions	359,299	0
Deductions	(335,893)	(22,500)
Balance, June 30, 2005	<u>\$ 215,558</u>	<u>\$ 607,500</u>
Balance Due Within One Year	<u>\$ 140,000</u>	<u>\$ 22,500</u>

Compensated absences payable will be paid from the employing funds, primarily the General Fund and the Highway/Public Works Fund. Landfill closure/postclosure costs will be paid from the Solid Waste/Sanitation Fund.

Advance Refunding

On March 15, 2005, Lawrence County advance refunded portions of two general obligation refunding bond issues with a separate general obligation bond issue. The county issued \$7,775,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the partial advance refunding, total debt service payments over the next 20 years will be reduced by \$227,204 and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$52,106 was obtained.

IV. OTHER INFORMATION

A. Risk Management

The county is exposed to various risks related to general liability, property, and casualty losses. During a prior year, the county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage.

The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$500,000 (property) and \$250,000 (casualty) for each insured event.

Lawrence County does not have a workers' compensation plan. The county was self-insured for risks associated with workers' compensation claims due to on-the-job injuries up to a limit of \$25,000 per claim, and had purchased an occupational accident commercial insurance policy to cover claims over \$25,000 per occurrence and up to \$1,000,000 per accident. This policy does not limit the county's liability should occupational-related lawsuits be filed. Lawrence County had utilized a Self-Insurance Fund for risks associated with compensation claims due to on-the-job injuries; however, the county closed this fund during the year. Presently, each county department pays a prorated share of the commercial insurance policy premiums, as well as an amount equal to the specific medical claims and wages for employees of their respective departments, from their appropriate funds. Settled claims have not exceeded the county's coverage in any of the past three fiscal years.

B. Accounting Change

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

C. Subsequent Events

On September 27, 2005, Lawrence County authorized the issuance of \$1,995,000 of capital outlay notes for constructing and improving county roads.

On November 22, 2005, Lawrence County authorized the issuance of \$3,225,000 of school refunding bonds.

On November 22, 2005, Lawrence County authorized the issuance of \$10,000,000 of general obligation bonds for jail construction.

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. Change in Administration

On August 31, 2004, Estes Taylor left the Office of Assessor of Property and was succeeded by Barbara Kizer.

F. Landfill Closure/Postclosure Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The county closed the landfill in 2001. The Solid Waste/Sanitation Fund reports closure/postclosure costs as a current operating expense.

Effective March 5, 2001, Lawrence County contracted with Waste Services of Decatur, LLC, (WSD) to provide long-term disposal services, the operation of a solid waste transfer station, solid waste transportation services, and closure and postclosure costs of the county's landfill. Lawrence County has agreed to pay WSD \$22,500 per year for 30 years to cover any closure/postclosure costs. As a result, WSD is contractually liable for all actual closure/postclosure costs. The \$607,500 reported as the landfill closure/postclosure liability at June 30, 2005, represents the unpaid balance on this contract.

G. Joint Ventures

Lawrence County and the City of Lawrenceburg jointly operate the Lawrenceburg-Lawrence County Airport. A six-member board including three appointees from the county and three from the city governs the Lawrenceburg-Lawrence County Airport. Lawrence County has control over budgeting and financing the joint venture only to the extent of representation by the three members appointed. Lawrence County contributed \$60,000 to the operations of the joint venture during the year ended June 30, 2005.

The Lawrence County Joint Economic Development Board is a joint venture between Lawrence County, the City of Loretto, and the City of Lawrenceburg. The board comprises the county executive, the mayors of the cities of Loretto and Lawrenceburg, and 11 additional members representing county and city governments, private citizens, industry, and business. The purpose of the board is to foster communication and facilitate economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the

total census of the county. Lawrence County did not appropriate any funds to the Lawrence County Joint Economic Development Board during the year ended June 30, 2005.

Lawrence County does not retain an equity interest in either of the above-noted joint ventures.

Complete financial statements for the Lawrenceburg-Lawrence County Airport and the Lawrence County Joint Economic Development Board can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Lawrenceburg-Lawrence County Airport
4110 Airport Road
Lawrenceburg, TN 38464

Lawrence County Joint Economic Development Board
Lawrence County Executive
240 West Gaines Street
Lawrenceburg, TN 38464

H. Jointly Governed Organization

Lawrence County, in conjunction with Giles and Maury Counties, created the Tennessee Southern Railroad Authority (TSRA). The TSRA's board includes the Lawrence County Executive and county mayors of Giles and Maury Counties, a representative appointed by the respective County Commissions from each of the three counties, and a representative from the cities of Mt. Pleasant and Lawrenceburg. However, the counties and cities do not have any ongoing financial interest or responsibility for the entity. The majority of TSRA's funding is received from various grants from the Tennessee Department of Transportation. Lawrence County did not appropriate any funds to the authority for the year ended June 30, 2005.

I. Retirement Commitments

Plan Description

Employees of Lawrence 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 Lawrence 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

Lawrence 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 6.24 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lawrence County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Lawrence County's annual pension cost of \$658,497 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. Lawrence County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 15 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$658,497	100%	\$0
6-30-04	451,614	100	0
6-30-03	444,789	100	0

Required Supplementary Information

Schedule of Funding Progress for Lawrence County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$19,110	\$19,937	\$827	95.85%	\$9,608	8.61%
6-30-01	16,805	17,795	990	94.44	9,178	10.79
6-30-99	13,899	14,844	945	93.63	8,359	11.30

J. Office of Central Accounting, Budgeting, and Purchasing

Lawrence County operates under provisions of the Fiscal Control Acts of 1957, which provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and the road superintendent. These funds were maintained in the Office of Central Accounting, Budgeting, and Purchasing under the supervision of the director of accounts and budgets.

K. Purchasing Laws

Offices of County Executive and Road Superintendent

Purchasing procedures for these offices are governed by the Fiscal Control Acts of 1957, Section 5-14-101 et seq., Tennessee Code Annotated (TCA). Purchasing procedures for the Road Department are also governed by the Uniform Road Law, Section 54-7-113, TCA. These statutes require that purchase orders be issued for all purchases, and that sealed bids be solicited on purchases exceeding \$5,000 for the Office of County Executive and \$10,000 for the Office of Road Superintendent. The County Commission requires three quotes for purchases estimated to be between \$2,500 and \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,577,168	\$ 0	\$ 0	\$ 5,577,168	\$ 5,629,034	\$ 5,629,034	\$ (51,866)
Licenses and Permits	22,375	0	0	22,375	21,900	21,900	475
Fines, Forfeitures, and Penalties	196,298	0	0	196,298	177,575	177,575	18,723
Charges for Current Services	1,247,279	0	0	1,247,279	1,000,306	1,035,803	211,476
Other Local Revenues	66,499	0	0	66,499	54,397	72,223	(5,724)
Fees Received from County Officials	912,764	0	0	912,764	902,000	902,000	10,764
State of Tennessee	441,359	0	0	441,359	659,247	660,147	(218,788)
Federal Government	445,840	0	0	445,840	438,596	578,364	(132,524)
Other Governments and Citizens Groups	0	0	0	0	2,070	2,070	(2,070)
Total Revenues	\$ 8,909,582	\$ 0	\$ 0	\$ 8,909,582	\$ 8,885,125	\$ 9,079,116	\$ (169,534)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 618,996	\$ 0	\$ 280	\$ 619,276	\$ 785,018	\$ 856,109	\$ 236,833
County Executive	122,010	(2,400)	18	119,628	129,222	130,086	10,458
County Attorney	6,000	0	0	6,000	6,000	6,000	0
Election Commission	158,809	(13,762)	943	145,990	190,919	192,132	46,142
Register of Deeds	25,745	(591)	3,523	28,677	39,850	40,993	12,316
County Buildings	390,843	(2,060)	2,287	391,070	376,839	411,963	20,893
Preservation of Records	55,974	(1,309)	0	54,665	56,949	57,849	3,184
<u>Finance</u>							
Accounting and Budgeting	100,333	(675)	0	99,658	114,772	114,772	15,114
Purchasing	73,752	(2,121)	4,138	75,769	116,777	82,253	6,484
Property Assessor's Office	200,373	(722)	0	199,651	211,479	213,006	13,355
County Trustee's Office	22,604	(384)	336	22,556	18,711	23,814	1,258
County Clerk's Office	27,492	(160)	9	27,341	31,500	37,565	10,224

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 335,153	\$ (872)	\$ 302	\$ 334,583	\$ 329,297	\$ 342,310	\$ 7,727
General Sessions Court	277,393	(88)	58	277,363	302,825	303,636	26,273
Drug Court	0	0	0	0	136,887	136,887	136,887
Chancery Court	169,746	(1,934)	52	167,864	170,837	174,420	6,556
Juvenile Court	29,449	0	0	29,449	36,959	36,959	7,510
District Attorney General	16,018	0	0	16,018	25,000	25,000	8,982
<u>Public Safety</u>							
Sheriff's Department	1,840,260	(89,420)	4,517	1,755,357	1,653,154	1,782,885	27,528
Jail	584,814	(12,173)	500	573,141	492,185	578,688	5,547
Workhouse	44,639	(6,209)	762	39,192	42,356	42,356	3,164
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Civil Defense	320,034	(4,900)	294,108	609,242	175,000	617,768	8,526
Rescue Squad	260,500	0	0	260,500	260,500	260,500	0
Other Emergency Management	253,500	0	0	253,500	253,500	253,500	0
County Coroner/Medical Examiner	6,000	0	0	6,000	6,000	6,000	0
Other Public Safety	6,967	(1,950)	0	5,017	6,000	6,000	983
<u>Public Health and Welfare</u>							
Local Health Center	219,466	(5,122)	795	215,139	247,804	247,804	32,665
Ambulance/Emergency Medical Services	1,156,433	(16,835)	1,579	1,141,177	1,175,819	1,195,728	54,551
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0
Appropriation to State	20,000	0	0	20,000	20,000	20,000	0
General Welfare Assistance	255	0	0	255	0	255	0
Aid to Dependent Children	7,989	0	0	7,989	8,000	8,000	11
Other Public Health and Welfare	27,372	0	0	27,372	27,372	27,372	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	14,000	0	0	14,000	14,000	14,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Other Social, Cultural, and Recreational	\$ 94,487	\$ 0	\$ 0	\$ 94,487	\$ 85,000	\$ 96,851	\$ 2,364
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	90,976	(976)	100	90,100	97,965	97,965	7,865
Soil Conservation	28,986	(328)	265	28,923	29,023	29,023	100
<u>Other Operations</u>							
Tourism	66,575	0	0	66,575	50,000	67,075	500
Industrial Development	50,000	0	0	50,000	50,000	50,000	0
Airport	60,000	0	0	60,000	60,025	60,000	0
Veterans' Services	53,182	(77)	757	53,862	55,121	55,353	1,491
Other Charges	404,823	(1,818)	75	403,080	559,631	559,256	156,176
Employee Benefits	1,053,503	0	0	1,053,503	1,150,000	1,150,000	96,497
Total Expenditures	\$ 9,307,451	\$ (166,886)	\$ 315,404	\$ 9,455,969	\$ 9,610,296	\$ 10,424,133	\$ 968,164
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (397,869)	\$ 166,886	\$ (315,404)	\$ (546,387)	\$ (725,171)	\$ (1,345,017)	\$ 798,630
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (593,304)	\$ 0	\$ 0	\$ (593,304)	\$ (156,131)	\$ (593,304)	\$ 0
Total Other Financing Sources (Uses)	\$ (593,304)	\$ 0	\$ 0	\$ (593,304)	\$ (156,131)	\$ (593,304)	\$ 0
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2004	\$ (991,173)	\$ 166,886	\$ (315,404)	\$ (1,139,691)	\$ (881,302)	\$ (1,938,321)	\$ 798,630
	3,637,423	(166,886)	0	3,470,537	3,474,452	3,474,452	(3,915)
Fund Balance, June 30, 2005	\$ 2,646,250	\$ 0	\$ (315,404)	\$ 2,330,846	\$ 2,593,150	\$ 1,536,131	\$ 794,715

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,283,018	\$ 0	\$ 0	\$ 1,283,018	\$ 1,283,429	\$ 1,283,429	\$ (411)
Charges for Current Services	22	0	0	22	1,500	1,500	(1,478)
Other Local Revenues	168,612	0	0	168,612	48,275	167,295	1,317
State of Tennessee	2,257,283	0	0	2,257,283	2,454,845	2,209,030	48,253
Federal Government	154,792	0	0	154,792	0	155,126	(334)
Other Governments and Citizens Groups	55,413	0	0	55,413	0	54,863	550
Total Revenues	\$ 3,919,140	\$ 0	\$ 0	\$ 3,919,140	\$ 3,788,049	\$ 3,871,243	\$ 47,897
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 142,306	\$ (100)	\$ 90	\$ 142,296	\$ 195,515	\$ 196,058	\$ 53,762
Highway and Bridge Maintenance	1,839,249	(29,150)	10,075	1,820,174	1,655,000	1,935,390	115,216
Operation and Maintenance of Equipment	563,528	(31,055)	8,203	540,676	627,100	631,694	91,018
Other Charges	124,882	0	0	124,882	124,387	124,387	(495)
Employee Benefits	355,149	0	0	355,149	388,000	388,000	32,851
Capital Outlay	678,545	(45,000)	10,000	643,545	1,004,597	733,176	89,631
Total Expenditures	\$ 3,703,659	\$ (105,305)	\$ 28,368	\$ 3,626,722	\$ 3,994,599	\$ 4,008,705	\$ 381,983
Excess (Deficiency) of Revenues Over Expenditures	\$ 215,481	\$ 105,305	\$ (28,368)	\$ 292,418	\$ (206,550)	\$ (137,462)	\$ 429,880
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 1,647	\$ 0	\$ 0	\$ 1,647	\$ 0	\$ 0	\$ 1,647
Transfers Out	(110,000)	0	0	(110,000)	(110,000)	(110,000)	0
Total Other Financing Sources (Uses)	\$ (108,353)	\$ 0	\$ 0	\$ (108,353)	\$ (110,000)	\$ (110,000)	\$ 1,647

(Continued)

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 107,128	\$ 105,305	\$ (28,368)	\$ 184,065	\$ (316,550)	\$ (247,462)	\$ 431,527
Fund Balance, July 1, 2004	934,139	(105,305)	0	828,834	969,797	969,797	(140,963)
Fund Balance, June 30, 2005	\$ 1,041,267	\$ 0	\$ (28,368)	\$ 1,012,899	\$ 653,247	\$ 722,335	\$ 290,564

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

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, County Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Public Library Fund – The Public Library Fund is used to account for transactions of the Lawrence County Public Library.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for solid waste revenues and transfer fees for hauling solid waste.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to promote industrial and economic growth by encouraging enterprises to locate in or remain in Lawrence County.

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

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

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

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 general capital expenditures of the county.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for HUD grant revenues and expenditures.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for capital expenditures of the Highway Department.

Exhibit F-1

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>ASSETS</u>						
Cash	\$ 0	\$ 150	\$ 59	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	60,569	67,468	1,440,824	470,474	223,311	12,026
Accounts Receivable	0	0	365,169	0	0	0
Allowance for Uncollectibles	0	0	(68,919)	0	0	0
Due from Other Governments	0	0	206,034	0	0	0
Due from Other Funds	0	0	2,304	0	0	0
Total Assets	\$ 60,569	\$ 67,618	\$ 1,945,471	\$ 470,474	\$ 223,311	\$ 12,026
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 1,618	\$ 203,366	\$ 0	\$ 0	\$ 0
Payroll Deductions Payable	0	0	274	0	0	0
Contracts Payable	0	0	0	0	0	0
Retainage Payable	0	0	0	0	0	0
Due to Other Funds	0	1,494	21,387	0	0	0
Other Deferred Revenues	0	0	206,034	0	0	0
Total Liabilities	\$ 0	\$ 3,112	\$ 431,061	\$ 0	\$ 0	\$ 0
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 13,089	\$ 866	\$ 541,610	\$ 2,091	\$ 0
Reserved for Capital Outlay	0	0	0	0	0	0
Reserved for Other General Purposes	0	4,000	0	0	0	0
Unreserved (Deficit)	60,569	47,417	1,513,544	(71,136)	221,220	12,026
Total Fund Balances	\$ 60,569	\$ 64,506	\$ 1,514,410	\$ 470,474	\$ 223,311	\$ 12,026
Total Liabilities and Fund Balances	\$ 60,569	\$ 67,618	\$ 1,945,471	\$ 470,474	\$ 223,311	\$ 12,026

(Continued)

Exhibit F-1

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

	Special Revenue Funds (Cont.)		Capital Projects Funds				Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	General Capital Projects	HUD Grant Projects	Highway Capital Projects	Total	
<u>ASSETS</u>							
Cash	\$ 132,825	\$ 133,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 133,034
Equity in Pooled Cash and Investments	0	2,274,672	221,160	119	677,779	899,058	3,173,730
Accounts Receivable	341	365,510	0	0	0	0	365,510
Allowance for Uncollectibles	0	(68,919)	0	0	0	0	(68,919)
Due from Other Governments	0	206,034	0	0	0	0	206,034
Due from Other Funds	0	2,304	0	0	0	0	2,304
Total Assets	\$ 133,166	\$ 2,912,635	\$ 221,160	\$ 119	\$ 677,779	\$ 899,058	\$ 3,811,693
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 204,984	\$ 0	\$ 0	\$ 158,485	\$ 158,485	\$ 363,469
Payroll Deductions Payable	0	274	0	0	0	0	274
Contracts Payable	0	0	76,224	0	0	76,224	76,224
Retainage Payable	0	0	8,469	0	0	8,469	8,469
Due to Other Funds	944	23,825	0	0	0	0	23,825
Other Deferred Revenues	0	206,034	0	0	0	0	206,034
Total Liabilities	\$ 944	\$ 435,117	\$ 84,693	\$ 0	\$ 158,485	\$ 243,178	\$ 678,295
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 557,656	\$ 98,013	\$ 0	\$ 65,000	\$ 163,013	\$ 720,669
Reserved for Capital Outlay	0	0	0	119	0	119	119
Reserved for Other General Purposes	0	4,000	0	0	0	0	4,000
Unreserved (Deficit)	132,222	1,915,862	38,454	0	454,294	492,748	2,408,610
Total Fund Balances	\$ 132,222	\$ 2,477,518	\$ 136,467	\$ 119	\$ 519,294	\$ 655,880	\$ 3,133,398
Total Liabilities and Fund Balances	\$ 133,166	\$ 2,912,635	\$ 221,160	\$ 119	\$ 677,779	\$ 899,058	\$ 3,811,693

Exhibit F-2

Lawrence 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					
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 9,990	\$ 0	\$ 0	\$ 266,214	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	92,060	34,794
Charges for Current Services	0	14,631	659,097	0	0	0
Other Local Revenues	0	5,534	58,214	0	122	721
State of Tennessee	0	5,400	1,000	89,890	0	0
Federal Government	0	0	0	21,000	130,986	0
Other Governments and Citizens Groups	0	72,250	0	0	0	0
Total Revenues	\$ 9,990	\$ 97,815	\$ 718,311	\$ 377,104	\$ 223,168	\$ 35,515
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	25,051
Public Safety	0	0	0	0	62,411	0
Public Health and Welfare	0	0	1,140,205	0	0	0
Social, Cultural, and Recreational Services	0	297,962	0	0	0	0
Other Operations	13,001	0	0	0	0	0
Capital Projects	0	0	0	82,159	0	0
Total Expenditures	\$ 13,001	\$ 297,962	\$ 1,140,205	\$ 82,159	\$ 62,411	\$ 25,051
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,011)	\$ (200,147)	\$ (421,894)	\$ 294,945	\$ 160,757	\$ 10,464
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	156,165	1,936,304	74,796	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 156,165	\$ 1,936,304	\$ 74,796	\$ 0	\$ 0
Net Change in Fund Balances	\$ (3,011)	\$ (43,982)	\$ 1,514,410	\$ 369,741	\$ 160,757	\$ 10,464
Fund Balance, July 1, 2004	63,580	108,488	0	100,733	62,554	1,562
Fund Balance, June 30, 2005	\$ 60,569	\$ 64,506	\$ 1,514,410	\$ 470,474	\$ 223,311	\$ 12,026

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds				Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	General Capital Projects	HUD Grant Projects	Highway Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 276,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 276,204
Fines, Forfeitures, and Penalties	0	126,854	0	0	0	0	126,854
Charges for Current Services	553,803	1,227,531	0	0	0	0	1,227,531
Other Local Revenues	0	64,591	15,736	0	0	15,736	80,327
State of Tennessee	0	96,290	0	0	220,000	220,000	316,290
Federal Government	0	151,986	0	319,016	0	319,016	471,002
Other Governments and Citizens Groups	0	72,250	0	0	0	0	72,250
Total Revenues	\$ 553,803	\$ 2,015,706	\$ 15,736	\$ 319,016	\$ 220,000	\$ 554,752	\$ 2,570,458
<u>Expenditures</u>							
Current:							
General Government	\$ 153,508	\$ 153,508	\$ 0	\$ 0	\$ 0	\$ 0	\$ 153,508
Finance	393,232	393,232	0	0	0	0	393,232
Administration of Justice	0	25,051	0	0	0	0	25,051
Public Safety	0	62,411	0	0	0	0	62,411
Public Health and Welfare	0	1,140,205	0	0	0	0	1,140,205
Social, Cultural, and Recreational Services	0	297,962	0	0	0	0	297,962
Other Operations	0	13,001	0	0	0	0	13,001
Capital Projects	0	82,159	696,198	318,897	625,706	1,640,801	1,722,960
Total Expenditures	\$ 546,740	\$ 2,167,529	\$ 696,198	\$ 318,897	\$ 625,706	\$ 1,640,801	\$ 3,808,330
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,063	\$ (151,823)	\$ (680,462)	\$ 119	\$ (405,706)	\$ (1,086,049)	\$ (1,237,872)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 925,000	\$ 925,000	\$ 925,000
Transfers In	0	2,167,265	286,578	0	0	286,578	2,453,843
Total Other Financing Sources (Uses)	\$ 0	\$ 2,167,265	\$ 286,578	\$ 0	\$ 925,000	\$ 1,211,578	\$ 3,378,843
Net Change in Fund Balances	\$ 7,063	\$ 2,015,442	\$ (393,884)	\$ 119	\$ 519,294	\$ 125,529	\$ 2,140,971
Fund Balance, July 1, 2004	125,159	462,076	530,351	0	0	530,351	992,427
Fund Balance, June 30, 2005	\$ 132,222	\$ 2,477,518	\$ 136,467	\$ 119	\$ 519,294	\$ 655,880	\$ 3,133,398

Exhibit F-3

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,990	\$ 13,491	\$ 13,491	\$ (3,501)
Total Revenues	\$ 9,990	\$ 13,491	\$ 13,491	\$ (3,501)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 13,001	\$ 2,470	\$ 13,553	\$ 552
Total Expenditures	\$ 13,001	\$ 2,470	\$ 13,553	\$ 552
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,011)	\$ 11,021	\$ (62)	\$ (2,949)
Net Change in Fund Balance	\$ (3,011)	\$ 11,021	\$ (62)	\$ (2,949)
Fund Balance, July 1, 2004	63,580	63,580	63,580	0
Fund Balance, June 30, 2005	\$ 60,569	\$ 74,601	\$ 63,518	\$ (2,949)

Exhibit F-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 14,631	\$ 0	\$ 0	\$ 14,631	\$ 10,025	\$ 12,025	\$ 2,606
Other Local Revenues	5,534	0	0	5,534	12,400	16,400	(10,866)
State of Tennessee	5,400	0	0	5,400	4,800	5,400	0
Other Governments and Citizens Groups	72,250	0	0	72,250	73,841	71,841	409
Total Revenues	\$ 97,815	\$ 0	\$ 0	\$ 97,815	\$ 101,066	\$ 105,666	\$ (7,851)
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 297,962	\$ (12,308)	\$ 13,089	\$ 298,743	\$ 303,835	\$ 305,929	\$ 7,186
Total Expenditures	\$ 297,962	\$ (12,308)	\$ 13,089	\$ 298,743	\$ 303,835	\$ 305,929	\$ 7,186
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (200,147)	\$ 12,308	\$ (13,089)	\$ (200,928)	\$ (202,769)	\$ (200,263)	\$ (665)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 156,165	\$ 0	\$ 0	\$ 156,165	\$ 156,131	\$ 156,131	\$ 34
Total Other Financing Sources (Uses)	\$ 156,165	\$ 0	\$ 0	\$ 156,165	\$ 156,131	\$ 156,131	\$ 34
Net Change in Fund Balance							
Fund Balance, July 1, 2004	\$ (43,982)	\$ 12,308	\$ (13,089)	\$ (44,763)	\$ (46,638)	\$ (44,132)	\$ (631)
	108,488	(12,308)	0	96,180	109,382	109,382	(13,202)
Fund Balance, June 30, 2005	\$ 64,506	\$ 0	\$ (13,089)	\$ 51,417	\$ 62,744	\$ 65,250	\$ (13,833)

Exhibit F-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 659,097	\$ 0	\$ 659,097	\$ 0	\$ 660,112	\$ (1,015)
Other Local Revenues	58,214	0	58,214	0	40,813	17,401
State of Tennessee	1,000	0	1,000	0	240,708	(239,708)
Total Revenues	<u>\$ 718,311</u>	<u>\$ 0</u>	<u>\$ 718,311</u>	<u>\$ 0</u>	<u>\$ 941,633</u>	<u>\$ (223,322)</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Landfill Operation and Maintenance	\$ 1,140,205	\$ 866	\$ 1,141,071	\$ 0	\$ 1,316,831	\$ 175,760
Total Expenditures	<u>\$ 1,140,205</u>	<u>\$ 866</u>	<u>\$ 1,141,071</u>	<u>\$ 0</u>	<u>\$ 1,316,831</u>	<u>\$ 175,760</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (421,894)</u>	<u>\$ (866)</u>	<u>\$ (422,760)</u>	<u>\$ 0</u>	<u>\$ (375,198)</u>	<u>\$ (47,562)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 1,936,304	\$ 0	\$ 1,936,304	\$ 0	\$ 903,714	\$ 1,032,590
Total Other Financing Sources (Uses)	<u>\$ 1,936,304</u>	<u>\$ 0</u>	<u>\$ 1,936,304</u>	<u>\$ 0</u>	<u>\$ 903,714</u>	<u>\$ 1,032,590</u>
Net Change in Fund Balance	\$ 1,514,410	\$ (866)	\$ 1,513,544	\$ 0	\$ 528,516	\$ 985,028
Fund Balance, July 1, 2004	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2005	<u>\$ 1,514,410</u>	<u>\$ (866)</u>	<u>\$ 1,513,544</u>	<u>\$ 0</u>	<u>\$ 528,516</u>	<u>\$ 985,028</u>

Exhibit F-6

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

	Actual (GAAP Basis)	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	\$ 266,214	\$ 0	\$ 266,214	\$ 170,000	\$ 95,204	\$ 171,010
State of Tennessee	89,890	0	89,890	50,000	50,000	39,890
Federal Government	21,000	0	21,000	0	21,000	0
Total Revenues	<u>\$ 377,104</u>	<u>\$ 0</u>	<u>\$ 377,104</u>	<u>\$ 220,000</u>	<u>\$ 166,204</u>	<u>\$ 210,900</u>
<u>Expenditures</u>						
<u>Capital Projects</u>						
Public Utility Projects	\$ 82,159	\$ 541,610	\$ 623,769	\$ 220,000	\$ 782,610	\$ 158,841
Total Expenditures	<u>\$ 82,159</u>	<u>\$ 541,610</u>	<u>\$ 623,769</u>	<u>\$ 220,000</u>	<u>\$ 782,610</u>	<u>\$ 158,841</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 294,945</u>	<u>\$ (541,610)</u>	<u>\$ (246,665)</u>	<u>\$ 0</u>	<u>\$ (616,406)</u>	<u>\$ 369,741</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 74,796	\$ 0	\$ 74,796	\$ 0	\$ 74,796	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 74,796</u>	<u>\$ 0</u>	<u>\$ 74,796</u>	<u>\$ 0</u>	<u>\$ 74,796</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 369,741	\$ (541,610)	\$ (171,869)	\$ 0	\$ (541,610)	\$ 369,741
Fund Balance, July 1, 2004	<u>100,733</u>	<u>0</u>	<u>100,733</u>	<u>125,294</u>	<u>125,294</u>	<u>(24,561)</u>
Fund Balance, June 30, 2005	<u>\$ 470,474</u>	<u>\$ (541,610)</u>	<u>\$ (71,136)</u>	<u>\$ 125,294</u>	<u>\$ (416,316)</u>	<u>\$ 345,180</u>

Exhibit F-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 92,060	\$ 0	\$ 0	\$ 92,060	\$ 86,500	\$ 86,500	\$ 5,560
Other Local Revenues	122	0	0	122	310	310	(188)
Federal Government	130,986	0	0	130,986	25,500	25,500	105,486
Total Revenues	\$ 223,168	\$ 0	\$ 0	\$ 223,168	\$ 112,310	\$ 112,310	\$ 110,858
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 62,411	\$ (4,307)	\$ 2,091	\$ 60,195	\$ 108,810	\$ 108,810	\$ 48,615
Total Expenditures	\$ 62,411	\$ (4,307)	\$ 2,091	\$ 60,195	\$ 108,810	\$ 108,810	\$ 48,615
Excess (Deficiency) of Revenues Over Expenditures	\$ 160,757	\$ 4,307	\$ (2,091)	\$ 162,973	\$ 3,500	\$ 3,500	\$ 159,473
Net Change in Fund Balance	\$ 160,757	\$ 4,307	\$ (2,091)	\$ 162,973	\$ 3,500	\$ 3,500	\$ 159,473
Fund Balance, July 1, 2004	62,554	(4,307)	0	58,247	60,331	60,331	(2,084)
Fund Balance, June 30, 2005	\$ 223,311	\$ 0	\$ (2,091)	\$ 221,220	\$ 63,831	\$ 63,831	\$ 157,389

Exhibit F-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Local Revenues	\$ 15,736	\$ 0	\$ 15,736	\$ 0	\$ 13,083	\$ 2,653
Total Revenues	\$ 15,736	\$ 0	\$ 15,736	\$ 0	\$ 13,083	\$ 2,653
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 696,198	\$ 98,013	\$ 794,211	\$ 530,351	\$ 830,011	\$ 35,800
Total Expenditures	\$ 696,198	\$ 98,013	\$ 794,211	\$ 530,351	\$ 830,011	\$ 35,800
Excess (Deficiency) of Revenues Over Expenditures	\$ (680,462)	\$ (98,013)	\$ (778,475)	\$ (530,351)	\$ (816,928)	\$ 38,453
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 286,578	\$ 0	\$ 286,578	\$ 0	\$ 286,578	\$ 0
Total Other Financing Sources (Uses)	\$ 286,578	\$ 0	\$ 286,578	\$ 0	\$ 286,578	\$ 0
Net Change in Fund Balance	\$ (393,884)	\$ (98,013)	\$ (491,897)	\$ (530,351)	\$ (530,350)	\$ 38,453
Fund Balance, July 1, 2004	530,351	0	530,351	530,351	530,351	0
Fund Balance, June 30, 2005	\$ 136,467	\$ (98,013)	\$ 38,454	\$ 0	\$ 1	\$ 38,453

Exhibit F-9

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
HUD Grant 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	\$ 319,016	\$ 0	\$ 318,897	\$ 119
Total Revenues	\$ 319,016	\$ 0	\$ 318,897	\$ 119
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 318,897	\$ 0	\$ 318,897	\$ 0
Total Expenditures	\$ 318,897	\$ 0	\$ 318,897	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 119	\$ 0	\$ 0	\$ 119
Net Change in Fund Balance	\$ 119	\$ 0	\$ 0	\$ 119
Fund Balance, July 1, 2004	0	0	0	0
Fund Balance, June 30, 2005	\$ 119	\$ 0	\$ 0	\$ 119

Exhibit F-10

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 220,000	\$ 0	\$ 220,000	\$ 220,000	\$ 220,000	\$ 0
Total Revenues	\$ 220,000	\$ 0	\$ 220,000	\$ 220,000	\$ 220,000	\$ 0
<u>Expenditures</u>						
<u>Capital Projects</u>						
Highway & Street Capital Projects	\$ 625,706	\$ 65,000	\$ 690,706	\$ 120,000	\$ 1,145,000	\$ 454,294
Total Expenditures	\$ 625,706	\$ 65,000	\$ 690,706	\$ 120,000	\$ 1,145,000	\$ 454,294
Excess (Deficiency) of Revenues Over Expenditures	\$ (405,706)	\$ (65,000)	\$ (470,706)	\$ 100,000	\$ (925,000)	\$ 454,294
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 925,000	\$ 0	\$ 925,000	\$ 0	\$ 925,000	\$ 0
Total Other Financing Sources (Uses)	\$ 925,000	\$ 0	\$ 925,000	\$ 0	\$ 925,000	\$ 0
Net Change in Fund Balance	\$ 519,294	\$ (65,000)	\$ 454,294	\$ 100,000	\$ 0	\$ 454,294
Fund Balance, July 1, 2004	0	0	0	0	0	0
Fund Balance, June 30, 2005	\$ 519,294	\$ (65,000)	\$ 454,294	\$ 100,000	\$ 0	\$ 454,294

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Lawrence 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	\$ 4,141,967	\$ 4,004,963	\$ 4,083,560	\$ 58,407
Other Local Revenues	447,990	150,000	345,097	102,893
Total Revenues	<u>\$ 4,589,957</u>	<u>\$ 4,154,963</u>	<u>\$ 4,428,657</u>	<u>\$ 161,300</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 1,405,000	\$ 1,175,000	\$ 1,405,000	\$ 0
Highways and Streets	583,117	275,000	583,117	0
Education	865,000	1,095,000	865,000	0
<u>Interest</u>				
General Government	689,261	416,435	689,261	0
Highways and Streets	67,903	52,882	67,903	0
Education	683,451	1,140,229	867,403	183,952
<u>Other Debt Service</u>				
General Government	125,425	94,806	151,928	26,503
Highways and Streets	5,214	1,000	5,625	411
Education	2,486	7,000	7,000	4,514
Total Expenditures	<u>\$ 4,426,857</u>	<u>\$ 4,257,352</u>	<u>\$ 4,642,237</u>	<u>\$ 215,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 163,100</u>	<u>\$ (102,389)</u>	<u>\$ (213,580)</u>	<u>\$ 376,680</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 7,755,000	\$ 0	\$ 7,755,000	\$ 0
Transfers In	110,000	110,000	110,000	0
Payments to Refunded Debt Escrow Agent	(7,860,937)	0	(7,860,937)	0
Total Other Financing Sources (Uses)	<u>\$ 4,063</u>	<u>\$ 110,000</u>	<u>\$ 4,063</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 167,163	\$ 7,611	\$ (209,517)	\$ 376,680
Fund Balance, July 1, 2004	<u>5,196,678</u>	<u>5,084,555</u>	<u>5,084,555</u>	<u>112,123</u>
Fund Balance, June 30, 2005	<u>\$ 5,363,841</u>	<u>\$ 5,092,166</u>	<u>\$ 4,875,038</u>	<u>\$ 488,803</u>

Fiduciary Funds

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

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues which are held for the benefit of the multi-jurisdictional drug task force which was created by contract (mutual aid agreement) between the participating city and county governments.

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

Exhibit H-1

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

	Agency Funds			Total
	Cities - Sales Tax	Judicial District Drug	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 4,840	\$ 1,572,494	\$ 1,577,334
Equity in Pooled Cash and Investments	0	25,932	0	25,932
Due from Other Governments	645,495	0	0	645,495
Total Assets	<u>\$ 645,495</u>	<u>\$ 30,772</u>	<u>\$ 1,572,494</u>	<u>\$ 2,248,761</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 2,784	\$ 0	\$ 2,784
Due to Other Taxing Units	645,495	0	0	645,495
Due to Joint Ventures	0	27,988	0	27,988
Due to Litigants, Heirs, and Others	0	0	1,572,494	1,572,494
Total Liabilities	<u>\$ 645,495</u>	<u>\$ 30,772</u>	<u>\$ 1,572,494</u>	<u>\$ 2,248,761</u>

Exhibit H-2

Lawrence 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	\$ 3,753,847	\$ 3,753,847	\$ 0
Due From Other Governments	646,419	645,495	646,419	645,495
Total Assets	\$ 646,419	\$ 4,399,342	\$ 4,400,266	\$ 645,495
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 646,419	\$ 4,399,342	\$ 4,400,266	\$ 645,495
Total Liabilities	\$ 646,419	\$ 4,399,342	\$ 4,400,266	\$ 645,495
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 1,127	\$ 4,840	\$ 1,127	\$ 4,840
Equity in Pooled Cash and Investments	43,007	65,989	83,064	25,932
Total Assets	\$ 44,134	\$ 70,829	\$ 84,191	\$ 30,772
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 2,784	\$ 0	\$ 2,784
Due to Other Funds	4,200	0	4,200	0
Due to Joint Ventures	39,934	27,988	39,934	27,988
Total Liabilities	\$ 44,134	\$ 30,772	\$ 44,134	\$ 30,772
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,058,720	\$ 8,256,668	\$ 8,742,894	\$ 1,572,494
Total Assets	\$ 2,058,720	\$ 8,256,668	\$ 8,742,894	\$ 1,572,494
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,058,720	\$ 8,256,668	\$ 8,742,894	\$ 1,572,494
Total Liabilities	\$ 2,058,720	\$ 8,256,668	\$ 8,742,894	\$ 1,572,494
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,059,847	\$ 8,261,508	\$ 8,744,021	\$ 1,577,334
Equity in Pooled Cash and Investments	43,007	3,819,836	3,836,911	25,932
Due From Other Governments	646,419	645,495	646,419	645,495
Total Assets	\$ 2,749,273	\$ 12,726,839	\$ 13,227,351	\$ 2,248,761

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 2,784	\$ 0	\$ 2,784
Due to Other Funds	4,200	0	4,200	0
Due to Litigants, Heirs, and Others	2,058,720	8,256,668	8,742,894	1,572,494
Due to Other Taxing Units	646,419	4,399,342	4,400,266	645,495
Due to Joint Ventures	39,934	27,988	39,934	27,988
Total Liabilities	<u>\$ 2,749,273</u>	<u>\$ 12,686,782</u>	<u>\$ 13,187,294</u>	<u>\$ 2,248,761</u>

MISCELLANEOUS SCHEDULES

Exhibit I-1

Lawrence County, Tennessee
Schedule of Changes in Long-Term Notes and Bonds
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-05
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation, Series 2001A	\$ 4,575,000	3.8 %	9-1-01	9-1-13	\$ 3,955,000	\$ 0	\$ 325,000	\$ 0	\$ 3,630,000
General Obligation, Series 2002	1,850,000	1.55 to 4.125	6-1-02	6-1-14	1,595,000	0	135,000	0	1,460,000
Refunding Capital Outlay Note Series 2003	2,195,000	2.74	2-1-03	2-1-11	1,930,000	0	275,000	0	1,655,000
General Obligation, Series 2004	925,000	3.16	10-26-04	5-1-07	0	925,000	308,117	0	616,883
Total Notes Payable					\$ 7,480,000	\$ 925,000	\$ 1,043,117	\$ 0	\$ 7,361,883
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Refunding, Series 2000	8,300,000	5.05	12-1-00	12-1-10	\$ 7,755,000	\$ 0	\$ 195,000	\$ 6,170,000	\$ 1,390,000
Refunding, Series 2001	1,500,000	5.05	12-1-00	12-1-10	1,405,000	0	35,000	1,115,000	255,000
School Bond Series 2001	3,340,000	2.2 to 4.85	10-1-01	10-1-25	3,180,000	0	85,000	0	3,095,000
Refunding, Series 2003	8,100,000	3.04	1-1-03	8-1-13	7,425,000	0	715,000	0	6,710,000
School Refunding, Series 2003	8,820,000	3.33	4-29-03	5-1-16	8,790,000	0	530,000	0	8,260,000
School Refunding, Series 2004	3,375,000	2.599	4-13-04	5-1-16	3,375,000	0	250,000	0	3,125,000
School Bond Series 2004	8,000,000	3.60	8-12-04	9-1-19	0	8,000,000	0	0	8,000,000
Refunding, Series 2005	7,755,000	3.79	3-15-05	12-1-25	0	7,755,000	0	0	7,755,000
Total Bonds Payable					\$ 31,930,000	\$ 15,755,000	\$ 1,810,000	\$ 7,285,000	\$ 38,590,000

Exhibit I-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 2,310,000	\$ 1,397,628	\$ 3,707,628
2007	2,410,000	1,255,980	3,665,980
2008	2,575,000	1,173,322	3,748,322
2009	2,665,000	1,084,447	3,749,447
2010	2,745,000	992,366	3,737,366
2011	2,840,000	897,173	3,737,173
2012	2,945,000	800,323	3,745,323
2013	3,045,000	701,828	3,746,828
2014	2,425,000	610,911	3,035,911
2015	2,305,000	530,622	2,835,622
2016	2,385,000	450,278	2,835,278
2017	1,215,000	367,085	1,582,085
2018	1,265,000	320,167	1,585,167
2019	1,320,000	271,140	1,591,140
2020	1,375,000	219,895	1,594,895
2021	715,000	179,308	894,308
2022	745,000	149,769	894,769
2023	775,000	118,874	893,874
2024	810,000	86,614	896,614
2025	840,000	53,010	893,010
2026	880,000	17,951	897,951
Total	\$ 38,590,000	\$ 11,678,691	\$ 50,268,691

Exhibit I-3

Lawrence 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	Public Library	Provide funds for operations	\$ 156,131
General	Library Trust	To establish endowment	75,799
General	General Capital Projects	Provide funds for operations	286,578
General	Industrial/Economic Development	Provide funds for operations	74,796
Highway/Public Works	General Debt Service	Provide funds for debt retirement	110,000
Internal Service	Highway/Public Works	Return of capital	1,647
Internal Service	Public Library	Return of capital	34
Solid Waste Disposal	Solid Waste/Sanitation	Provide funds for operations	<u>1,936,304</u>
Total Transfers			<u>\$ 2,641,289</u>

Exhibit I-4

Lawrence 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 Executive	Section 8-24-102, <u>TCA</u>	\$ 65,995	\$ 50,000	State Automobile Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	59,365	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	53,969	1,104,500	"
Assessor of Property:				
Estes Taylor (7-1-04 through 8-31-04)	Section 8-24-102, <u>TCA</u>	9,756	10,000	"
Barbara Kizer (9-1-04 through 6-30-05)	Section 8-24-102, <u>TCA</u>	44,213	10,000	"
Director of Accounts and Budgets	County Commission	43,000	25,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Register	Section 8-24-102, <u>TCA</u>	53,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	62,852 (1)	25,000	"
<u>Employee Blanket Bond</u>				
Public Employee Dishonesty			100,000	Local Government Insurance Pool

(1) Includes law enforcement training supplement of \$519 and \$2,968 for workhouse superintendent.

Exhibit I-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,728,728	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	139,282	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	53,311	0	0	0	0	0	0
Interest and Penalty	25,349	0	0	0	0	0	0
Payments in Lieu of Taxes - T.V.A.	2,290	0	0	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	231,987	0	0	0	0	0	0
Payments in Lieu of Taxes - Other	503	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	88,521	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	139,493	0	0	0	0	0	0
Litigation Tax - Special Purpose	22,570	9,990	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	43,814	0	0	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	3,608	0	0	0	0	0	0
Business Tax	0	0	0	0	266,214	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	0
Wholesale Beer Tax	93,621	0	0	0	0	0	0
Interstate Telecommunications Tax	4,091	0	0	0	0	0	0
Total Local Taxes	\$ 5,577,168	\$ 9,990	\$ 0	\$ 0	\$ 266,214	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 1,843	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	18,110	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	2,422	0	0	0	0	0	0
Total Licenses and Permits	\$ 22,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 14,543	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	11,343	0	0	0	0	0	0
Drug Control Fines	765	0	0	0	0	7,726	0
Drug Court Fees	865	0	0	0	0	0	0
Jail Fees	10,640	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	1,357
Judicial Commissioner Fees	349	0	0	0	0	0	0
DUI Treatment Fines	2,755	0	0	0	0	0	0
Data Entry Fee - Circuit Court	837	0	0	0	0	0	0
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	29,737	0
District Attorney General Fees	0	0	0	0	0	0	1,871
DUI Treatment Fines	1,655	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	27,427	0	0	0	0	0	0
Officers Costs	68,778	0	0	0	0	0	0
Game and Fish Fines	734	0	0	0	0	0	0
Drug Control Fines	2,553	0	0	0	0	12,676	0
Drug Court Fees	16,912	0	0	0	0	0	0
Jail Fees	2,247	0	0	0	0	0	0
District Attorney General Fees	651	0	0	0	0	0	6,352
DUI Treatment Fines	13,850	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	8,332	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	192	0	0	0	0	0	0
Officers Costs	4,556	0	0	0	0	0	0
Game and Fish Fines	34	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	387	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,777	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,116	0	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Fines, Forfeiture,s and Penalties (Cont.)</u>							
<u>Other Courts - In-county</u>							
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	25,214
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures, and Seizures	0	0	0	0	0	12,360	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	29,561	0
Total Fines, Forfeitures, and Penalties	\$ 196,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 92,060	\$ 34,794
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Commercial and Industrial Waste Collection Charge	0	0	0	240,742	0	0	0
Residential Waste Collection Charge	0	0	0	293,165	0	0	0
Tipping Fees	0	0	0	5,452	0	0	0
Solid Waste Disposal Fee	0	0	0	119,738	0	0	0
Patient Charges	1,110,837	0	0	0	0	0	0
Past Due Collections - Ambulance	104,369	0	0	0	0	0	0
Other General Service Charges	690	0	0	0	0	0	0
Service Charges	2,030	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	242	0	0	0	0	0	0
Copy Fees	255	0	5,306	0	0	0	0
Library Fees	0	0	9,325	0	0	0	0
Telephone Commissions	3,835	0	0	0	0	0	0
Vending Machine Collections	852	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	229	0	0	0	0	0	0
Data Processing Fee - Register	16,980	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,160	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	1,800	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,247,279	\$ 0	\$ 14,631	\$ 659,097	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit I-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 1,534	\$ 26,863	\$ 0	\$ 0	0
Lease/Rentals	2,690	0	0	0	0	0	0
Sale of Materials and Supplies	579	0	0	0	0	0	0
Commissary Sales	394	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	30,821	0	0	0
Retirees' Insurance Payments	45	0	0	0	0	0	0
Miscellaneous Refunds	15,587	0	0	130	0	122	721
Expenditure Credits	530	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Accrued Interest on Debt Issues	0	0	0	0	0	0	0
Insurance Recovery	42,378	0	0	0	0	0	0
Sale of Equipment	0	0	0	400	0	0	0
Contributions & Gifts	4,296	0	4,000	0	0	0	0
Total Other Local Revenues	\$ 66,499	\$ 0	\$ 5,534	\$ 58,214	\$ 0	\$ 122	\$ 721
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 137,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Register	49,780	0	0	0	0	0	0
Trustee	329,540	0	0	0	0	0	0
<u>Fees In Lieu of Salary</u>							
Circuit Court Clerk	103,578	0	0	0	0	0	0
General Sessions Court Clerk	136,119	0	0	0	0	0	0
Clerk and Master	115,048	0	0	0	0	0	0
Juvenile Court Clerk	28,356	0	0	0	0	0	0
Sheriff	13,189	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 912,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	14,060	0	0	0	0	0	0

Exhibit I-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>State of Tennessee (Cont.)</u>							
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	\$ 16,598	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Public Safety Grants	39,675	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	160,230	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0	0
Litter Program	10,047	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	20,010	0	0	0	0	0	0
Beer Tax	16,778	0	0	0	0	0	0
Alcoholic Beverage Tax	49,624	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	89,890	0	0
Board of Jurors	8,372	0	0	0	0	0	0
Contracted Prisoner Boarding	80,160	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Grants	0	0	5,400	1,000	0	0	0
Other State Revenues	125	0	0	0	0	0	0
Total State of Tennessee	\$ 441,359	\$ 0	\$ 5,400	\$ 1,000	\$ 89,890	\$ 0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,000	\$ 0	0
Homeland Security Grants	299,768	0	0	0	0	0	0
Other Federal through State	81,871	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	0	0	0	0	0	130,986	0
Public Safety Partnership and Community Policing - COPS	58,985	0	0	0	0	0	0
Other Direct Federal Revenue	5,216	0	0	0	0	0	0
Total Federal Government	\$ 445,840	\$ 0	\$ 0	\$ 0	\$ 21,000	\$ 130,986	0

Exhibit I-5

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	67,341	0	0	0	0
<u>Citizens Groups</u>							
Donations	0	0	4,909	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 72,250	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 8,909,582	\$ 9,990	\$ 97,815	\$ 718,311	\$ 377,104	\$ 223,168	\$ 35,515

(Continued)

Exhibit I-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	HUD Grant Projects	Highway Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 1,141,209	\$ 1,711,783	\$ 0	\$ 0	\$ 0	\$ 7,581,720
Trustee's Collections - Prior Year	0	42,644	63,427	0	0	0	245,353
Circuit/Clerk & Master Collections - Prior Years	0	12,488	18,758	0	0	0	84,557
Interest and Penalty	0	7,886	11,688	0	0	0	44,923
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	0	2,290
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	0	0	231,987
Payments in Lieu of Taxes - Other	0	0	0	0	0	0	503
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	1,291,242	0	0	0	1,291,242
Hotel/Motel Tax	0	0	0	0	0	0	88,521
Wheel Tax	0	0	869,472	0	0	0	869,472
Litigation Tax - General	0	0	0	0	0	0	139,493
Litigation Tax - Special Purpose	0	0	0	0	0	0	32,560
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	43,814
Litigation Tax - Victim/Offender Mediation Center	0	0	0	0	0	0	3,608
Business Tax	0	0	0	0	0	0	266,214
Mineral Severance Tax	0	78,791	0	0	0	0	78,791
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	175,597	0	0	0	175,597
Wholesale Beer Tax	0	0	0	0	0	0	93,621
Interstate Telecommunications Tax	0	0	0	0	0	0	4,091
Total Local Taxes	\$ 0	\$ 1,283,018	\$ 4,141,967	\$ 0	\$ 0	\$ 0	\$ 11,278,357
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,843
Cable TV Franchise	0	0	0	0	0	0	18,110
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	2,422
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,375

(Continued)

Exhibit I-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	HUD Grant Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,543
Officers Costs	0	0	0	0	0	0	11,343
Drug Control Fines	0	0	0	0	0	0	8,491
Drug Court Fees	0	0	0	0	0	0	865
Jail Fees	0	0	0	0	0	0	10,640
District Attorney General Fees	0	0	0	0	0	0	1,357
Judicial Commissioner Fees	0	0	0	0	0	0	349
DUI Treatment Fines	0	0	0	0	0	0	2,755
Data Entry Fee - Circuit Court	0	0	0	0	0	0	837
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	0	29,737
District Attorney General Fees	0	0	0	0	0	0	1,871
DUI Treatment Fines	0	0	0	0	0	0	1,655
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	27,427
Officers Costs	0	0	0	0	0	0	68,778
Game and Fish Fines	0	0	0	0	0	0	734
Drug Control Fines	0	0	0	0	0	0	15,229
Drug Court Fees	0	0	0	0	0	0	16,912
Jail Fees	0	0	0	0	0	0	2,247
District Attorney General Fees	0	0	0	0	0	0	7,003
DUI Treatment Fines	0	0	0	0	0	0	13,850
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	8,332
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	192
Officers Costs	0	0	0	0	0	0	4,556
Game and Fish Fines	0	0	0	0	0	0	34
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	387
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	4,777
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,116

(Continued)

Exhibit I-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	HUD Grant Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Other Courts - In-county</u>							
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	25,214
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	12,360
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	29,561
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	323,152
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 22	\$ 0	\$ 0	\$ 0	\$ 0	22
Commercial and Industrial Waste Collection Charge	0	0	0	0	0	0	240,742
Residential Waste Collection Charge	0	0	0	0	0	0	293,165
Tipping Fees	0	0	0	0	0	0	5,452
Solid Waste Disposal Fee	0	0	0	0	0	0	119,738
Patient Charges	0	0	0	0	0	0	1,110,837
Past Due Collections - Ambulance	0	0	0	0	0	0	104,369
Other General Service Charges	0	0	0	0	0	0	690
Service Charges	0	0	0	0	0	0	2,030
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	242
Copy Fees	0	0	0	0	0	0	5,561
Library Fees	0	0	0	0	0	0	9,325
Telephone Commissions	0	0	0	0	0	0	3,835
Vending Machine Collections	0	0	0	0	0	0	852
Constitutional Officers' Fees and Commissions	553,803	0	0	0	0	0	554,032
Data Processing Fee - Register	0	0	0	0	0	0	16,980
Data Processing Fee - Sheriff	0	0	0	0	0	0	5,160
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	1,800
Total Charges for Current Services	\$ 553,803	\$ 22	\$ 0	\$ 0	\$ 0	\$ 0	2,474,832

(Continued)

Exhibit I-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	HUD Grant Projects	Highway Capital Projects	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 346,837	\$ 15,736	\$ 0	\$ 0	\$ 390,970
Lease/Rentals	0	0	90,000	0	0	0	92,690
Sale of Materials and Supplies	0	6,518	0	0	0	0	7,097
Commissary Sales	0	0	0	0	0	0	394
Sale of Recycled Materials	0	0	0	0	0	0	30,821
Retirees' Insurance Payments	0	0	0	0	0	0	45
Miscellaneous Refunds	0	5,107	2,353	0	0	0	24,020
Expenditure Credits	0	0	0	0	0	0	530
<u>Nonrecurring Items</u>							
Accrued Interest on Debt Issues	0	0	8,800	0	0	0	8,800
Insurance Recovery	0	54,315	0	0	0	0	96,693
Sale of Equipment	0	102,672	0	0	0	0	103,072
Contributions & Gifts	0	0	0	0	0	0	8,296
Total Other Local Revenues	\$ 0	\$ 168,612	\$ 447,990	\$ 15,736	\$ 0	\$ 0	\$ 763,428
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,154
Register	0	0	0	0	0	0	49,780
Trustee	0	0	0	0	0	0	329,540
<u>Fees In Lieu of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	103,578
General Sessions Court Clerk	0	0	0	0	0	0	136,119
Clerk and Master	0	0	0	0	0	0	115,048
Juvenile Court Clerk	0	0	0	0	0	0	28,356
Sheriff	0	0	0	0	0	0	13,189
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 912,764
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,300
State Reappraisal Grant	0	0	0	0	0	0	14,060

Exhibit I-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	HUD Grant Projects	Highway Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	16,598
Other Public Safety Grants	0	0	0	0	0	0	39,675
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	160,230
<u>Public Works Grants</u>							
Bridge Program	0	65,774	0	0	0	0	65,774
State Aid Program	0	174,030	0	0	0	0	174,030
Litter Program	0	0	0	0	0	0	10,047
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	20,010
Beer Tax	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	0	0	49,624
State Revenue Sharing - T.V.A.	0	0	0	0	0	220,000	309,890
Board of Jurors	0	0	0	0	0	0	8,372
Contracted Prisoner Boarding	0	0	0	0	0	0	80,160
Gasoline and Motor Fuel Tax	0	1,985,361	0	0	0	0	1,985,361
Petroleum Special Tax	0	32,118	0	0	0	0	32,118
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	6,400
Other State Revenues	0	0	0	0	0	0	125
Total State of Tennessee	\$ 0	\$ 2,257,283	\$ 0	\$ 0	\$ 0	\$ 220,000	\$ 3,014,932
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 319,016	\$ 0	\$ 340,016
Homeland Security Grants	0	0	0	0	0	0	299,768
Other Federal through State	0	0	0	0	0	0	81,871
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	0	0	0	0	0	0	130,986
Public Safety Partnership and Community Policing - COPS	0	0	0	0	0	0	58,985
Other Direct Federal Revenue	0	154,792	0	0	0	0	160,008
Total Federal Government	\$ 0	\$ 154,792	\$ 0	\$ 0	\$ 319,016	\$ 0	\$ 1,071,634

Exhibit I-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	HUD Grant Projects	Highway Capital Projects	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0	\$ 55,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,413
Contributions	0	0	0	0	0	0	67,341
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	4,909
Total Other Governments and Citizens Groups	\$ 0	\$ 55,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,663
Total	\$ 553,803	\$ 3,919,140	\$ 4,589,957	\$ 15,736	\$ 319,016	\$ 220,000	\$ 19,989,137

Exhibit I-6

Lawrence 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	\$	42,244	
Audit Services		25,929	
Contracts with Private Agencies		5,609	
Dues and Memberships		7,369	
Travel		18,889	
Other Supplies and Materials		21	
Judgments		451,534	
Tax Relief Program		43,160	
Other Charges		24,241	
Total County Commission			\$ 618,996

County Executive

County Official/Administrative Officer	\$	65,995	
Secretary(s)		46,247	
Part-time Personnel		912	
Longevity Pay		750	
Data Processing Services		472	
Dues and Memberships		2,074	
Legal Notices, Recording, and Court Costs		100	
Maintenance Agreements		528	
Postal Charges		864	
Printing, Stationery, and Forms		198	
Travel		929	
Other Contracted Services		107	
Office Supplies		385	
Periodicals		20	
Other Supplies and Materials		7	
Other Charges		22	
Data Processing Equipment		2,400	
Total County Executive			122,010

County Attorney

County Official/Administrative Officer	\$	6,000	
Total County Attorney			6,000

Election Commission

County Official/Administrative Officer	\$	43,175	
Part-time Personnel		37,959	
Overtime Pay		191	
Election Commission		4,525	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	44,804	
Data Processing Services		2,988	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		2,384	
Maintenance & Repair Services- Buildings		925	
Postal Charges		1,227	
Printing, Stationery, and Forms		10,559	
Rentals		50	
Travel		2,517	
Data Processing Supplies		908	
Office Supplies		5,188	
Other Supplies and Materials		1,048	
Data Processing Equipment		186	
Total Election Commission			\$ 158,809

Register of Deeds

Data Processing Services	\$	1,301	
Dues and Memberships		968	
Operating Lease Payments		14,358	
Maintenance Agreements		957	
Postal Charges		1,143	
Printing, Stationery, and Forms		3,978	
Travel		734	
Office Supplies		2,306	
Total Register of Deeds			25,745

County Buildings

Supervisor/Director	\$	23,138	
Custodial Personnel		50,858	
Part-time Personnel		298	
Longevity Pay		250	
Communication		60,093	
Laundry Service		238	
Operating Lease Payments		378	
Maintenance Agreements		20,767	
Maintenance & Repair Services- Buildings		26,348	
Maintenance & Repair Services- Equipment		681	
Maintenance & Repair Services- Vehicles		394	
Postal Charges		431	
Travel		88	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Supplies	\$	8,212	
Gasoline		73	
Office Supplies		36	
Uniforms		1,935	
Utilities		185,000	
Other Supplies and Materials		2,434	
Other Charges		188	
Furniture and Fixtures		1,203	
Motor Vehicles		7,800	
Total County Buildings			\$ 390,843

Preservation of Records

Supervisor/Director	\$	24,221	
Clerical Personnel		21,987	
Longevity Pay		1,000	
Communication		241	
Contracts with Private Agencies		4,184	
Data Processing Services		98	
Dues and Memberships		40	
Maintenance Agreements		231	
Travel		317	
Office Supplies		692	
Other Supplies and Materials		905	
Data Processing Equipment		150	
Office Equipment		1,908	
Total Preservation of Records			55,974

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	43,000	
Accountants/Bookkeepers		43,877	
Part-time Personnel		2,401	
Overtime Pay		7	
Data Processing Services		6,594	
Maintenance & Repair Services- Office Equipment		555	
Postal Charges		18	
Printing, Stationery, and Forms		414	
Travel		694	
Other Contracted Services		217	
Office Supplies		1,794	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Supplies and Materials	\$	390	
Other Charges		372	
Total Accounting and Budgeting			\$ 100,333

Purchasing

County Official/Administrative Officer	\$	27,000	
Purchasing Personnel		20,711	
Longevity Pay		1,000	
Overtime Pay		2,920	
Data Processing Services		5,426	
Postal Charges		7,489	
Printing, Stationery and Forms		798	
Travel		203	
Office Supplies		5,142	
Other Supplies and Materials		338	
Other Charges		2,033	
Data Processing Equipment		692	
Total Purchasing			73,752

Property Assessor's Office

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		88,184	
Part-time Personnel		2,860	
Longevity Pay		1,300	
Overtime Pay		486	
Other Salaries & Wages		25,253	
Board and Committee Members Fees		3,497	
Data Processing Services		10,909	
Dues and Memberships		1,725	
Legal Notices, Recording, and Court Costs		102	
Maintenance Agreements		726	
Maintenance & Repair Services- Vehicles		619	
Postal Charges		1,527	
Printing, Stationery, and Forms		400	
Travel		3,056	
Other Contracted Services		214	
Gasoline		1,384	
Office Supplies		1,728	
Other Supplies and Materials		611	
Data Processing Equipment		1,823	
Total Property Assessor's Office			200,373

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

Data Processing Services	\$	4,906	
Dues and Memberships		411	
Maintenance & Repair Services- Office Equipment		124	
Postal Charges		2,603	
Printing, Stationery, and Forms		8,637	
Travel		50	
Office Supplies		917	
Other Supplies and Materials		301	
Data Processing Equipment		4,655	
Total County Trustee's Office			\$ 22,604

County Clerk's Office

Data Processing Services	\$	9,121	
Dues and Memberships		1,674	
Legal Notices, Recording, and Court Costs		106	
Maintenance Agreements		726	
Postal Charges		6,065	
Printing, Stationery, and Forms		3,969	
Travel		1,388	
Office Supplies		3,120	
Other Supplies and Materials		1,221	
Office Equipment		102	
Total County Clerk's Office			27,492

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		202,490	
Longevity Pay		3,688	
Overtime Pay		874	
Jury and Witness Fees		39,011	
Data Processing Services		8,841	
Dues and Memberships		501	
Legal Notices, Recording, and Court Costs		328	
Maintenance Agreements		726	
Maintenance & Repair Services- Office Equipment		62	
Postal Charges		2,060	
Printing, Stationery, and Forms		4,995	
Travel		114	
Other Contracted Services		62	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$	5,008	
Other Supplies and Materials		152	
Other Charges		231	
Data Processing Equipment		11,972	
Office Equipment		69	
Total Circuit Court			\$ 335,153

General Sessions Court

Judge(s)	\$	90,327	
Deputy(ies)		70,429	
Guards		42,678	
Longevity Pay		2,450	
Communication		328	
Contracts with Private Agencies		55,715	
Data Processing Services		135	
Postal Charges		811	
Printing, Stationery, and Forms		1,244	
Travel		3,775	
Office Supplies		984	
Other Supplies and Materials		87	
Other Charges		300	
Data Processing Equipment		7,612	
Furniture and Fixtures		518	
Total General Sessions Court			277,393

Chancery Court

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		91,463	
Longevity Pay		1,900	
Data Processing Services		6,235	
Dues and Memberships		521	
Maintenance Agreements		528	
Postal Charges		3,583	
Printing, Stationery, and Forms		2,777	
Travel		667	
Other Contracted Services		110	
Office Supplies		4,337	
Other Supplies and Materials		1,426	
Office Equipment		2,230	
Total Chancery Court			169,746

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Youth Service Officer(s)	\$	9,300	
Salary Supplements		12,659	
Other Contracted Services		7,490	
Total Juvenile Court			\$ 29,449

District Attorney General

Other Contracted Services	\$	16,018	
Total District Attorney General			16,018

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	62,333	
Supervisor/Director		53,413	
Deputy(ies)		689,188	
Investigator(s)		156,687	
Captain(s)		48,545	
Sergeant(s)		237,090	
Secretary(s)		105,571	
Longevity Pay		9,850	
Overtime Pay		142,816	
In-Service Training		18,608	
Communication		5,393	
Data Processing Services		2,475	
Dues and Memberships		1,596	
Operating Lease Payments		4,192	
Legal Notices, Recording, and Court Costs		139	
Maintenance Agreements		1,608	
Maintenance & Repair Services- Buildings		684	
Maintenance & Repair Services- Equipment		262	
Maintenance & Repair Services- Vehicles		47,947	
Postal Charges		1,716	
Printing, Stationery, and Forms		3,125	
Tow-in Services		425	
Travel		11,671	
Other Contracted Services		2,799	
Custodial Supplies		4,999	
Drugs and Medical Supplies		718	
Gasoline		82,472	
Law Enforcement Supplies		6,210	
Office Supplies		6,767	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tires and Tubes	\$	5,127	
Uniforms		22,489	
Other Supplies and Materials		4,022	
Medical Claims		726	
Other Self-Insured Claims		4,581	
Other Charges		2,092	
Data Processing Equipment		69,995	
Food Service Equipment		400	
Law Enforcement Equipment		20,394	
Office Equipment		1,135	
Total Sheriff's Department			\$ 1,840,260

Jail

Supervisor/Director	\$	36,097	
Guards		235,184	
Clerical Personnel		7,007	
Cafeteria Personnel		5,116	
Part-time Personnel		8,370	
Longevity Pay		1,050	
Overtime Pay		480	
In-Service Training		1,625	
Communication		144	
Maintenance & Repair Services- Buildings		1,414	
Maintenance & Repair Services- Equipment		1,903	
Travel		699	
Other Contracted Services		180	
Custodial Supplies		12,019	
Drugs and Medical Supplies		102,315	
Food Supplies		92,209	
Law Enforcement Supplies		472	
Other Supplies and Materials		10,188	
Medical Claims		67,049	
Other Charges		15	
Food Service Equipment		580	
Furniture and Fixtures		698	
Total Jail			584,814

Workhouse

Accountants/Bookkeepers	\$	3,000	
Guards		6,120	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Maintenance & Repair Services- Vehicles	\$	199	
Travel		143	
Food Supplies		1,610	
Gasoline		1,606	
Other Supplies and Materials		25,752	
Other Charges		6,209	
Total Workhouse			\$ 44,639

Fire Prevention and Control

Contracts with Government Agencies	\$	2,000	
Total Fire Prevention and Control			2,000

Civil Defense

Other Contracted Services	\$	8,149	
Other Supplies and Materials		311,885	
Total Civil Defense			320,034

Rescue Squad

Contributions	\$	260,500	
Total Rescue Squad			260,500

Other Emergency Management

Contributions	\$	253,500	
Total Other Emergency Management			253,500

County Coroner/Medical Examiner

Other Contracted Services	\$	6,000	
Total County Coroner/Medical Examiner			6,000

Other Public Safety

Food Supplies	\$	130	
Other Supplies and Materials		6,837	
Total Other Public Safety			6,967

Public Health and Welfare

Local Health Center

Secretary(s)	\$	34,070	
Other Salaries & Wages		160,019	
Communication		2,186	
Dues and Memberships		100	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Janitorial Services	\$	5,025	
Legal Notices, Recording, and Court Costs		25	
Maintenance Agreements		336	
Maintenance & Repair Services- Buildings		590	
Maintenance & Repair Services- Office Equipment		320	
Printing, Stationery, and Forms		82	
Travel		1,630	
Disposal Fees		1,080	
Other Contracted Services		169	
Drugs and Medical Supplies		235	
Food Supplies		351	
Riprap		450	
Office Supplies		782	
Utilities		6,840	
Other Supplies and Materials		1,380	
Other Charges		1,381	
Furniture and Fixtures		2,415	
Total Local Health Center			\$ 219,466

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	38,551
Medical Personnel		431,005
Secretary(s)		46,247
Part-time Personnel		36,533
Longevity Pay		11,350
Overtime Pay		279,933
In-Service Training		982
Communication		13,595
Data Processing Services		1,030
Dues and Memberships		599
Laundry Service		772
Operating Lease Payments		268
Licenses		1,549
Maintenance & Repair Services- Buildings		1,902
Maintenance & Repair Services- Equipment		1,392
Maintenance & Repair Services- Office Equipment		37
Maintenance & Repair Services- Vehicles		25,111
Medical and Dental Services		2,500
Postal Charges		2,550
Printing, Stationery, and Forms		2,328

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Rentals	\$	300	
Travel		1,562	
Disposal Fees		1,067	
Other Contracted Services		3,457	
Custodial Supplies		4,255	
Drugs and Medical Supplies		67,048	
Gasoline		31,061	
Office Supplies		1,682	
Tires and Tubes		3,832	
Uniforms		3,622	
Utilities		7,516	
Other Supplies and Materials		1,285	
Medical Claims		670	
Vehicle and Equipment Insurance		966	
Other Self-Insured Claims		4,623	
Other Charges		7,099	
Building Improvements		12,500	
Furniture and Fixtures		2,270	
Motor Vehicles		101,238	
Office Equipment		<u>2,146</u>	
Total Ambulance/Emergency Medical Services			\$ 1,156,433

Regional Mental Health Center

Contracts with Government Agencies	\$	<u>10,000</u>	
Total Regional Mental Health Center			10,000

Appropriation to State

Contracts with Government Agencies	\$	<u>20,000</u>	
Total Appropriation to State			20,000

General Welfare Assistance

Contracts with Private Agencies	\$	<u>255</u>	
Total General Welfare Assistance			255

Aid to Dependent Children

Contracts with Government Agencies	\$	<u>7,989</u>	
Total Aid to Dependent Children			7,989

Other Public Health and Welfare

Dues and Memberships	\$	8,600	
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(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Other Contracted Services	\$ 18,772	
Total Other Public Health and Welfare		\$ 27,372

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 14,000	
Total Senior Citizens Assistance		14,000

Other Social, Cultural, and Recreational

Contributions	\$ 91,976	
Other Charges	2,511	
Total Other Social, Cultural, and Recreational		94,487

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 82,887	
Board and Committee Members Fees	75	
Communication	1,865	
Data Processing Services	1,358	
Dues and Memberships	200	
Maintenance & Repair Services- Buildings	8	
Maintenance & Repair Services- Office Equipment	90	
Maintenance & Repair Services- Vehicles	67	
Travel	94	
Gasoline	671	
Instructional Supplies and Materials	2,039	
Office Supplies	89	
Other Supplies and Materials	447	
Other Charges	400	
Office Equipment	686	
Total Agriculture Extension Service		90,976

Soil Conservation

Salary Supplements	\$ 23,065	
Dues and Memberships	1,065	
Postal Charges	35	
Travel	2,448	
Office Supplies	338	
Other Charges	2,035	
Total Soil Conservation		28,986

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$	50,000	
Other Supplies and Materials		1,075	
Other Charges		15,500	
Total Tourism			\$ 66,575

Industrial Development

Contracts with Other Public Agencies	\$	50,000	
Total Industrial Development			50,000

Airport

Contributions	\$	60,000	
Total Airport			60,000

Veterans' Services

Supervisor/Director	\$	24,226	
Secretary(s)		22,027	
Longevity Pay		1,500	
Data Processing Services		270	
Dues and Memberships		25	
Maintenance Agreements		281	
Postal Charges		207	
Travel		1,887	
Other Contracted Services		62	
Office Supplies		103	
Other Supplies and Materials		2,594	
Total Veterans' Services			53,182

Other Charges

Data Processing Services	\$	188	
Legal Services		19,976	
Legal Notices, Recording, and Court Costs		701	
Other Supplies and Materials		45	
Building and Contents Insurance		48,812	
Liability Insurance		139,280	
Trustee's Commission		125,138	
Vehicle and Equipment Insurance		15,195	
Workers' Compensation Insurance		12,811	
Liability Claims		5,909	
Other Self-Insured Claims		3,203	
Other Charges		33,565	
Total Other Charges			404,823

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	322,073	
State Retirement		280,803	
Medical Insurance		430,874	
Unemployment Compensation		16,953	
Other Charges		2,800	
Total Employee Benefits			\$ 1,053,503

Total General Fund \$ 9,307,451

Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Maintenance & Repair Services- Buildings	\$	10,863	
Maintenance & Repair Services- Equipment		1,943	
Trustee's Commission		100	
Other Charges		95	
Total Other Charges			\$ 13,001

Total Courthouse & Jail Maintenance Fund 13,001

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	37,511	
Deputy(ies)		23,076	
Librarians		68,821	
Part-time Personnel		15,278	
Longevity Pay		3,300	
Social Security		10,730	
State Retirement		24,673	
Medical Insurance		20,687	
Unemployment Compensation		1,232	
Communication		2,769	
Data Processing Services		2,694	
Dues and Memberships		345	
Janitorial Services		5,100	
Operating Lease Payments		350	
Licenses		63	
Maintenance Agreements		336	
Maintenance & Repair Services- Buildings		1,547	

(Continued)

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

Public Library Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance & Repair Services- Equipment	\$	212	
Postal Charges		2,033	
Printing, Stationery, and Forms		553	
Travel		569	
Disposal Fees		100	
Custodial Supplies		516	
Instructional Supplies and Materials		5,320	
Library Books/Media		18,013	
Office Supplies		4,376	
Periodicals		6,076	
Utilities		18,746	
Other Supplies and Materials		89	
Building and Contents Insurance		9,551	
Liability Insurance		2,580	
Refunds		36	
Workers' Compensation Insurance		798	
Liability Claims		235	
Data Processing Equipment		5,002	
Furniture and Fixtures		722	
Office Equipment		3,923	
Total Libraries			\$ 297,962

Total Public Library Fund \$ 297,962

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Salary Supplements	\$	4,047
Laborers		23,298
Secretary(s)		21,652
Clerical Personnel		10,166
Part-time Personnel		32,087
Longevity Pay		550
Overtime Pay		16
In-Service Training		400
Social Security		6,606
State Retirement		2,094
Medical Insurance		4,060
Unemployment Compensation		1,763
Communication		1,361

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Contracts with Private Agencies	\$	620,104	
Data Processing Services		1,167	
Engineering Services		347	
Laundry Service		56	
Legal Services		1,362	
Legal Notices, Recording and Court Costs		303	
Maintenance & Repair Services- Buildings		4,126	
Maintenance & Repair Services- Equipment		510	
Maintenance & Repair Services- Vehicles		471	
Postal Charges		8,843	
Printing, Stationery, and Forms		1,803	
Travel		5,509	
Brokerage Fees - Recyclables		35,340	
Other Contracted Services		1,682	
Custodial Supplies		410	
Food Supplies		3,320	
Garage Supplies		372	
Gasoline		490	
Office Supplies		752	
Propane Gas		979	
Small Tools		169	
Utilities		14,847	
Wire		998	
Other Supplies and Materials		1,707	
Refunds		2,654	
Trustee's Commission		3,775	
Workers' Compensation Insurance		1,532	
Landfill Closure/Postclosure Care Costs		15,000	
Other Charges		859	
Data Processing Equipment		3,181	
Furniture and Fixtures		25	
Motor Vehicles		36,500	
Office Equipment		4,272	
Solid Waste Equipment		257,515	
Other Equipment		1,125	
Total Landfill Operation and Maintenance		<u>1,140,205</u>	\$ 1,140,205
Total Solid Waste/Sanitation Fund			\$ 1,140,205

(Continued)

Exhibit I-6

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

Industrial/Economic Development Fund

Capital Projects

Public Utility Projects

Contracts with Private Agencies	\$	78,012	
Legal Notices, Recording, and Court Costs		171	
Trustee's Commission		3,976	
Total Public Utility Projects			\$ 82,159

Total Industrial/Economic Development Fund \$ 82,159

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	150	
Communication		2,828	
Dues and Memberships		300	
Legal Notices, Recording, and Court Costs		429	
Maintenance & Repair Services- Buildings		125	
Maintenance & Repair Services- Vehicles		8,110	
Printing, Stationery, and Forms		533	
Tow-in Services		190	
Travel		4,580	
Veterinary Services		4,452	
Other Contracted Services		36	
Food Supplies		325	
Gasoline		150	
Law Enforcement Supplies		420	
Office Supplies		332	
Uniforms		3,037	
Other Supplies and Materials		609	
Other Charges		24,622	
Data Processing Equipment		8,385	
Law Enforcement Equipment		2,798	
Total Drug Enforcement			\$ 62,411

Total Drug Control Fund 62,411

District Attorney General Fund

Administration of Justice

District Attorney General

Secretary(s)	\$	22,507	
Dues and Memberships		315	
Travel		791	

(Continued)

Exhibit I-6

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Office Supplies	\$	193	
Periodicals		430	
Other Charges		815	
Total District Attorney General			\$ 25,051

Total District Attorney General Fund \$ 25,051

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	153,508	
Total Register of Deeds			\$ 153,508

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	164,544	
Total County Trustee's Office			164,544

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	228,688	
Total County Clerk's Office			228,688

Total Constitutional Officers - Fees Fund 546,740

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,365	
Accountants/Bookkeepers		49,223	
Longevity Pay		500	
Overtime Pay		126	
Communication		11,286	
Data Processing Services		540	
Dues and Memberships		3,451	
Legal Notices, Recording, and Court Costs		502	
Maintenance Agreements		528	
Postal Charges		111	
Printing, Stationery, and Forms		469	
Disposal Fees		266	
Custodial Supplies		19	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Office Supplies	\$	705	
Utilities		12,435	
Other Charges		2,780	
Total Administration			\$ 142,306

Highway and Bridge Maintenance

Foremen	\$	166,905	
Equipment Operators		319,661	
Equipment Operators - Light		153,919	
Truck Drivers		260,254	
Laborers		63,364	
Longevity Pay		17,500	
Overtime Pay		5,225	
Maintenance & Repair Services- Equipment		1,545	
Rentals		32,138	
Other Contracted Services		17,070	
Asphalt		314,781	
Asphalt - Cold Mix		9,893	
Concrete		14,766	
Crushed Stone		286,285	
Pipe - Metal		147,701	
Road Signs		11,344	
Wood Products		5,450	
Gravel and Chert		1,340	
Other Charges		10,108	
Total Highway and Bridge Maintenance			1,839,249

Operation and Maintenance of Equipment

Mechanic(s)	\$	161,449	
Longevity Pay		2,500	
Overtime Pay		1,251	
Maintenance & Repair Services- Equipment		150,379	
Diesel Fuel		100,423	
Gasoline		58,129	
Lubricants		8,923	
Tires and Tubes		34,964	
Uniforms		26,385	
Other Charges		19,125	
Total Operation and Maintenance of Equipment			563,528

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Building and Contents Insurance	\$	1,771	
Liability Insurance		33,587	
Trustee's Commission		44,215	
Vehicle and Equipment Insurance		11,429	
Workers' Compensation Insurance		33,296	
Other Charges		584	
Total Other Charges			\$ 124,882

Employee Benefits

Social Security	\$	93,889	
State Retirement		82,280	
Employee and Dependent Insurance		168,468	
Unemployment Compensation		10,512	
Total Employee Benefits			355,149

Capital Outlay

Engineering Services	\$	73,376	
Bridge Construction		65,774	
Highway Construction		221,705	
Highway Equipment		42,794	
Other Construction		274,896	
Total Capital Outlay			678,545

Total Highway/Public Works Fund \$ 3,703,659

General Debt Service Fund

Principal

General Government

Principal on Bonds	\$	945,000	
Principal on Notes		460,000	
Total General Government			\$ 1,405,000

Highways and Streets

Principal on Notes	\$	583,117	
Total Highways and Streets			583,117

Education

Principal on Bonds	\$	865,000	
Total Education			865,000

(Continued)

Exhibit I-6

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

General Debt Service Fund (Cont.)

Interest

General Government

Interest on Bonds	\$ 487,678	
Interest on Notes	<u>201,583</u>	
Total General Government		\$ 689,261

Highways and Streets

Interest on Notes	\$ <u>67,903</u>	
Total Highways and Streets		67,903

Education

Interest on Bonds	\$ <u>683,451</u>	
Total Education		683,451

Other Debt Service

General Government

Trustee's Commission	\$ 66,470	
Other Debt Issuance Charges	57,122	
Other Debt Service	<u>1,833</u>	
Total General Government		125,425

Highways and Streets

Other Debt Service	\$ <u>5,214</u>	
Total Highways and Streets		5,214

Education

Other Debt Service	\$ <u>2,486</u>	
Total Education		<u>2,486</u>

Total General Debt Service Fund \$ 4,426,857

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 53,525	
Building Construction	<u>642,673</u>	
Total General Administration Projects		\$ <u>696,198</u>

Total General Capital Projects Fund 696,198

(Continued)

Exhibit I-6

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

<u>HUD Grant Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Contracts with Private Agencies	\$	318,897	
Total Other General Government Projects			\$ 318,897
Total HUD Grant Projects Fund			\$ 318,897
<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Highway & Street Capital Projects</u>			
Trustee's Commission	\$	1,275	
Highway Construction		560,451	
Highway Equipment		27,980	
Other Construction		36,000	
Total Highway & Street Capital Projects			\$ 625,706
Total Highway Capital Projects Fund			625,706
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	7,889,047	
Other Debt Issuance Charges		110,953	
Total Education Capital Projects			\$ 8,000,000
Total Education Capital Projects Fund			8,000,000
Total Governmental Funds - Primary Government			\$ 29,246,297

Lawrence County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Self - Insurance Fund
	_____	_____
<u>Revenues</u>		
<u>Operating Revenues</u>		
<u>Charges for Current Services</u>		
Commercial and Industrial Waste Collections	\$ 48,297	\$ 0
Residential Waste Collection Charge	684,553	0
Self-Insurance Premiums/Contributions	0	21,881
Other General Service Charges	12,050	0
Solid Waste Disposal Fee	63,308	0
Total Charges for Current Services	<u>\$ 808,208</u>	<u>\$ 21,881</u>
 <u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Sale of Recycled Materials	\$ 34,070	\$ 0
 <u>Nonrecurring Items</u>		
Damages Recovered from Individuals	\$ 605	\$ 0
Total Other Local Revenues	<u>\$ 34,675</u>	<u>\$ 0</u>
Total Operating Revenues	<u>\$ 842,883</u>	<u>\$ 21,881</u>
 <u>Nonoperating Revenues</u>		
Investment Income	\$ 12,272	\$ 0
Solid Waste Grants	5,072	0
Total Nonoperating Revenues	<u>\$ 17,344</u>	<u>\$ 0</u>
Total Revenues	<u>\$ 860,227</u>	<u>\$ 21,881</u>
 <u>Expenses</u>		
<u>Operating Expenses</u>		
<u>Waste Collection and Disposal</u>		
Salary Supplements	\$ 4,047	\$ 0
Laborers	17,422	0
Secretary	21,897	0

(Continued)

Exhibit I-7

Lawrence County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Funds (Cont.)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Self - Insurance Fund
<u>Expenses (Cont.)</u>		
<u>Operating Expenses (Cont.)</u>		
<u>Waste Collection and Disposal (Cont.)</u>		
Clerical Personnel	\$ 11,850	\$ 0
Part-time Personnel	26,122	0
Overtime	1,673	0
Social Security	5,615	0
State Retirement	1,989	0
Medical Insurance	4,533	0
Unemployment Compensation	727	0
Communication	1,555	0
Contracts with Private Agencies	171,046	0
Data Processing Services	21,491	0
Legal Services	3,370	0
Legal Notices	1,604	0
Maintenance & Repair Services - Buildings	2,326	0
Maintenance & Repair Services - Equipment	1,871	0
Maintenance & Repair Services - Office Equipment	55	0
Postal Charges	3,560	0
Printing, Stationery, and Forms	3,626	0
Travel	177	0
Brokerage Fees - Recyclables	38,081	0
Permits	1,000	0
Other Contracted Services	314	0
Custodial Supplies	274	0
Food Supplies	1,102	0
Garage Supplies	9,257	0
Lubricants	21	0
Office Supplies	1,257	0
Propane Gas	956	0
Utilities	1,992	0
Wire	1,511	0

(Continued)

Exhibit I-7

Lawrence County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Funds (Cont.)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Self - Insurance Fund
	<hr/>	<hr/>
<u>Expenses (Cont.)</u>		
<u>Operating Expenses (Cont.)</u>		
<u>Waste Collection and Disposal (Cont.)</u>		
Other Supplies and Materials	\$ 1,754	\$ 0
Buildings and Contents Insurance	3,275	0
Liability Insurance	2,333	0
Refunds	2,973	0
Trustee's Commission	11,923	0
Vehicle and Equipment Insurance	3,844	0
Workers' Compensation Insurance	1,821	0
Other Charges	310	0
Data Processing Equipment	8,754	0
Solid Waste Equipment	127,339	0
Total Landfill Operation and Maintenance	<hr/> \$ 526,647	<hr/> \$ 0
<u>Other General Government</u>		
<u>Other Charges</u>		
Workers' Compensation Insurance	\$ 0	\$ 41,765
Other Self-Insured Claims	0	14,774
Total Other General Government	<hr/> \$ 0	<hr/> \$ 56,539
Total Expenses	<hr/> <hr/> \$ 526,647	<hr/> <hr/> \$ 56,539

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,753,847
Total Cash Receipts	<u>\$ 3,753,847</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,716,309
Trustee's Commission	<u>37,538</u>
Total Cash Disbursements	<u>\$ 3,753,847</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2004	<u>0</u>
Cash Balance, June 30, 2005	<u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

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

<u>Year</u>	<u>Amount</u>
1995	\$ 16
1996	16
1997	6,111
1998	5,989
1999	10,215
2000	8,685
2001	18,060
2002	17,094
2003	<u>100,395</u>
Total	<u>\$ 166,581</u>

Table 2

Lawrence County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 1.27	\$ 1.19	\$ 1.06	\$ 0.78	\$ 0.970	\$ 1.000	\$ 0.980	\$ 0.900	\$ 0.900	\$ 1.08
Highway/Public Works	0.24	0.32	0.32	0.24	0.250	0.250	0.250	0.280	0.280	0.26
General Purpose School	1.10	1.10	1.10	0.81	0.960	0.960	0.960	1.030	1.030	1.02
General Debt Service	0.55	0.55	0.41	0.30	0.310	0.300	0.435	0.415	0.415	0.39
Highway Capital Projects	0.00	0.00	0.00	0.00	0.070	0.060	0.000	0.000	0.000	0.00
Industrial/Economic Development	0.00	0.00	0.00	0.00	0.065	0.055	0.000	0.000	0.000	0.00
Total Tax Rate	\$ 3.16	\$ 3.16	\$ 2.89	\$ 2.13	\$ 2.625	\$ 2.75				
<u>Assessed Valuation</u>										
Real and Personal	\$ 252,467,930	\$ 263,876,284	\$ 272,403,217	\$ 382,592,701	\$ 394,730,215	\$ 409,879,654	\$ 408,658,317	\$ 423,853,974	\$ 425,144,983	\$ 458,772,511
Public Utilities	17,254,918	18,483,938	16,131,130	17,436,879	20,864,599	22,469,687	25,602,041	21,258,462	20,010,047	23,126,446
Total Assessed Valuation	\$ 269,722,848	\$ 282,360,222	\$ 288,534,347	\$ 400,029,580	\$ 415,594,814	\$ 432,349,341	\$ 434,260,358	\$ 445,112,436	\$ 445,155,030	\$ 481,898,957

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

JERRY DURHAM, CPA, CGFM, CFE
Auditor 4

KENT WHITE, CPA, CGFM, CFE
PATTY VARGO, CFE
NATHAN ABBOTT, CISA, CFE
State Auditors

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

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

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

LAWRENCE COUNTY SCHOOL DEPARTMENT

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

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Retainage withheld from contractor payments had not been deposited to an escrow account in compliance with state statute.
- ◆ An excessive amount of operating cash was requested for the Title I Grants to Local Educational Agencies federal program.
- ◆ Appropriations exceeded estimated available funds in the School Federal Projects Fund by \$77,352.

INTRODUCTORY SECTION

Lawrence County School Officials
June 30, 2005

Officials:

Larry Davis, Director of Schools

Board of Education:

Rodney Robinson, Chairman
Kevin Caruso
Roberta Brazier
Ricky Davenport
Monica Sanders

Corinne Perry
Michael Kilburn
Jeff Clifton
Ted Kimbrell
Brenda Jacobs

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
FAX (615) 741-6216**

INDEPENDENT AUDITOR'S REPORT

February 10, 2006

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Lawrence County School Department, a component unit of Lawrence County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 15 through 30, which collectively comprise a portion of the Lawrence County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Lawrence County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

in government-wide financial statements for the School Department's governmental activities are not reasonably determinable.

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

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

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Lawrence County School Department as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

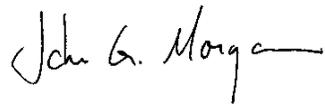
In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2006, on our consideration of the Lawrence County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Lawrence County School Department has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the School Department's disclosures for custodial credit risk and adds disclosures about other types of risk.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 79	\$ 0	\$ 1,190	\$ 1,269
Equity in Pooled Cash and Investments	2,399,560	5,751,960	1,296,266	9,447,786
Inventories	0	0	125,490	125,490
Accounts Receivable	365	0	3,076	3,441
Due from Other Governments	962,819	0	121,159	1,083,978
Property Taxes Receivable	5,435,461	0	0	5,435,461
Allowance for Uncollectible Property Taxes	(94,570)	0	0	(94,570)
Total Assets	\$ 8,703,714	\$ 5,751,960	\$ 1,547,181	\$ 16,002,855
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 6,311	\$ 0	\$ 0	\$ 6,311
Accrued Payroll	1,132	0	0	1,132
Payroll Deductions Payable	1,049,691	0	119,929	1,169,620
Contracts Payable	0	289,508	0	289,508
Retainage Payable	0	146,816	0	146,816
Deferred Revenue - Current Property Taxes	4,951,711	0	0	4,951,711
Deferred Revenue - Delinquent Property Taxes	339,874	0	0	339,874
Other Deferred Revenues	483,480	0	0	483,480
Total Liabilities	\$ 6,832,199	\$ 436,324	\$ 119,929	\$ 7,388,452
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 208,827	\$ 1,136,449	\$ 467	\$ 1,345,743
Reserved for Food Service	0	0	975,699	975,699
Reserved for Career Ladder - Extended Contract	27,993	0	0	27,993
Reserved for Career Ladder Program	11,228	0	0	11,228
Reserved for Technology	3,556	0	0	3,556
Reserved for Title I Grants to Local Education Agencies	0	0	249,200	249,200
Reserved for Innovative Education Program Strategies	0	0	3,894	3,894
Reserved for Special Education - Grants to States	0	0	3,923	3,923
Other Federal Reserves	0	0	172,288	172,288
Unreserved, Reported In:				
General Fund	1,619,911	0	0	1,619,911
Special Revenue Funds	0	0	21,781	21,781
Capital Projects Funds	0	4,179,187	0	4,179,187
Total Fund Balances	\$ 1,871,515	\$ 5,315,636	\$ 1,427,252	\$ 8,614,403
Total Liabilities and Fund Balances	\$ 8,703,714	\$ 5,751,960	\$ 1,547,181	\$ 16,002,855

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

Exhibit B

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 8,770,524	\$ 0	\$ 0	\$ 8,770,524
Licenses and Permits	1,843	0	0	1,843
Charges for Current Services	120,954	0	1,727,726	1,848,680
Other Local Revenues	60,085	0	21,827	81,912
State of Tennessee	25,182,086	0	47,043	25,229,129
Federal Government	346,363	0	5,313,688	5,660,051
Other Governments and Citizens Groups	0	7,889,047	0	7,889,047
Total Revenues	\$ 34,481,855	\$ 7,889,047	\$ 7,110,284	\$ 49,481,186
<u>Expenditures</u>				
Current:				
Instruction	\$ 23,918,933	\$ 0	\$ 2,856,469	\$ 26,775,402
Support Services	10,524,151	0	609,891	11,134,042
Operation of Non-Instructional Services	88,958	0	3,253,678	3,342,636
Capital Outlay	94,017	0	0	94,017
Debt Service:				
Principal	2,000	0	0	2,000
Capital Projects	0	2,575,532	0	2,575,532
Total Expenditures	\$ 34,628,059	\$ 2,575,532	\$ 6,720,038	\$ 43,923,629
Excess (Deficiency) of Revenues Over Expenditures	\$ (146,204)	\$ 5,313,515	\$ 390,246	\$ 5,557,557
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 21,500	\$ 0	\$ 0	\$ 21,500
Transfers Out	0	0	(21,500)	(21,500)
Total Other Financing Sources (Uses)	\$ 21,500	\$ 0	\$ (21,500)	\$ 0
Net Change in Fund Balances	\$ (124,704)	\$ 5,313,515	\$ 368,746	\$ 5,557,557
Fund Balance, July 1, 2004	1,996,219	2,121	1,058,506	3,056,846
Fund Balance, June 30, 2005	\$ 1,871,515	\$ 5,315,636	\$ 1,427,252	\$ 8,614,403

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

authority of Lawrence County and are included as part of Lawrence County's total tax levy.

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

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

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

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

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

The School Department reports the following major governmental funds:

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

Education Capital Projects Fund – This fund is used to account for contributions from Lawrence County to the School Department for building construction and renovations.

Additionally, the School Department reports the following fund type:

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

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

1. **Deposits and Investments**

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

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

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to one 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. Inventories

Inventories of the School Department's Central Cafeteria Fund consist of expendable supplies held for consumption and are valued at cost based on the first-in, first-out (FIFO) method.

4. **Capital Assets**

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

5. **Compensated Absences**

General policy of the School Department provides for central office and bus/building maintenance employees to earn vacation at the rate of 12 to 18 days per year, depending upon length of service and length of contract. The policy provides for employees to carry forward to the next year any unused annual days not to exceed 20 days. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. Noncertified personnel earn one day of sick leave per month with unlimited accumulation. The granting of sick leave has no guaranteed payment attached and, therefore, is not required to be accrued or recorded.

6. **Long-term Obligations**

Only the matured portion (the portion that has come due for payment) of long-term indebtedness 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.

7. **Fund Equity**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. General Purpose School Fund designations at June 30, 2005, are noted in the following table:

<u>Designation Purpose</u>	<u>Amount</u>
Knowledge Bowl	\$ 1,499
Materials Center	367
Childcare	29,344

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Appropriations Exceeded Estimated Funding

The budget and subsequent amendments submitted to and approved by the County Commission for the School Federal Projects Fund resulted in appropriations exceeding estimated funding by \$77,352.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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. The county’s investment in Federal Home Loan Mortgage Corporation (Freddie Mac) of \$387,156 is not authorized by state statute.

Investment Balances. As of June 30, 2005, Lawrence County and the Lawrence County School Department had the following investments carried at fair value or cost. All investments are idle funds held by the county trustee. Separate disclosures concerning pooled investments cannot be made for Lawrence County and the Lawrence County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturity	Fair Value Or Cost
Federal Home Loan Bank	7-8-05	\$ 24,992
Federal Home Loan Bank	8-26-05	209,345
Federal Home Loan Bank	9-16-05	114,569
Federal Home Loan Bank	3-17-06	69,213
Federal Home Loan Bank	7-24-06	489,845
Federal Home Loan Bank	7-28-06	492,190
Federal Home Loan Bank	8-21-06	73,992
Total Federal Home Loan Bank		<u>\$ 1,474,146</u>

Investment Balances (Cont.)		Fair Value
Investment	Maturity	Or Cost
Federal National Mortgage Association	7-29-05	\$ 46,927
Federal National Mortgage Association	9-2-05	14,967
Federal National Mortgage Association	2-13-06	64,472
Federal National Mortgage Association	7-9-06	49,141
Federal National Mortgage Association	10-15-05	796,508
Federal National Mortgage Association	10-21-05	189,170
Federal National Mortgage Association	9-28-06	493,440
Total Federal National Mortgage Association		<u>\$ 1,654,625</u>
Federal Farm Credit Bank	8-3-05	\$ 2,645,866
Federal Farm Credit Bank	8-15-05	424,337
Total Federal Farm Credit Bank		<u>\$ 3,070,203</u>
Federal Mortgage Assistance Corporation	9-15-05	\$ 50,936
Federal Mortgage Assistance Corporation	2-17-06	247,725
Federal Mortgage Assistance Corporation	7-6-06	88,495
Total Federal Mortgage Assistance Corporation		<u>\$ 387,156</u>
Total		<u>\$ 6,586,130</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. Lawrence County and the School Department do 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. Lawrence County and the School Department have no investment policy that would further limit their investment choices. The county's investments with the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Farm Credit Bank are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AAA by Standard & Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Lawrence County and the School Department place no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank (22 percent), the Federal National Mortgage Association (25 percent), the Federal Farm Credit Bank (47 percent), and the Federal Mortgage Assistance Corporation (six percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Lawrence County and the School Department do not have a formal policy that limits custodial credit risk for investments. The county's investment of \$6,586,130 in the investments listed in the above table have a custodial credit risk exposure because the securities are uninsured, unregistered, and held by the county's financial agent which is also the counterparty for these investments.

B. Construction Commitments

At June 30, 2005, the Education Capital Projects Fund had uncompleted construction contracts of approximately \$1,136,449 for geothermal construction projects. Funding has been received for these future expenditures.

C. Interfund Transfers

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

Transfers Out	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental fund	\$ 21,500
Total	<u>\$ 21,500</u>

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

D. Long-term Debt

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

Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to six years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2005, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Capital Outlay Notes	0 %	\$ 32,770	\$ 3,770

The annual requirements to amortize all notes outstanding as of June 30, 2005, are presented in the following table:

Year Ending June 30	Principal
2006	\$ 2,000
2007	<u>1,770</u>
Total	<u>\$ 3,770</u>

Changes in Long-term Liabilities

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

Governmental Activities:	Notes	Compensated Absences
Balance, July 1, 2004	\$ 5,770	\$ 39,990
Additions	0	44,318
Deductions	<u>(2,000)</u>	<u>(41,383)</u>
Balance, June 30, 2005	<u>\$ 3,770</u>	<u>\$ 42,925</u>
Balance Due Within One Year	<u>\$ 2,000</u>	<u>\$ 43,000</u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School and School Federal Projects Funds.

E. Retainage Payable

Retainage payable in the Education Capital Projects Fund represents amounts withheld from payments due to contractors to ensure contract performance. These amounts are being held by the county trustee as equity in pooled cash and investments.

IV. OTHER INFORMATION

A. Risk Management

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$200,000 for each insured event.

B. Accounting Change

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

C. Contingent Liabilities

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

D. Retirement Commitments

Plan Description

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

SCHOOL TEACHERS

Plan Description

The Lawrence County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Lawrence 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 Lawrence County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$1,169,208, \$674,466, and \$643,192, respectively, equal to the required contributions for each year.

E. Other Post-employment Benefits

In addition to the retirement commitments described above, the School Department provides post-retirement health care benefits, in accordance with contract provisions, to all employees who retire from the School Department on or after 30 years experience (ten of the 30 with the Lawrence County School Department) or age 55 (or over) with at least 17 years experience (ten of the 17 with the Lawrence County School Department). Currently, 40 retirees meet those eligibility requirements. The School Department pays the cost of individual coverage for accident and health insurance provided by the Tennessee Insurance System until the individual reaches the age of 65. During the year, expenditures totaled approximately \$8,734 per month.

F. Purchasing Law

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,770,524	\$ 0	\$ 0	\$ 8,770,524	\$ 8,760,252	\$ 8,760,252	\$ 10,272
Licenses and Permits	1,843	0	0	1,843	0	0	1,843
Charges for Current Services	120,954	0	0	120,954	137,000	98,700	22,254
Other Local Revenues	60,085	0	0	60,085	60,000	77,608	(17,523)
State of Tennessee	25,182,086	0	0	25,182,086	24,816,087	25,245,274	(63,188)
Federal Government	346,363	0	0	346,363	316,647	441,279	(94,916)
Total Revenues	\$ 34,481,855	\$ 0	\$ 0	\$ 34,481,855	\$ 34,089,986	\$ 34,623,113	\$ (141,258)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,701,129	\$ (46,629)	\$ 66,788	\$ 19,721,288	\$ 19,496,410	\$ 19,799,409	\$ 78,121
Alternative Instruction Program	38,331	(324)	0	38,007	82,171	64,171	26,164
Special Education Program	2,112,304	0	5,760	2,118,064	2,166,209	2,170,999	52,935
Vocational Education Program	1,927,410	(21,318)	2,213	1,908,305	1,901,845	1,952,845	44,540
Adult Education Program	139,759	(658)	7,240	146,341	151,129	193,185	46,844
<u>Support Services</u>							
Attendance	97,935	(20,000)	14,500	92,435	94,987	95,826	3,391
Health Services	158,557	0	0	158,557	185,927	185,927	27,370
Other Student Support	840,830	(115)	115	840,830	788,572	880,856	40,026
Regular Instruction Program	1,028,667	0	2,598	1,031,265	1,037,455	1,044,005	12,740
Alternative Instruction Program	80,934	(600)	2,069	82,403	87,840	87,840	5,437
Special Education Program	234,077	0	0	234,077	247,126	247,126	13,049
Vocational Education Program	87,317	0	0	87,317	86,387	96,787	9,470
Adult Programs	73,882	0	0	73,882	86,755	84,591	10,709
Board of Education	559,170	(2,100)	0	557,070	569,223	574,423	17,353
Director of Schools	256,870	(4,947)	2,576	254,499	274,495	275,334	20,835

(Continued)

Exhibit C

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,751,644	\$ (2,560)	\$ 336	\$ 1,749,420	\$ 1,772,819	\$ 1,783,512	\$ 34,092
Fiscal Services	205,865	(22,618)	7,700	190,947	215,796	215,796	24,849
Operation of Plant	2,801,334	(947)	6,870	2,807,257	2,703,315	2,822,315	15,058
Maintenance of Plant	587,282	(9,446)	11,045	588,881	607,530	621,931	33,050
Transportation	1,743,582	(13,026)	64,742	1,795,298	1,729,797	1,828,104	32,806
Central and Other	16,205	0	0	16,205	25,000	25,000	8,795
<u>Operation of Non-Instructional Services</u>							
Community Services	88,958	0	290	89,248	74,998	111,779	22,531
<u>Capital Outlay</u>							
Regular Capital Outlay	94,017	(1,991)	13,985	106,011	200,000	109,500	3,489
<u>Principal</u>							
Education	2,000	0	0	2,000	2,000	2,000	0
Total Expenditures	\$ 34,628,059	\$ (147,279)	\$ 208,827	\$ 34,689,607	\$ 34,587,786	\$ 35,273,261	\$ 583,654
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (146,204)	\$ 147,279	\$ (208,827)	\$ (207,752)	\$ (497,800)	\$ (650,148)	\$ 442,396
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 21,500	\$ 0	\$ 0	\$ 21,500	\$ 11,000	\$ 11,000	\$ 10,500
Total Other Financing Sources (Uses)	\$ 21,500	\$ 0	\$ 0	\$ 21,500	\$ 11,000	\$ 11,000	\$ 10,500

(Continued)

Exhibit C

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (124,704)	\$ 147,279	\$ (208,827)	\$ (186,252)	\$ (486,800)	\$ (639,148)	\$ 452,896
Fund Balance, July 1, 2004	1,996,219	(147,279)	0	1,848,940	1,690,444	1,690,444	158,496
Fund Balance, June 30, 2005	\$ 1,871,515	\$ 0	\$ (208,827)	\$ 1,662,688	\$ 1,203,644	\$ 1,051,296	\$ 611,392

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

BUDGETARY INFORMATION

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Extended School Program Fund – The Extended School Program Fund is used to account for the transactions of the day-care program.

Exhibit D-1

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

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,190	\$ 0	\$ 1,190
Equity in Pooled Cash and Investments	392,830	884,564	18,872	1,296,266
Inventories	0	125,490	0	125,490
Accounts Receivable	0	0	3,076	3,076
Due from Other Governments	120,859	0	300	121,159
	<hr/>			
Total Assets	\$ 513,689	\$ 1,011,244	\$ 22,248	\$ 1,547,181
<hr/>				
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Payroll Deductions Payable	\$ 84,384	\$ 35,545	\$ 0	\$ 119,929
Total Liabilities	\$ 84,384	\$ 35,545	\$ 0	\$ 119,929
<hr/>				
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 0	\$ 467	\$ 467
Reserved for Food Service	0	975,699	0	975,699
Reserved for Title I Grants to Local Education Agencies	249,200	0	0	249,200
Reserved for Innovative Education Program Strategies	3,894	0	0	3,894
Reserved for Special Education - Grants to States	3,923	0	0	3,923
Other Federal Reserves	172,288	0	0	172,288
Unreserved	0	0	21,781	21,781
Total Fund Balances	\$ 429,305	\$ 975,699	\$ 22,248	\$ 1,427,252
	<hr/>			
Total Liabilities and Fund Balances	\$ 513,689	\$ 1,011,244	\$ 22,248	\$ 1,547,181
	<hr/>			

Exhibit D-2

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 1,628,541	\$ 99,185	\$ 1,727,726
Other Local Revenues	0	21,827	0	21,827
State of Tennessee	0	44,856	2,187	47,043
Federal Government	3,673,942	1,639,746	0	5,313,688
Total Revenues	\$ 3,673,942	\$ 3,334,970	\$ 101,372	\$ 7,110,284
<u>Expenditures</u>				
Current:				
Instruction	\$ 2,856,469	\$ 0	\$ 0	\$ 2,856,469
Support Services	609,891	0	0	609,891
Operation of Non-Instructional Services	0	3,161,089	92,589	3,253,678
Total Expenditures	\$ 3,466,360	\$ 3,161,089	\$ 92,589	\$ 6,720,038
Excess (Deficiency) of Revenues Over Expenditures	\$ 207,582	\$ 173,881	\$ 8,783	\$ 390,246
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (21,500)	\$ 0	\$ 0	\$ (21,500)
Total Other Financing Sources (Uses)	\$ (21,500)	\$ 0	\$ 0	\$ (21,500)
Net Change in Fund Balances	\$ 186,082	\$ 173,881	\$ 8,783	\$ 368,746
Fund Balance, July 1, 2004	243,223	801,818	13,465	1,058,506
Fund Balance, June 30, 2005	\$ 429,305	\$ 975,699	\$ 22,248	\$ 1,427,252

Exhibit D-3

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Lawrence 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	\$ 3,673,942	\$ 3,613,128	\$ 3,673,942	\$ 0
Total Revenues	\$ 3,673,942	\$ 3,613,128	\$ 3,673,942	\$ 0
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,558,696	\$ 1,706,319	\$ 1,723,968	\$ 165,272
Special Education Program	1,153,831	1,150,120	1,157,715	3,884
Vocational Education Program	143,942	138,852	143,943	1
<u>Support Services</u>				
Attendance	32,641	34,582	34,582	1,941
Other Student Support	8,915	12,250	9,525	610
Regular Instruction Program	222,315	527,067	551,666	329,351
Special Education Program	338,342	331,066	338,379	37
Vocational Education Program	3,123	5,487	3,123	0
Fiscal Services	4,555	5,116	5,116	561
Transportation	0	1,340	5,000	5,000
Total Expenditures	\$ 3,466,360	\$ 3,912,199	\$ 3,973,017	\$ 506,657
Excess (Deficiency) of Revenues Over Expenditures	\$ 207,582	\$ (299,071)	\$ (299,075)	\$ 506,657
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (21,500)	\$ (21,500)	\$ (21,500)	\$ 0
Total Other Financing Sources (Uses)	\$ (21,500)	\$ (21,500)	\$ (21,500)	\$ 0
Net Change in Fund Balance	\$ 186,082	\$ (320,571)	\$ (320,575)	\$ 506,657
Fund Balance, July 1, 2004	243,223	243,223	243,223	0
Fund Balance, June 30, 2005	\$ 429,305	\$ (77,348)	\$ (77,352)	\$ 506,657

Exhibit D-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,628,541	\$ 1,587,600	\$ 1,605,600	\$ 22,941
Other Local Revenues	21,827	20,000	20,000	1,827
State of Tennessee	44,856	45,000	45,000	(144)
Federal Government	1,639,746	1,475,000	1,575,000	64,746
Total Revenues	<u>\$ 3,334,970</u>	<u>\$ 3,127,600</u>	<u>\$ 3,245,600</u>	<u>\$ 89,370</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,161,089	\$ 3,299,973	\$ 3,417,973	\$ 256,884
Total Expenditures	<u>\$ 3,161,089</u>	<u>\$ 3,299,973</u>	<u>\$ 3,417,973</u>	<u>\$ 256,884</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 173,881</u>	<u>\$ (172,373)</u>	<u>\$ (172,373)</u>	<u>\$ 346,254</u>
Net Change in Fund Balance	\$ 173,881	\$ (172,373)	\$ (172,373)	\$ 346,254
Fund Balance, July 1, 2004	<u>801,818</u>	<u>677,212</u>	<u>677,212</u>	<u>124,606</u>
Fund Balance, June 30, 2005	<u>\$ 975,699</u>	<u>\$ 504,839</u>	<u>\$ 504,839</u>	<u>\$ 470,860</u>

Exhibit D-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 99,185	\$ 0	\$ 99,185	\$ 105,100	\$ 98,500	\$ 685
State of Tennessee	2,187	0	2,187	0	6,600	(4,413)
Total Revenues	<u>\$ 101,372</u>	<u>\$ 0</u>	<u>\$ 101,372</u>	<u>\$ 105,100</u>	<u>\$ 105,100</u>	<u>\$ (3,728)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Community Services	\$ 92,589	\$ 467	\$ 93,056	\$ 103,100	\$ 105,100	\$ 12,044
Total Expenditures	<u>\$ 92,589</u>	<u>\$ 467</u>	<u>\$ 93,056</u>	<u>\$ 103,100</u>	<u>\$ 105,100</u>	<u>\$ 12,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8,783</u>	<u>\$ (467)</u>	<u>\$ 8,316</u>	<u>\$ 2,000</u>	<u>\$ 0</u>	<u>\$ 8,316</u>
Net Change in Fund Balance	\$ 8,783	\$ (467)	\$ 8,316	\$ 2,000	\$ 0	\$ 8,316
Fund Balance, July 1, 2004	<u>13,465</u>	<u>0</u>	<u>13,465</u>	<u>13,466</u>	<u>13,466</u>	<u>(1)</u>
Fund Balance, June 30, 2005	<u>\$ 22,248</u>	<u>\$ (467)</u>	<u>\$ 21,781</u>	<u>\$ 15,466</u>	<u>\$ 13,466</u>	<u>\$ 8,315</u>

MISCELLANEOUS SCHEDULES

Exhibit E-1

Lawrence County, Tennessee
Schedule of Changes in Long-term Notes
Lawrence County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Asbestos Abatement	\$ 32,770	0	% 2-14-1991	6-14-07	\$ 5,770	\$ 0	\$ 2,000	\$ 3,770
Total Notes Payable					\$ 5,770	\$ 0	\$ 2,000	\$ 3,770

Exhibit E-2

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 21,500</u>
Total Transfers			<u><u>\$ 21,500</u></u>

Exhibit E-3

Lawrence County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Lawrence 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 Lawrence County Board of Education	\$ 81,733	\$ 100,000	(1)
<u>Employee Blanket Bond</u>				
Public Employee Dishonesty			100,000	Fidelity and Deposit Company of Maryland

(1) Covered under the employee blanket bond.

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,477,024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,477,024
Trustee's Collections - Prior Year	159,923	0	0	0	0	159,923
Circuit/Clerk & Master Collections - Prior Years	53,363	0	0	0	0	53,363
Interest and Penalty	29,010	0	0	0	0	29,010
<u>County Local Option Taxes</u>						
Local Option Sales Tax	4,045,123	0	0	0	0	4,045,123
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	6,081	0	0	0	0	6,081
Total Local Taxes	\$ 8,770,524	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,770,524
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,843	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,843
Total Licenses and Permits	\$ 1,843	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,843
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Regular Day Students	\$ 14,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,267
Tuition - Summer School	1,470	0	0	0	0	1,470
Tuition - Other	0	0	0	99,185	0	99,185
Lunch Payments - Children	0	0	855,803	0	0	855,803
Lunch Payments - Adults	0	0	175,722	0	0	175,722
Income from Breakfast	0	0	109,951	0	0	109,951
A la carte Sales	0	0	482,418	0	0	482,418
School Based Health Services - FFS	5,711	0	0	0	0	5,711
Receipts from Individual Schools	59,824	0	4,647	0	0	64,471
Community Service Fees - Children	28,541	0	0	0	0	28,541
TBI Criminal Background Fee	96	0	0	0	0	96
<u>Other Charges for Services</u>						
Other Charges for Services	11,045	0	0	0	0	11,045
Total Charges for Current Services	\$ 120,954	\$ 0	\$ 1,628,541	\$ 99,185	\$ 0	\$ 1,848,680
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 20,998	\$ 0	\$ 0	\$ 20,998

(Continued)

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 34,268	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,268
Sale of Materials and Supplies	1,922	0	0	0	0	1,922
Miscellaneous Refunds	2,203	0	829	0	0	3,032
<u>Nonrecurring Items</u>						
Insurance Recovery	17,366	0	0	0	0	17,366
Damages Recovered from Individuals	1,846	0	0	0	0	1,846
Contributions & Gifts	1,880	0	0	0	0	1,880
<u>Other Local Revenues</u>						
Other Local Revenues	600	0	0	0	0	600
Total Other Local Revenues	\$ 60,085	\$ 0	\$ 21,827	\$ 0	\$ 0	\$ 81,912
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 23,544,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,544,230
School Food Service	0	0	44,856	0	0	44,856
Driver Education	17,880	0	0	0	0	17,880
Other State Education Funds	700,548	0	0	0	0	700,548
Career Ladder Program	457,349	0	0	0	0	457,349
Career Ladder - Extended Contract	146,295	0	0	0	0	146,295
Other Vocational	100	0	0	0	0	100
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	200,000	0	0	0	0	200,000
Other State Grants	54,077	0	0	0	0	54,077
Other State Revenues	61,607	0	0	2,187	0	63,794
Total State of Tennessee	\$ 25,182,086	\$ 0	\$ 44,856	\$ 2,187	\$ 0	\$ 25,229,129
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,233,069	\$ 0	\$ 0	\$ 1,233,069
Breakfast	0	0	406,677	0	0	406,677
Adult Education State Grant Program	90,763	0	0	0	0	90,763
Vocational Education - Basic Grants to States	0	153,590	0	0	0	153,590
Title I Grants to Local Education Agencies	0	1,535,921	0	0	0	1,535,921
Innovative Education Program Strategies	0	34,430	0	0	0	34,430
Special Education - Grants to States	1,790	1,429,134	0	0	0	1,430,924

(Continued)

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Special Education Preschool Grants	\$ 0	\$ 46,780	\$ 0	\$ 0	\$ 0	\$ 46,780
Eisenhower Professional Development State Grants	0	433,266	0	0	0	433,266
Other Federal through State	244,810	40,821	0	0	0	285,631
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	9,000	0	0	0	0	9,000
Total Federal Government	\$ 346,363	\$ 3,673,942	\$ 1,639,746	\$ 0	\$ 0	\$ 5,660,051
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,889,047	\$ 7,889,047
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,889,047	\$ 7,889,047
Total	\$ 34,481,855	\$ 3,673,942	\$ 3,334,970	\$ 101,372	\$ 7,889,047	\$ 49,481,186

Exhibit E-5

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,582,735	
Career Ladder Program	279,465	
Career Ladder Extended Contracts	85,556	
Homebound Teachers	12,934	
Educational Assistants	700,534	
Other Salaries & Wages	243,789	
Certified Substitute Teachers	168,863	
Social Security	904,199	
State Retirement	816,378	
Medical Insurance	2,020,159	
Unemployment Compensation	8,571	
Employer Medicare	211,472	
Maintenance & Repair Services- Equipment	25,335	
Instructional Supplies and Materials	246,013	
Textbooks	287,982	
Other Supplies and Materials	64,417	
Regular Instruction Equipment	42,727	
Total Regular Instruction Program		\$ 19,701,129

Alternative Instruction Program

Teachers	\$ 30,393	
Certified Substitute Teachers	500	
Social Security	1,915	
State Retirement	1,672	
Medical Insurance	3,079	
Employer Medicare	448	
Other Supplies and Materials	324	
Total Alternative Instruction Program		38,331

Special Education Program

Teachers	\$ 1,435,715	
Career Ladder Program	28,000	
Career Ladder Extended Contracts	15,863	
Homebound Teachers	58,900	
Educational Assistants	99,980	
Certified Substitute Teachers	13,930	
Social Security	97,517	
State Retirement	90,835	
Medical Insurance	229,663	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	929	
Employer Medicare		22,807	
Other Contracted Services		4,369	
Instructional Supplies and Materials		13,643	
Other Supplies and Materials		153	
Total Special Education Program			\$ 2,112,304

Vocational Education Program

Teachers	\$	1,347,462	
Career Ladder Program		25,840	
Career Ladder Extended Contracts		11,075	
Certified Substitute Teachers		21,275	
Social Security		82,574	
State Retirement		75,592	
Medical Insurance		223,624	
Employer Medicare		19,312	
Contracts with Other School Systems		49,421	
Maintenance & Repair Services- Equipment		1,347	
Other Contracted Services		7,067	
Instructional Supplies and Materials		43,915	
Textbooks		4,222	
Other Supplies and Materials		51	
Other Charges		3,727	
Vocational Instruction Equipment		10,906	
Total Vocational Education Program			1,927,410

Adult Education Program

Teachers	\$	103,140	
Social Security		6,372	
State Retirement		3,981	
Medical Insurance		4,289	
Employer Medicare		1,490	
Instructional Supplies and Materials		15,255	
Other Supplies and Materials		1,144	
Other Equipment		4,088	
Total Adult Education Program			139,759

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	54,681	
Career Ladder Program		2,000	
Social Security		3,514	
State Retirement		3,117	
Medical Insurance		9,592	
Employer Medicare		822	
Other Contracted Services		23,370	
Attendance Equipment		839	
Total Attendance			\$ 97,935

Health Services

Medical Personnel	\$	114,522	
Social Security		6,882	
State Retirement		6,164	
Medical Insurance		22,187	
Employer Medicare		1,609	
Travel		527	
Other Contracted Services		1,337	
Drugs and Medical Supplies		3,783	
Other Charges		1,546	
Total Health Services			158,557

Other Student Support

Career Ladder Program	\$	11,805	
Guidance Personnel		574,119	
Career Ladder Extended Contracts		5,712	
Secretary(s)		18,867	
Clerical Personnel		26,314	
Other Salaries & Wages		28,700	
Social Security		40,451	
State Retirement		34,875	
Medical Insurance		67,854	
Employer Medicare		9,460	
Evaluation and Testing		18,705	
Travel		2,685	
Other Contracted Services		1,283	
Total Other Student Support			840,830

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	124,074	
Career Ladder Program		26,000	
Career Ladder Extended Contracts		17,193	
Librarians		548,831	
Instructional Computer Personnel		43,710	
Educational Assistants		15,343	
Social Security		46,351	
State Retirement		42,744	
Medical Insurance		98,065	
Employer Medicare		10,840	
Maintenance & Repair Services- Equipment		158	
Travel		9,945	
Other Contracted Services		320	
Library Books/Media		15,741	
Other Supplies and Materials		15,382	
In Service/Staff Development		8,979	
Other Charges		3,006	
Other Equipment		1,985	
Total Regular Instruction Program			\$ 1,028,667

Alternative Instruction Program

Other Salaries & Wages	\$	42,589	
Social Security		2,641	
State Retirement		2,129	
Medical Insurance		4,645	
Employer Medicare		618	
Maintenance & Repair Services- Equipment		880	
Travel		180	
Other Contracted Services		4,000	
Other Supplies and Materials		11,330	
In Service/Staff Development		4,460	
Other Charges		600	
Other Equipment		6,862	
Total Alternative Instruction Program			80,934

Special Education Program

Supervisor/Director	\$	89,389	
Career Ladder Program		6,000	
Psychological Personnel		35,221	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Career Ladder Extended Contracts	\$	4,000	
Clerical Personnel		20,126	
Other Salaries & Wages		28,585	
Social Security		11,336	
State Retirement		8,655	
Medical Insurance		20,022	
Employer Medicare		2,651	
Maintenance & Repair Services- Equipment		840	
Travel		3,484	
Other Supplies and Materials		918	
In Service/Staff Development		1,288	
Other Charges		1,562	
Total Special Education Program			\$ 234,077

Vocational Education Program

Supervisor/Director	\$	47,451	
Social Security		2,768	
State Retirement		2,610	
Medical Insurance		5,705	
Employer Medicare		647	
Travel		28,136	
Total Vocational Education Program			87,317

Adult Programs

Supervisor/Director	\$	4,640	
Clerical Personnel		2,000	
Other Salaries & Wages		46,374	
Social Security		3,228	
State Retirement		3,264	
Medical Insurance		3,860	
Employer Medicare		755	
Other Contracted Services		90	
Other Supplies and Materials		500	
In Service/Staff Development		7,341	
Other Charges		1,830	
Total Adult Programs			73,882

Board of Education

Secretary to Board	\$	2,000	
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(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Board and Committee Members Fees	\$	22,000	
Social Security		1,478	
State Retirement		2,185	
Medical Insurance		67,778	
Employer Medicare		346	
Audit Services		12,000	
Dues and Memberships		6,254	
Legal Services		31,310	
Travel		1,550	
Other Contracted Services		2,825	
Liability Insurance		36,436	
Trustee's Commission		211,311	
Workers' Compensation Insurance		152,601	
Criminal Investigation of Applicants - TBI		96	
Other Charges		9,000	
Total Board of Education	\$		559,170

Director of Schools

County Official/Administrative Officer	\$	81,733	
Secretary(s)		69,109	
Social Security		9,274	
State Retirement		8,794	
Medical Insurance		14,186	
Employer Medicare		2,169	
Communication		40,717	
Dues and Memberships		1,890	
Maintenance & Repair Services- Equipment		6,678	
Postal Charges		6,729	
Travel		492	
Office Supplies		5,431	
Other Supplies and Materials		7,091	
Other Charges		50	
Administration Equipment		2,527	
Total Director of Schools			256,870

Office of the Principal

Principals	\$	625,375	
Career Ladder Program		26,000	
Career Ladder Extended Contracts		16,765	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	335,889	
Secretary(s)		384,282	
Social Security		84,350	
State Retirement		78,853	
Medical Insurance		152,683	
Employer Medicare		19,727	
Dues and Memberships		4,400	
Other Contracted Services		3,924	
Other Supplies and Materials		17,303	
Administration Equipment		2,093	
Total Office of the Principal	\$		1,751,644

Fiscal Services

Supervisor/Director	\$	42,894	
Accountants/Bookkeepers		86,229	
Other Salaries & Wages		4,612	
Social Security		8,051	
State Retirement		8,318	
Medical Insurance		18,417	
Employer Medicare		1,883	
Data Processing Services		11,088	
Maintenance & Repair Services- Equipment		2,448	
Travel		1,828	
Other Contracted Services		8,645	
Data Processing Supplies		6,102	
Administration Equipment		5,350	
Total Fiscal Services			205,865

Operation of Plant

Custodial Personnel	\$	601,579	
Other Salaries & Wages		128,740	
Social Security		44,019	
State Retirement		41,653	
Medical Insurance		86,795	
Employer Medicare		10,295	
Laundry Service		10,507	
Disposal Fees		44,285	
Other Contracted Services		22,949	
Custodial Supplies		65,329	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	1,085,998	
Natural Gas		320,771	
Water and Sewer		205,563	
Other Supplies and Materials		4,604	
Boiler Insurance		6,302	
Building and Contents Insurance		114,822	
Plant Operation Equipment		7,123	
Total Operation of Plant			\$ 2,801,334

Maintenance of Plant

Supervisor/Director	\$	35,485	
Other Salaries & Wages		143,754	
Social Security		11,274	
State Retirement		11,034	
Medical Insurance		30,536	
Employer Medicare		2,637	
Laundry Service		3,387	
Maintenance & Repair Services- Buildings		21,678	
Maintenance & Repair Services- Equipment		58,970	
Maintenance & Repair Services- Vehicles		794	
Travel		606	
Other Contracted Services		108,464	
Other Supplies and Materials		152,514	
Other Charges		6,149	
Total Maintenance of Plant			587,282

Transportation

Supervisor/Director	\$	29,339	
Mechanic(s)		147,089	
Bus Drivers		786,300	
Other Salaries & Wages		22,230	
Social Security		58,451	
State Retirement		52,401	
Medical Insurance		198,980	
Unemployment Compensation		445	
Employer Medicare		13,669	
Communication		1,952	
Laundry Service		3,347	
Maintenance & Repair Services- Vehicles		3,544	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical and Dental Services	\$	5,594	
Travel		8,517	
Other Contracted Services		6,925	
Diesel Fuel		199,108	
Gasoline		26,022	
Lubricants		6,104	
Tires and Tubes		38,391	
Vehicle Parts		89,127	
Other Supplies and Materials		9,896	
Vehicle and Equipment Insurance		35,451	
Transportation Equipment		700	
Total Transportation	\$		1,743,582

Central and Other

Other Salaries & Wages	\$	12,419	
Social Security		770	
State Retirement		207	
Medical Insurance		1,979	
Employer Medicare		180	
Other Equipment		650	
Total Central and Other			16,205

Operation of Non-Instructional Services

Community Services

Other Salaries & Wages	\$	65,668	
Social Security		4,011	
State Retirement		1,382	
Employer Medicare		938	
Travel		388	
Other Contracted Services		13,046	
Food Supplies		928	
Other Supplies and Materials		1,498	
In Service/Staff Development		905	
Other Charges		194	
Total Community Services			88,958

Capital Outlay

Regular Capital Outlay

Other Salaries & Wages	\$	14,270	
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(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Social Security	\$	840	
State Retirement		785	
Medical Insurance		1,472	
Employer Medicare		196	
Engineering Services		567	
Other Contracted Services		75,887	
Total Regular Capital Outlay			\$ 94,017

Principal

Education

Principal on Notes	\$	2,000	
Total Education			2,000

Total General Purpose School Fund \$ 34,628,059

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	951,720	
Educational Assistants		187,350	
Certified Substitute Teachers		15,762	
In-Service Training		2,519	
Social Security		69,001	
State Retirement		61,861	
Medical Insurance		158,461	
Employer Medicare		16,138	
Instructional Supplies and Materials		11,150	
Other Supplies and Materials		47,288	
Other Charges		3,334	
Regular Instruction Equipment		34,112	
Total Regular Instruction Program			\$ 1,558,696

Special Education Program

Teachers	\$	69,288	
Educational Assistants		684,574	
Certified Substitute Teachers		15,133	
Social Security		47,163	
State Retirement		38,670	
Medical Insurance		52,734	

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	11,030	
Maintenance & Repair Services- Equipment		2,025	
Other Contracted Services		176,697	
Instructional Supplies and Materials		33,101	
Other Supplies and Materials		7,857	
Special Education Equipment		15,559	
Total Special Education Program	\$		1,153,831

Vocational Education Program

Instructional Supplies and Materials	\$	144	
Other Supplies and Materials		50,799	
Other Charges		3,208	
Vocational Instruction Equipment		89,791	
Total Vocational Education Program			143,942

Support Services

Attendance

Social Workers	\$	28,683	
Social Security		1,778	
State Retirement		1,578	
Employer Medicare		416	
Other Charges		186	
Total Attendance			32,641

Other Student Support

Travel	\$	6,525	
Other Charges		2,390	
Total Other Student Support			8,915

Regular Instruction Program

Supervisor/Director	\$	55,297	
Other Salaries & Wages		45,313	
In-Service Training		500	
Social Security		6,248	
State Retirement		5,561	
Medical Insurance		12,415	
Employer Medicare		1,461	
Travel		5,956	
Other Supplies and Materials		524	

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$ 87,931	
Other Charges	1,109	
Total Regular Instruction Program	\$ 222,315	

Special Education Program

Supervisor/Director	\$ 9,281	
Psychological Personnel	46,514	
Assessment Personnel	44,764	
Clerical Personnel	20,876	
Other Salaries & Wages	29,763	
Social Security	8,975	
State Retirement	8,170	
Medical Insurance	24,026	
Employer Medicare	2,099	
Travel	4,825	
Other Contracted Services	93,912	
Other Supplies and Materials	21,885	
In Service/Staff Development	20,635	
Other Equipment	2,617	
Total Special Education Program	338,342	

Vocational Education Program

In Service/Staff Development	\$ 3,123	
Total Vocational Education Program		3,123

Fiscal Services

Other Salaries & Wages	\$ 4,000	
Social Security	248	
State Retirement	249	
Employer Medicare	58	
Total Fiscal Services	4,555	

Total School Federal Projects Fund \$ 3,466,360

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 39,521
Accountants/Bookkeepers	27,822

(Continued)

Exhibit E-5

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Clerical Personnel	\$	20,862	
Cafeteria Personnel		1,146,667	
Social Security		74,122	
State Retirement		53,658	
Medical Insurance		97,110	
Unemployment Compensation		1,647	
Employer Medicare		17,335	
Maintenance & Repair Services- Equipment		53,766	
Transportation - Other than Students		26,196	
Travel		5,549	
Other Contracted Services		38,333	
Food Preparation Supplies		6,155	
Food Supplies		1,352,958	
Office Supplies		5,719	
Utilities		11,100	
Other Supplies and Materials		118,618	
In Service/Staff Development		5,789	
Other Charges		1,784	
Food Service Equipment		56,378	
Total Food Service			\$ 3,161,089

Total Central Cafeteria Fund \$ 3,161,089

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Other Salaries & Wages	\$	75,459	
Social Security		4,678	
State Retirement		4,299	
Employer Medicare		1,094	
Other Supplies and Materials		6,183	
Other Charges		876	
Total Community Services			\$ 92,589

Total Extended School Program Fund 92,589

(Continued)

Exhibit E-5

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Postal Charges	\$	23
Other Charges		7,914
Other Construction		<u>2,567,595</u>
Total Education Capital Projects		\$ <u>2,575,532</u>
Total Education Capital Projects Fund		\$ <u>2,575,532</u>
Total Governmental Funds - Lawrence County School Department		\$ <u><u>43,923,629</u></u>

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

JERRY DURHAM, CPA, CGFM, CFE
Auditor 4

KENT WHITE, CPA, CGFM, CFE
PATTY VARGO, CFE
NATHAN ABBOTT, CISA, CFE
State Auditors

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

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

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

February 10, 2006

Lawrence County Executive, Board of County Commissioners,
Director of Schools, and Board of Education
Lawrence County, Tennessee

To the County Executive, 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 Lawrence County, Tennessee, and the Lawrence County School Department as of and for the year ended June 30, 2005, which collectively comprise a portion of Lawrence County's and the Lawrence County School Department's basic financial statements and have issued our reports thereon dated February 10, 2006. Our reports on the financial statements of Lawrence County and the Lawrence County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lawrence County's and the Lawrence County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions

involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Lawrence County's and the Lawrence 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, 05.05, 05.07, 05.08, 05.11, 05.13 and 05.14.

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.

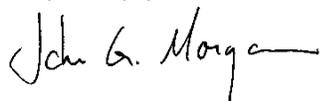
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrence County's and the Lawrence 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 or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.03, 05.06, 05.09, 05.10, and 05.12.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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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

February 10, 2006

Lawrence County Executive, Board of County Commissioners
Director of Schools, and Board of Education
Lawrence County, Tennessee

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

Compliance

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

As described in items 05.03, 05.07, 05.15, and 05.16 in the accompanying Schedule of Findings and Questioned Costs, Lawrence County did not comply with requirements regarding eligibility that are applicable to its Home Investment Partnerships Program (CFDA No. 14.239) and the Lawrence County School Department did not comply with requirements regarding cash management that are applicable to its Title 1 Grants to Local Educational Agencies (CFDA No. 84.010). Compliance with such requirements is necessary, in our opinion, for Lawrence County and the Lawrence County School Department to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Lawrence County and the Lawrence 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 Lawrence County and the Lawrence 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 Lawrence County's and the Lawrence County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Lawrence County's and the Lawrence County School Department's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.07 and 05.16.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be

reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05.07 and 05.16 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 Lawrence County, Tennessee, and the Lawrence County School Department as of and for the year ended June 30, 2005, and have issued our reports thereon dated February 10, 2006. Our reports on the financial statements of Lawrence County and the Lawrence County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

Lawrence County, Tennessee, and the Lawrence 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:			
Direct Program:			
Watershed Protection and Flood Prevention	10.904	N/A	\$ 154,792
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	\$ 236,152
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 406,677
National School Lunch Program	10.555	(2)	1,233,069
Total Passed-through State Department of Education			\$ 1,639,746
Total U.S. Department of Agriculture			\$ 2,030,690
U.S. Department of Housing & Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG051170400	\$ 21,000
HOME Investment Partnerships Program	14.239	HM-03-47-001	319,016
Total U.S. Department of Housing & Urban Development			\$ 340,016
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Title V Delinquency Prevention Program	16.548	GG-05-11244-00	\$ 52,393
Passed-through State Office of Criminal Justice Programs:			
Violence Against Women Formula Grants	16.588	2000-SH-WX-0725	\$ 58,985
Total U.S. Department of Justice			\$ 111,378
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Youth Activities	17.259	03-10-999-102-98-82	\$ 41,800
WIA Incentive Grant - Section 503 Grants to States	17.267	Z-04-019475-00	22,852 (3)
WIA Incentive Grant - Section 503 Grants to States	17.267	Z-05-023783-00	8,600 (3)
Total U.S. Department of Labor			\$ 73,252
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-04-016685-00	\$ 9,312
Adult Education - State Grant Program	84.002	Z-05-022238-00	81,451
Total Passed-through State Department of Labor and Workforce Development			\$ 90,763
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,393,510
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,457,509
Special Education - Preschool Grants	84.173	N/A	57,951
Vocational Education - Basic Grants to States	84.048	N/A	153,590
Safe and Drug-Free Schools and Communities - National Programs	84.184	Z-05-021788-00	23,572
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	34,614 (4)
Safe and Drug-Free Schools and Communities - State Grants	84.186	GG-05-11064-00	59,758 (4)
State Grants for Innovative Programs	84.298	N/A	35,775
Education Technology State Grants	84.318	(2)	45,177
Reading Excellence	84.338	Z-03-011065-00	100,000
English Language Acquisition Grants	84.365	N/A	2,489
Improving Teacher Quality State Grants	84.367	N/A	311,524
Total Passed-through State Department of Education			\$ 3,675,469
Total U.S. Department of Education			\$ 3,766,232

(Continued)

Lawrence County, Tennessee, and the Lawrence 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 Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-05-022330-00	\$ 31,444
Passed-through State Department of Human Services:			
Child Support Enforcement	93.563	GG-05-11217-00	\$ 21,978
Total U.S. Department of Health and Human Services			\$ 53,422
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 9,000
Passed-through State Department of Military:			
Homeland Security Grant Program	97.004	Z-03-017771-00	\$ 40,000
Homeland Security Grant Program	97.004	Z-04-020116-00	119,750
Homeland Security Grant Program	97.004	Z-04-0225464-01	140,018
Total Passed-through State Department of Military			\$ 299,768
Total U.S. Department of Homeland Security			\$ 308,768
Total Expenditures of Federal Awards			\$ 6,683,758

State Grants

Adult Basic Education - State Department of Labor and Workforce Development	N/A	(2)	\$ 24,127
Award of Excellence 2005 - State Department of Transportation	N/A	(2)	1,000
Family Resource Center - State Department of Education	N/A	(2)	33,251
Early Childhood - State Department of Education	N/A	(2)	390,000
Early Childhood - State Department of Education (Homebound Pregnancy)	N/A	(2)	3,715
Edward Byrne Technology Grant - State Department of Finance and Administration	N/A	(2)	39,675
EL Civics Grant - State Department of Education	N/A	(2)	10,000
Gates Foundation Staying Connected Grants - State Department of State	N/A	(2)	1,800
Health Department Programs - State Department of Health	N/A	Z-05-020526-00	148,386
Juvenile Justice - State Commission on Children and Youth	N/A	Z-05-020399-00	9,300
Library Services and Technology Grant - State Department of State	N/A	(2)	3,600
Litter Grant - State Department of Transportation	N/A	C-62600709-02	41,410
Rehabilitation Services - Voc Rehab - State Department of Health	N/A	(2)	40,362
Safe Schools Act of 2000 - State Department of Education	N/A	(2)	39,452
Solid Waste Reduction Grant - State Department of Environment and Conservation	N/A	(2)	206,034
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	14,060
Temporary Assistance for Needy Families (Family First) - State Department of Labor and Workforce	N/A	(2)	14,797
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	5,072
Total State Grants			\$ 1,026,041

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 WIA Incentive Grant - Section 503 Grants to States (CFDA No. 17.267) passed through the U.S. Department of Labor \$31,452.
- (4) - Total Safe and Drug Free Schools and Communities - State Grants (CFDA No. 84.186) passed through the U.S. Department of Education \$94,372.

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

LAWRENCE COUNTY AND LAWRENCE COUNTY SCHOOL DEPARTMENT

<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 CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.06	18	Circuit and general sessions courts did not prepare execution docket trial balances

OTHER FINDING AND RECOMMENDATION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.07	18	Duties were not segregated adequately in the Public Library, Ambulance Service, and Office of Register

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Lawrence County, Tennessee, and the Lawrence County School Department.
2. The audit of the financial statements of Lawrence County and the Lawrence County School Department disclosed reportable conditions in internal control. None of these conditions were considered to be material weaknesses.
3. The audit disclosed two instances of noncompliance which were material to the financial statements of Lawrence County and the Lawrence County School Department.
4. The audit disclosed one material weakness in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit revealed two findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Home Investment Partnerships Program (CFDA No. 14.239), and the Special Education Cluster: Special Education-Grants to States and 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. Lawrence County and the Lawrence County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county executive, director of accounts and budgets, road superintendent, director of schools, and trustee are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

LAWRENCE COUNTY AND LAWRENCE COUNTY SCHOOL DEPARTMENT

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

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

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

RECOMMENDATION

Lawrence County and the Lawrence County School Department should present government-wide financial statements in conformity with generally accepted accounting principles, and should compile and maintain records that properly account for their capital assets. These records should document the historical costs of the governments’ 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.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

Lawrence County implemented capital asset policies and procedures during 2004-2005 and was ready to present its financial statements in accordance with generally accepted accounting principles; however, the Lawrence County School Department could not comply by June 30, 2005.

MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

The Lawrence County Highway Department has implemented capital asset policies and procedures.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We have been working and plan to be in compliance as of June 30, 2006.

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 05.02 **THE OFFICE FAILED TO MAKE TIMELY REQUESTS FOR GRANT REIMBURSEMENTS RESULTING IN LOSS OF REVENUE TO THE COUNTY**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The state Department of Environment and Conservation awarded Lawrence County a Waste Tire Grant totaling \$45,780 for the year ended June 30, 2005, to reimburse the county for actual expenditures for the disposal of waste tires. The county was reimbursed only \$5,072 of the grant award because the county's purchasing agent failed to file timely requests for reimbursements, resulting in a loss of revenue of \$40,708. Furthermore, since grant awards are determined on prior-year reimbursements, the Waste Tire Grant award for the fiscal year ended June 30, 2006, has been reduced from \$45,780 to \$31,237.

RECOMMENDATION

The office should ensure that Waste Tire Grant reimbursement requests are made on a timely basis.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

Lawrence County has strengthened internal controls over the grant reimbursement process. These controls will ensure that all future reimbursement requests will be filed in a timely manner.

FINDING 05.03 DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE HOME INVESTMENT PARTNERSHIPS PROGRAM
(Material Noncompliance Under Government Auditing Standards and Circular A-133)

During the audit period, Lawrence County received \$319,016 of federal Home Investment Partnerships Program (HOME) funds to target low-income applicants for housing assistance. Our review of this program revealed the following deficiencies:

- A. A construction company was awarded \$147,610 of HOME funds; however, the company did not provide the grantee a certification regarding suspension and debarment by the federal government. Circular A-133 requires HOME grant recipients receiving \$100,000 or more to provide the grantee a statement certifying that the recipient was not suspended or debarred by the federal government.
- B. During the period, three disbursements totaling \$122,046 were awarded to applicants without the grantee verifying the applicants' income. Circular A-133 requires that grantees who disburse HOME funds must determine whether or not individual recipients are income eligible.

RECOMMENDATION

County officials should comply with federal guidelines governing the HOME Investment Partnerships Program.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

Lawrence County contracted with the South Central Tennessee Development District (SCTDD) to administer its Home Investment Partnerships Program and was not aware that the SCTDD did not obtain certifications for suspension and debarment or verify all applicants' income as required by federal law. In the future, Lawrence County will ensure that federal guidelines are followed.

FINDING 05.04 APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS
(Internal Control – Reportable Condition Under Government Auditing Standards)

The budget and subsequent amendments submitted to and approved by the County Commission for the Industrial/Economic Development Fund resulted in appropriations exceeding estimated available funding by \$416,316.

RECOMMENDATION

Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

Lawrence County received a Community Development Block Grant for Waterline Extension to help fund its waterline extension projects for the year ended 2005. Under this grant, expenditures were payable upon receipt of the corresponding grant revenue. This presented a problem at year-end when encumbrances were established causing the expenditure to be recorded on the books in 2005, and the revenue being recorded on the books in 2006 when the revenue was actually received and the expenditures were actually paid.

REBUTTAL

County officials should monitor their construction schedules financed with grant funds and amend the grant revenue and expenditure accounts for the appropriate amounts.

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

Our audit revealed the following purchasing deficiencies:

- A. Purchase orders were not issued for some purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.
- B. In several instances, invoices were paid after the due date resulting in late charges.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases. Vendors should be paid on a timely basis to avoid finance charges and loss of allowable discounts.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

Lawrence County will obtain purchase orders on all applicable purchases. The director of accounts and budgets has reorganized duties within the office to establish a position for an

accounts payable clerk. With this reorganization, all invoices will be paid in a timely manner.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.06 AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT
(Noncompliance Under Government Auditing Standards)

The office did not deposit amounts withheld from contractor payments into an escrow account. Section 66-11-144, Tennessee Code Annotated, requires that funds withheld from contractors be deposited into an escrow account for contracts of \$500,000 or more.

RECOMMENDATION

Amounts withheld from contractor payments should be deposited into an escrow account in compliance with state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We will comply on future contracts over \$500,000.

FINDING 05.07 THE TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES HAD A CASH MANAGEMENT DEFICIENCY
(Material Weakness in Internal Control and Material Noncompliance Under Circular A-133)

School Department personnel did not adequately monitor the cash needs of the Title I Grants to Local Educational Agencies program resulting in excessive amounts of cash being requested. Reimbursement requests were based on budgeted amounts rather than actual cash requirements; therefore, by year-end the program had approximately \$249,200 in excess cash.

The Office of Management and Budget's Circular A-133 requires that recipients minimize the amount of time between requests for grant funds and disbursements. Generally these rules require funds to be disbursed within three days of receipt.

RECOMMENDATION

School Department personnel should monitor cash needs of the Title I Grants to Local Educational Agencies program to minimize the time between the request for grant funds and disbursements. Requests for grant funds should be filed timely and be based on realistic needs of the programs.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We will monitor the cash needs for Title I based on disbursements as required by Circular A-133. In the future we will develop a procedure to request cash via FACTS and actual expenditures of the program.

FINDING 05.08 **APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The budget and subsequent amendments submitted to and approved by the Board of Education and the County Commission for the School Federal Projects Fund resulted in appropriations exceeding estimated available funding by \$77,352.

RECOMMENDATION

Appropriations that exceed estimated available funds should not be submitted to or approved by the Board of Education and the County Commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

This resulted from management amending the budget for carryover funds twice. Management will try to ensure that amendments are submitted correctly.

OFFICE OF TRUSTEE

FINDING 05.09 **SOME COUNTY FUNDS WERE NOT INVESTED IN ACCORDANCE WITH STATE STATUTE**
(Noncompliance Under Government Auditing Standards)

The trustee had investments totaling \$387,157 in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at June 30, 2005. These investments are not an investment type permitted by Section 5-8-301, Tennessee Code Annotated. This statute provides specific types of instruments to invest county funds. Freddie Mac is a government sponsored enterprise but is not listed in the state statute.

RECOMMENDATION

The trustee should ensure all county funds are invested in accordance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

I invested county funds in Federal Home Loan Mortgage Corporation (Freddie Mac) securities at the advice of a reputable investment broker who believed the securities to be authorized under state statutes. The Freddie Mac securities in question are rated Aaa by both of the national ratings agencies (Moody's and Standard & Poor's). I currently have county funds invested in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association securities. The Freddie Mac securities have the same exact credit risk as the other securities that are authorized under the statute. The county has earned a significantly higher rate of interest on the Freddie Mac securities than would have been earned had I invested the county's money in certificates of deposit. I will cash out the Freddie Mac securities currently held, and I will not invest in Freddie Mac securities in the future. However, it appears the statute is rather confusing and outdated and should be updated to reflect current market investment options.

REBUTTAL

All county funds should be invested in accordance with state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 05.10 **CIRCUIT AND GENERAL SESSIONS COURTS DID NOT PREPARE EXECUTION DOCKET TRIAL BALANCES**
(Noncompliance Under Government Auditing Standards)

The circuit and general sessions courts clerk did not prepare trial balances of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). Consequently, we were unable to reconcile cash journal accounts with cause balances. Furthermore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. Circuit and General Sessions Courts had unidentified court funds of \$285,086 and \$39,421 respectively, at June 30, 2005.

RECOMMENDATION

The circuit and general sessions courts clerk should prepare and reconcile a trial balance of execution docket cause balances with cash journal accounts as required by state statutes. To further comply with state statutes, the clerk should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

OFFICE OF SHERIFF

FINDING 05.11 **THE OFFICE HAD ACCOUNTING DEFICIENCIES
(Internal Control – Reportable Condition Under Government Auditing Standards)**

Bank statements were not reconciled with cash journal controls. Consequently, numerous posting errors went undetected. Since the annual financial report was prepared from the cash journal, these undetected errors caused the annual financial report to be inaccurate.

RECOMMENDATION

Monthly bank statements should be reconciled with the cash journal, and any errors noted should be corrected promptly. The annual financial report should accurately reflect the financial operations of the office.

FINDING 05.12 **CONFIDENTIAL FUNDS HAD BEEN DISBURSED FOR NONCONFIDENTIAL TRANSACTIONS
(Noncompliance Under Government Auditing Standards)**

The Sheriff's Office used confidential drug funds to pay \$669 of nonconfidential expenditures. These expenditures included payments for an auction (\$114) and supplies for a cookout (\$555). Section 39-17-420(a)(1), Tennessee Code Annotated states, "Cash transactions related to undercover investigative operations ... shall be administered in compliance with procedures established by the comptroller of the treasury." These procedures provide that payments from local drug funds for all nonconfidential expenses should be made by the county's Drug Control Fund through the budgetary process.

RECOMMENDATION

The office should use confidential drug funds only for confidential purposes. Nonconfidential expenditures should be paid by warrants drawn on the county's Drug Control Fund (special revenue fund) through the budgetary process.

FINDING 05.13 **THE OFFICE HAD DEFICIENCIES IN ACCOUNTING FOR INMATES' PERSONAL PROPERTY
(Internal Control – Reportable Condition Under Government Auditing Standards)**

The Sheriff's Office utilized an envelope system to account for inmates' personal property. During the audit period, \$472 was stolen from one prisoner's envelope. Internal control weaknesses allowed various employees, and possibly some inmates, to have access to the area where the prisoners' personal property was maintained. A theft report was filed, and

the Comptroller's Office was notified. The sheriff replaced the stolen funds from his personal funds. We have discussed this finding with the district attorney general.

RECOMMENDATION

The sheriff should improve internal control and ensure prisoners' personal property is adequately safeguarded by restricting access to the area the property is maintained. The sheriff could consider other alternatives such as a lock-box system and/or bank accounts to deposit all prisoners' cash.

OTHER FINDING AND RECOMMENDATION

FINDING 05.14 **DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE PUBLIC LIBRARY, AMBULANCE SERVICE, AND OFFICE OF REGISTER**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees of the Public Library, Ambulance Service, and the Office of Register. Officials and employees of these departments and offices responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds.

RECOMMENDATION

To strengthen internal controls over operations, officials of these departments and office should adequately segregate duties among employees.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

Efforts have been made to segregate duties at the Ambulance Service by transferring an employee into the office to help with customer billings and collections; however, it would not be cost effective to hire an additional employee at the Public Library due to the small amount of funds collected.

REBUTTAL

Adequately segregated duties do not necessarily translate into additional personnel and increased costs.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS
For the Year Ended June 30, 2005**

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Housing and Urban Development: Passed-through State Department of Economic and Community Development: Home Investment Partnerships Program	05.15	14.239	Circular A-133 Section 300 (b), (c), and Compliance Supplement, Part 3 (I)	Noncompliance, See Finding 05.03: Home Investment Partnerships Program Had Procurement, Suspension, Debarment, and Eligibility Deficiencies	\$ 0
U.S. Department of Education: Passed-through State Department of Education: Title 1 Grants to Local Educational Agencies	05.16	84.010	Circular A-133, Section 300 (b), (c), and Compliance Supplement, Part 3 (C)	Material Weakness in Internal Control and Material Noncompliance, See Finding 05.07: The Title I Grants to Local Educational Agencies Had a Cash Management Deficiency	0

**LAWRENCE COUNTY, TENNESSEE
AND THE LAWRENCE 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.

Corrective Action Plans for Current Year Findings

FINDINGS 05.03 and 05.15

MANAGEMENT'S RESPONSE (DIRECTOR OF ACCOUNTS AND BUDGETS)

Lawrence County will ensure that federal guidelines are followed.

FINDINGS 05.07 and 05.16

MANAGEMENT'S RESPONSE (DIRECTOR OF SCHOOLS)

We will monitor the cash needs for Title I based on disbursements as required by Circular A-133. In the future, we will develop a procedure to request cash via FACTS and actual expenditures of the program.