

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

JAMES D. HODGES
RODNEY MALIN, CGFM
TIM BRASHEARS
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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

PUTNAM COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit/Table	Page
Audit Highlights		i
 <u>INTRODUCTORY SECTION</u>		
Putnam County Officials		1
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report		5
BASIC FINANCIAL STATEMENTS:		
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	13
Proprietary Funds:		
Statement of Net Assets	C-1	15
Statement of Revenues, Expenses, and Changes in Net Assets	C-2	16
Statement of Cash Flows	C-3	18
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	19
Notes to the Financial Statements		21
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	45
Solid Waste/Sanitation Fund	E-2	49
Highway/Public Works Fund	E-3	50
Notes to the Required Supplementary Information		51
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	58
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Industrial/Economic Development Fund	F-3	59
Drug Control Fund	F-4	60

	Exhibit/Table	Page
Major Governmental Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	63
Fiduciary Funds:		
Combining Statement of Fiduciary Assets and Liabilities	H-1	67
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	68
Miscellaneous Schedules:		
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	I-1	71
Schedule of Bond and Interest Requirements by Year	I-2	72
Schedule of Transfers – All Funds	I-3	73
Schedule of Salaries and Official Bonds of Principal Officials	I-4	74
Schedule of Detailed Revenues – All Governmental Fund Types	I-5	75
Schedule of Detailed Expenditures – All Governmental Fund Types	I-6	80
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	I-7	105

STATISTICAL SECTION

Uncollected Taxes Filed in Chancery Court	1	109
Tax Rates and Assessments – Last Ten Years	2	110

Audit Highlights

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

Results

Our report on Putnam 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 10 findings and recommendations, which we have reviewed with Putnam County management. Detailed findings, recommendations, and managements' responses are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

PUTNAM COUNTY

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

OFFICE OF COUNTY EXECUTIVE

- ◆ Grant expenditures for capital items were not inventoried and sub-recipients were not monitored.
 - ◆ The office did not maintain adequate records to document federal grant activity.
 - ◆ The Ambulance Service has a policy that gives one person sole authority to approve accounts receivable write-offs.
 - ◆ Competitive bids for food were not solicited for the county jail, and bid files were not properly maintained.
-

OFFICE OF ROAD SUPERVISOR

- ◆ In some required instances, the office either did not issue purchase orders or issued purchase orders with incomplete information. Also, some invoices were paid without documentation of the receipt of goods or services.
 - ◆ Several assets were not tagged or marked as county property. The department's inventory list did not contain serial numbers for some assets and did not always include the correct description or correct serial number. Also, the inventory was not verified by personnel independent of maintaining the inventory records.
-

OFFICE OF COUNTY CLERK

- ◆ The office did not report and remit juvenile collections of \$41,891 to the county and various cities within the county.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately in the Offices of County Executive, Road Supervisor, Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

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

INTRODUCTORY SECTION

Putnam County Officials

June 30, 2005

Officials:

Kim Blaylock, County Executive
Billy J. Lamb, Road Supervisor
Gail Glover, Trustee
Rhonda Chaffin, Assessor of Property
Wayne Nabors, County Clerk
Marcia Borys, Circuit and General Sessions Courts Clerk
Linda F. Reeder, Clerk and Master
Opal Burris, Register
David Andrews, Sheriff

Board of County Commissioners:

Johnnie Wheeler, Chairman	Jerry Maynard
Ricky D. Adkins	D. Marson McCormick
Anna Ruth Burroughs	Michael Medley
Joel Cowan	Gene A. Mullins
Robert M. Duncan, Jr.	David L. Randolph
Bill Dyer	Anthony H. Robinson
Larry Epps	Billy C. Rodgers
Jerry Ford	Reginald Shanks
Mark Herren	Elton Stout
Andy Honeycutt	Tim Terry
Jim Martin	Joe Trobaugh
Jere M. Mason	Bill Walker

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 24, 2005

Putnam County Executive and
Board of County Commissioners
Putnam 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 Putnam County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 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 Putnam County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

As described in Note I, Putnam 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 Putnam County, Tennessee, as of June 30, 2005, or the changes in its financial position or cash flows, where applicable, for the year then ended.

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

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Putnam 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 October 24, 2005, on our consideration of Putnam 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 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., Putnam 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 Putnam 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/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern-mental Funds	
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 0	\$ 0	\$ 2,681	\$ 2,781
Equity in Pooled Cash and Investments	5,763,262	969,531	845,751	14,569,930	541,911	22,690,385
Accounts Receivable	63,742	118,361	0	73,736	10,220	266,059
Due from Other Governments	408,720	8,717	423,389	433,355	547	1,274,728
Due from Other Funds	12,155	0	0	30,000	0	42,155
Property Taxes Receivable	7,894,130	2,241,543	974,583	5,360,211	0	16,470,467
Allowance for Uncollectible Property Taxes	(369,844)	(105,018)	(45,660)	(251,130)	0	(771,652)
Total Assets	\$ 13,772,265	\$ 3,233,134	\$ 2,198,063	\$ 20,216,102	\$ 555,359	\$ 39,974,923
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 119,151	\$ 123,172	\$ 0	\$ 0	\$ 0	\$ 242,323
Payroll Deductions Payable	1,856	0	1,084	0	0	2,940
Due to Other Funds	30,000	9,474	0	0	2,681	42,155
Due to Component Units	4,457	0	0	0	0	4,457
Matured Bonds Payable	0	0	0	15,000	0	15,000
Deferred Revenue - Current Property Taxes	7,393,871	2,099,494	912,823	5,020,529	0	15,426,717
Deferred Revenue - Delinquent Property Taxes	130,415	33,212	16,100	88,552	0	268,279
Other Deferred Revenues	117,691	68,967	169,734	222,595	0	578,987
Total Liabilities	\$ 7,797,441	\$ 2,334,319	\$ 1,099,741	\$ 5,346,676	\$ 2,681	\$ 16,580,858
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 762,672	\$ 29,413	\$ 144,999	\$ 0	\$ 0	\$ 937,084
Reserved for Drug Court	7,240	0	0	0	0	7,240
Reserved for Sexual Offender Registration	540	0	0	0	0	540
Reserved for Computer System - Register	100,916	0	0	0	0	100,916
Reserved for Automation Purposes - Circuit Court	10,742	0	0	0	0	10,742
Reserved for Automation Purposes - General Sessions Court	25,088	0	0	0	0	25,088
Reserved for Automation Purposes - Chancery Court	2,636	0	0	0	0	2,636
Reserved for Capital Outlay	18,277	0	42,814	0	0	61,091

(Continued)

Exhibit A

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Other Federal Reserves
 Unreserved, Reported In:
 General Fund
 Special Revenue Funds
 Debt Service Funds
 Total Fund Balances

 Total Liabilities and Fund Balances

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
	\$ 1,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000
	4,046,713	0	0	0	0	4,046,713
	0	869,402	910,509	0	552,678	2,332,589
	0	0	0	14,869,426	0	14,869,426
	<u>\$ 5,974,824</u>	<u>\$ 898,815</u>	<u>\$ 1,098,322</u>	<u>\$ 14,869,426</u>	<u>\$ 552,678</u>	<u>\$ 23,394,065</u>
	<u>\$ 13,772,265</u>	<u>\$ 3,233,134</u>	<u>\$ 2,198,063</u>	<u>\$ 20,216,102</u>	<u>\$ 555,359</u>	<u>\$ 39,974,923</u>

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

Exhibit B

Putnam 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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 9,735,556	\$ 2,325,040	\$ 1,221,927	\$ 8,507,627	\$ 0	\$ 21,790,150
Licenses and Permits	321,976	0	0	0	0	321,976
Fines, Forfeitures, and Penalties	611,851	0	0	0	58,731	670,582
Charges for Current Services	2,021,313	665,174	0	0	25,248	2,711,735
Other Local Revenues	598,480	294,980	76,020	251,434	187,266	1,408,180
Fees Received from County Officials	3,238,427	0	0	0	0	3,238,427
State of Tennessee	2,213,784	22,807	2,346,792	0	0	4,583,383
Federal Government	2,308,170	0	50,000	0	0	2,358,170
Other Governments and Citizens Groups	425,579	0	0	0	0	425,579
Total Revenues	\$ 21,475,136	\$ 3,308,001	\$ 3,694,739	\$ 8,759,061	\$ 271,245	\$ 37,508,182
<u>Expenditures</u>						
Current:						
General Government	\$ 2,874,448	\$ 0	\$ 0	\$ 0	\$ 25,248	\$ 2,899,696
Finance	1,682,374	0	0	0	0	1,682,374
Administration of Justice	1,657,550	0	0	0	0	1,657,550
Public Safety	7,542,710	0	0	0	71,727	7,614,437
Public Health and Welfare	3,654,410	3,307,115	0	0	0	6,961,525
Social, Cultural, and Recreational Services	1,020,101	0	0	0	0	1,020,101
Agricultural and Natural Resources	164,312	0	0	0	0	164,312
Other Operations	1,236,553	52,546	0	0	0	1,289,099
Highways	0	0	3,505,974	0	0	3,505,974
Debt Service:						
Principal	0	0	0	3,560,000	0	3,560,000
Interest	0	0	0	3,765,717	0	3,765,717
Other Debt Service	0	0	0	406,876	0	406,876
Capital Projects - Donated	0	0	0	0	104,324	104,324
Total Expenditures	\$ 19,832,458	\$ 3,359,661	\$ 3,505,974	\$ 7,732,593	\$ 201,299	\$ 34,631,985
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,642,678	\$ (51,660)	\$ 188,765	\$ 1,026,468	\$ 69,946	\$ 2,876,197
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 7,970,000	\$ 0	\$ 7,970,000
Premiums on Debt Issued	0	0	0	321	0	321

(Continued)

Exhibit B

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

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,324	\$ 104,324
Transfers In	225,153	0	0	0	0	225,153
Transfers Out	0	0	0	(225,153)	0	(225,153)
Payments to Refunded Debt Escrow Agent	0	0	0	(7,980,233)	0	(7,980,233)
Total Other Financing Sources (Uses)	\$ 225,153	\$ 0	\$ 0	\$ (235,065)	\$ 104,324	\$ 94,412
Net Change in Fund Balances	\$ 1,867,831	\$ (51,660)	\$ 188,765	\$ 791,403	\$ 174,270	\$ 2,970,609
Fund Balance, July 1, 2004	4,106,993	950,475	909,557	14,646,488	378,408	20,991,921
Prior Period Adjustment	0	0	0	(568,465)	0	(568,465)
Fund Balance, June 30, 2005	\$ 5,974,824	\$ 898,815	\$ 1,098,322	\$ 14,869,426	\$ 552,678	\$ 23,394,065

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

Putnam County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2005

Governmental
 Activities -
 Internal
 Service Fund
Self-Insurance
Fund

ASSETS

Current Assets:

Cash	\$ 39,583
Equity in Pooled Cash and Investments	<u>2,211,050</u>
Total Assets	<u>\$ 2,250,633</u>

LIABILITIES

Current Liabilities:

Claims and Judgements Payable	<u>\$ 892,217</u>
Total Liabilities	<u>\$ 892,217</u>

NET ASSETS

Unrestricted	<u>\$ 1,358,416</u>
Total Net Assets	<u>\$ 1,358,416</u>

The accompanying notes are an integral part of this statement.

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

	Governmental Activities - Internal Service Fund
	<u>Self-Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 1,526,717
Insurance Recovery	182,695
Refunds	34,279
Total Operating Revenues	<u>\$ 1,743,691</u>
<u>Operating Expenses</u>	
Other General Administration:	
Excess Risk Insurance	\$ 202,801
Workers' Compensation Insurance	216,141
Other Charges	99
Sheriff's Department:	
Workers' Compensation Insurance	338
Sanitation Management:	
Liability Claims	1,800
Libraries:	
Workers' Compensation Insurance	169
Parks and Fair Boards:	
Workers' Compensation Insurance	1,437
Other Charges:	
Legal Services	75,887
Boiler Insurance	1,537
Building and Contents Insurance	54,896
Excess Risk Insurance	9,114
Workers' Compensation Insurance	16,977
Other Charges	10,039
Highways:	
Legal Services	7,280
Boiler Insurance	939
Building and Contents Insurance	33,557
Workers' Compensation Insurance	99,031

(Continued)

Exhibit C-2

Putnam County, Tennessee
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Fund (Cont.)

	Governmental Activities - Internal Service Fund
	<u>Self-Insurance Fund</u>
<u>Operating Expenses (Cont.)</u>	
Central and Other:	
Legal Services	\$ 2,500
Boiler Insurance	2,084
Building and Contents Insurance	74,914
Judgements	10,001
Liability Claims	16,318
Other Charges	<u>3,172</u>
Total Operating Expenses	<u>\$ 841,031</u>
Operating Income (Loss)	<u>\$ 902,660</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 24,559</u>
Total Nonoperating Revenue	<u>\$ 24,559</u>
Change in Net Assets	\$ 927,219
Net Assets, July 1, 2004	<u>431,197</u>
Net Assets, June 30, 2005	<u><u>\$ 1,358,416</u></u>

The accompanying notes are an integral part of this statement.

Putnam County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund <hr/> Self-Insurance Fund <hr/>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts for self-insurance premiums	\$ 1,526,717
Receipts for insurance recovery	182,695
Receipts for refunds	34,343
Payments for administrative costs	(510,197)
Payments for claims	(613,486)
Payments for legal costs	(85,667)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 534,405 <hr/>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on investments	\$ 24,559
Net Cash Provided By (Used In) Investing Activities	<hr/> \$ 24,559 <hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 558,964
Cash and Cash Equivalents, July 1, 2004	<hr/> 1,691,669 <hr/>
Cash and Cash Equivalents, June 30, 2005	<hr/> <hr/> \$ 2,250,633 <hr/> <hr/>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 902,660
Adjustments to Reconcile Net Operating Income To Net Cash Provided by (Used In) Operating Activities:	
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<hr/> (368,255) <hr/>
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 534,405 <hr/> <hr/>

The accompanying notes are an integral part of this statements.

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 15,457
Cash	2,097,966
Investments	103,220
Accounts Receivable	1,940
Due from Other Governments	<u>1,751,642</u>
Total Assets	<u><u>\$ 3,970,225</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,751,642
Due to Litigants, Heirs, and Others	2,203,126
Due to Joint Venture	<u>15,457</u>
Total Liabilities	<u><u>\$ 3,970,225</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Putnam 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.

Putnam County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement 34 and accounting principles generally accepted in the United States of America. Putnam 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 Putnam County's auditor to issue an adverse opinion on the county's financial statements.

Although Putnam 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 Putnam County:

A. Reporting Entity

Putnam County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Putnam County (the primary government). Although required by GAAP, the financial statements of the Putnam County Library and Putnam County Parks, Recreation, and Conservation Board, special revenue funds were not available from other auditors in time for inclusion in this report.

Blended Component Units – There are no legally separate component units of Putnam 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 Putnam 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 Putnam County School Department operates the public school system in the county, and the voters of Putnam 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 Putnam County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Putnam County, and the Putnam 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 Putnam County Agricultural and Industrial Fair, Inc., was organized to conduct the annual Putnam County Fair and to supervise the fairground facilities. The governing body of the Putnam County Agriculture and Industrial Fair, Inc., is appointed by the County Commission. The organization is funded primarily from event fees and revenues from the annual fair. Before the issuance of any debt instruments, the fair must obtain the approval of the County Commission.

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

Administrative Offices:

Putnam County Emergency Communications District
270 Carlen Drive
Cookeville, TN 38501

Putnam County Agriculture and Industrial Fair, Inc.
P. O. Box 1001
Cookeville, TN 38503

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

Fund financial statements of Putnam 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 category. Putnam County reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

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

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. Putnam County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

In-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues

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

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.

Putnam County reports the following major governmental funds:

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

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

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

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

Additionally, Putnam County reports the following fund types:

Capital Projects Fund – The Education Capital Projects Fund is used to account for loan proceeds issued by Putnam County that are contributed to the School Department.

Internal Service Fund – The Self-Insurance Fund accounts for the self-insured general liability, automobile liability, property, casualty, and workers’ compensation program managed by the county for the primary government and the Putnam County School Department.

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 Putnam County and state grants and other restricted revenues held for the benefit of the Thirteenth Judicial District Drug Task Force. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, to account for the operations of the county's self-insurance program. 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 internal service fund are self-insurance premiums/contributions. Operating expenses for the internal service fund include insurance, legal fees, and claims.

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 with boards, agencies, and commissions, and cash 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 Putnam County and Putnam 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. Income from these pooled investments is assigned to the various funds in the primary government based on budget appropriations. Putnam County and the Putnam County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions,

including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectible. The allowance for uncollectible property taxes is equal to 2.44 percent of total taxes levied.

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Putnam 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, Putnam County does not present government-wide statements.

4. Compensated Absences

Generally, the policies of the various departments of Putnam County do not allow for the accumulation of vacation days beyond the year-end. Sick leave is granted at a rate of one day per month. Employees of the county (with the exception of the Highway Department) do not have a limit on the number of sick days that can be accumulated. Upon termination of employment for any purpose other than retirement, all unused sick leave will be forfeited. Upon retirement, an employee has the option of applying accumulated sick leave toward retirement in the Tennessee Consolidated Retirement System or receiving a lump sum payment of \$50 per day for all days accumulated up to the limits established by the County Commission, based upon years service. Since the payment of sick leave is at the option of employees as they retire, the amount cannot be reasonably estimated. Highway Department employees can accumulate sick leave up to 24 days; however, there is no guaranteed payment attached.

5. Long-term Obligations

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

Long-term obligations are reported as liabilities in proprietary fund financial statements.

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

6. Net Assets and Fund Equity

In the proprietary fund, equity is classified as net assets and displayed in three components:

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

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

7. Prior-period Adjustment

A prior period adjustment was recognized in the General Debt Service Fund (\$568,465), to reduce notes receivable as of July 1, 2004. These notes receivable should have been treated as transfers from the General Debt Service Fund to the General Fund when originated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded total appropriations in the Drug Control Fund by \$2,000. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Putnam County and the Putnam County School Department participate in an internal cash and investment pool through the Office of Trustee. The Putnam County School Department meets the criteria for a discretely presented component unit of Putnam County. Since Putnam County is

presenting fund financial statements only, the financial information for the Putnam County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are

executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2005, Putnam County had the following investments carried at fair value or cost. All investments in the State Treasurer's Investment Pool are in the county trustee's investment pool. The agency fund investments were made on behalf of litigants at the direction of a court order and are held in the Circuit Court Clerk's Office. Separate disclosures concerning pooled investments cannot be made for Putnam County and the School Department since both pool their deposits and investments through the county trustee.

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
Governmental Funds:		
State Treasurer's Investment Pool	Daily	<u>\$ 6,189,068</u>
Total		<u><u>\$ 6,189,068</u></u>
Fiduciary Funds:		
RMA Money Market Portfolio	On Demand	\$ 31,023
Scudder Fixed Income Fund Class C	On Demand	<u>72,197</u>
Total		<u><u>\$ 103,220</u></u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Putnam 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. Putnam County has no investment policy that would further limit its investment choices. As of June 30, 2005, Putnam County's investments in RMA Money Market Portfolio and Scudder Fixed Income Fund Class C were not rated.

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. Putnam County does not have a formal policy that limits custodial credit risk for investments. Of the \$103,220 in mutual funds, the underlying securities for \$103,220 were uninsured and held by the investment's counterparty, not in the name of the

county. However, it should be noted that these amounts are invested on behalf of litigants at the order of the court and the county has no custodial credit risk for these investments.

B. Interfund Receivables, and Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Debt Service	General	\$ 30,000
General	Solid Waste/Sanitation	9,474
General	Nonmajor governmental	<u>2,681</u>
Total		<u><u>\$ 42,155</u></u>

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.

Due to/from primary governments and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component unit: General Purpose School	Primary government: General	<u>\$ 4,457</u>
Total		<u><u>\$ 4,457</u></u>

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In General Fund</u>
General Debt Service Fund	<u>\$ 225,153</u>
Total	<u><u>\$ 225,153</u></u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to

finance various programs accounted for in other funds in accordance with budgetary authorizations.

C. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to three years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The general obligation bonds and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Original Amount Of Issue	Balance 6-30-05
General Obligation Bonds	4.85 to 5.5%	\$ 35,100,000	\$ 1,400,000
General Obligation Bonds - Refunding	2.125 to 5.5	80,140,000	73,250,000
Other Loans	variable	9,661,230	9,661,230

In prior years, Putnam County entered into a loan agreement with the Montgomery County Building Authority. This loan agreement provided for the authority to make \$10,000,000 available for loan to Putnam County on an as-needed basis for various acquisition, construction, renovation, improvement, and equipping of schools. As of June 30, 2005, Putnam County had borrowed \$9,661,230 of these loans. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent

daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee fees, letter of credit fees, and debt remarketing fees) in connection with this loan. At June 30, 2005, the variable interest rate was 2.18 percent, and other fees amounted to approximately .08 percent (remarketing fee), .155 percent (letter of credit fee) of the outstanding loan principal, and a trustee fee of \$100 per month.

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

Year Ending June 30	Bonds	
	Principal	Interest
2006	\$ 3,860,000	\$ 3,565,784
2007	4,140,000	3,412,416
2008	4,515,000	3,245,940
2009	4,920,000	3,045,032
2010	5,330,000	2,824,882
2011-2015	25,000,000	10,241,203
2016-2020	26,885,000	4,137,321
Total	<u>\$ 74,650,000</u>	<u>\$ 30,472,578</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2006	\$ 0	\$ 218,000	\$ 24,700	\$ 242,700
2007	150,000	218,000	24,700	392,700
2008	150,000	214,730	24,347	389,077
2009	150,000	211,460	23,995	385,455
2010	150,000	208,190	23,643	381,833
2011-2015	4,400,000	915,600	104,700	5,420,300
2016-2019	4,661,230	231,080	29,710	4,922,020
Total	<u>\$ 9,661,230</u>	<u>\$ 2,217,060</u>	<u>\$ 255,795</u>	<u>\$ 12,134,085</u>

There is \$14,869,426 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$1,371, based on the 2000 federal census. Total debt per capita, including bonds and other loans payable amounted to \$1,352, based on the 2000 federal census.

Changes in Long-term Liabilities

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

	Bonds	Notes	Other Loans	Landfill Postclosure Care Costs
Balance, July 1, 2004	\$ 77,640,000	\$ 568,465	\$ 9,556,906	\$ 551,614
Additions	7,970,000	0	104,324	2,078,386
Deductions	(10,960,000)	0	0	(105,200)
Prior period adjustment:	0	(568,465)	0	0
Balance, June 30, 2005	\$ 74,650,000	\$ 0	\$ 9,661,230	\$ 2,524,800
Balance Due Within One Year	\$ 3,860,000	\$ 0	\$ 0	\$ 105,200

During 2004, Putnam County received revised estimates that significantly dramatically increased its landfill postclosure care costs due to unforeseen problems with were not included in the original estimates. The annual postclosure care costs are now estimated to be approximately \$105,200. The county is required to provide postclosure care of this closed landfill for the next 24 years. The June 30, 2005, postclosure care cost balance (\$2,524,800) is based on estimated annual costs of \$105,200 per year for the next 24 years. The \$2,078,386 addition is an adjustment for additional postclosure care costs based on these new estimates.

Advance Refunding

On August 8, 2004, Putnam County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$7,970,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 15 years will be reduced by \$422,738, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$316,918 was obtained.

Defeasance of Prior Debt

In prior years, Putnam County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2005, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 General Obligation School Bonds	\$ 33,700,000
1993 General Obligation School and Public Improvement Bonds	27,700,000

D. Internal Financing

In lieu of issuing debt with financial institutions, Putnam County often chooses to internally finance various projects with idle county funds. These debt issues that will be repaid from the same fund in which the loan was obtained are reflected as operating transfers (not notes receivable) in the financial statements of this report. Internally reported notes receivable from idle funds loaned from the General Debt Service Fund that will subsequently be paid by the General Debt Service Fund are reflected below:

Internally Reported Interfund Notes Receivable/Payable
Through the General Debt Service Fund

	Original Amount Of Issue	Interest Rate	Date of Issue	Last Maturity Date
Voting Machines, Fire Sub- station and GIS Equipment	\$ 217,000	0 %	6-8-02	6-28-05
Fire Department Tanker Trucks and Pumper Trucks	599,200	0	6-16-03	6-16-06
Courthouse Renovations and Elevator	145,000	0	6-16-03	6-16-06
Fire Department Tanker Trucks and Pumper Trucks	225,153	0	6-25-05	6-29-08

	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
Voting Machines, Fire Sub- station and GIS Equipment	\$ 72,333	\$ 0	\$ (72,333)	0
Fire Department Tanker Trucks and Pumper Trucks	399,466	0	(199,733)	199,733
Courthouse Renovations and Elevator	96,666	0	(48,333)	48,333
Fire Department Tanker Trucks and Pumper Trucks	0	225,153	0	225,153
Total	\$ 568,465	\$ 225,153	\$ (320,399)	\$ 473,219

IV. OTHER INFORMATION

A. Risk Management

Putnam County provides health insurance coverage to its employees through commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Putnam County and the Putnam County School Department's risks of loss relating to general liability, automobile liability, property, casualty, and workers' compensation are covered through a self-insurance program and by the purchase of commercial insurance to cover losses exceeding certain limits. The county is self-insured for individual property losses up to \$85,000. The county carries excess commercial coverage on buildings and contents totaling \$233,086,540. The county is self-insured up to the state tort liability limits of \$250,000 per person, \$600,000 per occurrence for bodily injury, and \$85,000 for property damage. The county carries commercial liability insurance coverage for losses up to \$1,000,000 with a \$250,000 deductible. Putnam County maintains the Self-Insurance Fund, an internal service fund, to account for transactions pertaining to the county's self-insured group liability and property plan. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Liability at Beginning of Year	Current Claims and Changes in Estimates	Claim Payments	Liability at End of Year
2003-2004	\$ 920,148	\$ 1,160,730	\$ (820,406)	\$ 1,260,472
2004-2005	1,260,472	245,231	(613,486)	892,217

B. Accounting Change

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

C. Subsequent Event

On September 9, 2005, the county's General Debt Service Fund issued a \$500,000 tax anticipation note to the General Purpose School Fund for temporary operating funds.

D. Contingent Liabilities

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

E. Landfill Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. Putnam County closed its class 1 landfill in October 1996 and has contracted its waste management to a private vendor. Putnam County still operates a class 3 construction landfill, which accepts the kinds of waste not subject to state and federal regulations for closure and postclosure care costs. The Solid Waste/Sanitation Fund (special revenue fund) reports the operations of the class 3 construction landfill and the closure and postclosure care costs of the

closed class 1 landfill as expenditures in each period in which they are incurred. The \$2,524,800 reported as landfill closure and postclosure care liability at June 30, 2005, represents the net amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Cookeville - Putnam County Emergency Management Agency was established in 1951 as a joint venture between the City of Cookeville and Putnam County. The purpose of the Cookeville - Putnam County Emergency Management Agency is to plan and prepare for emergency operations and to assist other emergency services during emergencies or disasters. Putnam County contributed \$97,000 to the Cookeville - Putnam County Emergency Management Agency for the year ended June 30, 2005.

The Upper Cumberland Regional Airport was established as a joint venture between Putnam County, White County, the City of Cookeville, and the City of Sparta. The airport operates the regional airport for the two-county area. The five-member board of the airport includes one member appointed by each of the four participating governments with the fifth member of the board being the chief executive officer of one of the participating governments. This fifth board position will serve a one-year term and will rotate among the four participating governments in a prescribed order. Each participant retains a 25 percent ownership in the airport. Putnam County contributed \$20,000 to the Upper Cumberland Regional Airport for the year ended June 30, 2005.

The Thirteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Thirteenth Judicial District and participating municipalities in the district. The DTF interlocal agreement was signed by the sheriff of Putnam County and the police chief of the City of Cookeville. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors, including the district attorney general, sheriff, and police chief of the participating law enforcement agencies within each judicial district. Putnam County contributed manpower and equipment to the DTF for the year ended June 30, 2005.

The Putnam County Joint Economic and Community Development Board is a joint venture between Putnam County, the Putnam County Chamber of Commerce, and the various cities within the county. The board comprised the county executive, mayors of the various cities within the county, chamber of commerce members, and several additional members. The purpose of the board is to foster communication relative to economic and community

development between and among governmental entities, industry, and private citizens. The Chamber of Commerce will provide the funding for the board. Putnam County did not appropriate any funds to the board during the 2004-05 year.

Putnam County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Cookeville - Putnam County Emergency Management Agency, Upper Cumberland Regional Airport, Thirteenth Judicial District Drug Task Force, and Putnam County Joint Economic and Community Development Board can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Cookeville - Putnam County Emergency Management Agency
P.O. Box 844
Cookeville, Tennessee 38501

Upper Cumberland Regional Airport
Route 8, Box 485
Sparta, Tennessee 38583-8077

Office of District Attorney General
Judicial District Drug Task Force
1519A East Spring Street
Cookeville, Tennessee 38506

Putnam County Joint Economic and Community Development Board
Putnam County Chamber of Commerce
1 West 1st Street
Cookeville, Tennessee 38501

G. Jointly Governed Organization

The Nashville and Eastern Railroad Authority is governed by a board of directors representing Putnam, Davidson, Smith, and Wilson Counties. The board of directors comprises the mayor and the county executive of each county and one member selected by the governing body of each county; however, the counties do not have any ongoing financial interest or responsibility for the entity.

H. Retirement Commitments

Plan Description

Employees of Putnam 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 Putnam 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

Putnam 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 8.55 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Putnam County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Putnam County's annual pension cost of \$1,582,241 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. Putnam 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 16 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$1,582,241	100%	\$0
6-30-04	1,111,396	100	0
6-30-03	1,038,260	100	0

Required Supplementary Information
Schedule of Funding Progress for Putnam County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$29,895	\$33,105	\$3,210	90.3%	\$16,447	19.52%
6-30-01	25,559	29,123	3,564	87.76	14,350	24.84
6-30-99	21,075	23,946	2,871	88.01	12,674	22.65

I. Purchasing Laws

Office of County Executive

Purchasing procedures for the County Executive's Office are governed by provisions of Chapter 63, Private Acts of 1981. This statute provides for the county executive to serve as the purchasing agent and for all purchases exceeding \$5,000 to be made on the basis of competitive bids solicited through advertisement in a local newspaper.

Office of Road Supervisor

Purchasing procedures for the Highway Department are governed by provisions of Chapter 609, Private Acts of 1951, as amended, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. These statutes require purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Putnam 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	\$ 9,735,556	\$ 0	\$ 0	\$ 9,735,556	\$ 9,420,716	\$ 9,434,716	\$ 300,840
Licenses and Permits	321,976	0	0	321,976	233,500	233,500	88,476
Fines, Forfeitures and Penalties	611,851	0	0	611,851	492,000	512,000	99,851
Charges for Current Services	2,021,313	0	0	2,021,313	1,757,700	1,788,892	232,421
Other Local Revenues	598,480	0	0	598,480	1,129,000	1,146,907	(548,427)
Fees Received from County Officials	3,238,427	0	0	3,238,427	2,970,000	2,970,000	268,427
State of Tennessee	2,213,784	0	0	2,213,784	2,150,603	2,412,542	(198,758)
Federal Government	2,308,170	0	0	2,308,170	102,047	3,004,013	(695,843)
Other Governments and Citizens Groups	425,579	0	0	425,579	480,000	411,713	13,866
Total Revenues	\$ 21,475,136	\$ 0	\$ 0	\$ 21,475,136	\$ 18,735,566	\$ 21,914,283	\$ (439,147)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 74,876	\$ (241)	\$ 0	\$ 74,635	\$ 76,650	\$ 79,770	\$ 5,135
Beer Board	991	0	0	991	1,400	1,400	409
County Executive	279,627	0	1,164	280,791	243,930	295,599	14,808
County Attorney	103,655	0	0	103,655	106,000	106,000	2,345
Election Commission (Including Voter Registration)	306,481	(385)	1,255	307,351	268,669	310,660	3,309
Register of Deeds	272,848	0	132	272,980	214,419	280,801	7,821
Development	19,950	0	0	19,950	25,800	25,800	5,850
Codes Compliance	113,918	(74)	804	114,648	103,300	126,783	12,135
Geographical Information Systems	31,002	0	40,153	71,155	83,600	83,600	12,445
County Buildings	1,671,100	(54,721)	52,349	1,668,728	1,475,799	1,719,415	50,687
<u>Finance</u>							
Property Assessor's Office	481,590	(606)	1,643	482,627	404,637	492,137	9,510
County Trustee's Office	311,103	0	0	311,103	253,579	311,704	601
County Clerk's Office	797,935	(4,055)	2,425	796,305	642,885	821,831	25,526

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Other Finance	\$ 91,746	\$ (100)	\$ 0	\$ 91,646	\$ 76,083	\$ 92,238	\$ 592
<u>Administration of Justice</u>							
Circuit Court	749,457	(6,125)	2,055	745,387	612,077	756,536	11,149
General Sessions Court	280,367	(15)	399	280,751	233,786	281,343	592
Chancery Court	241,742	(687)	0	241,055	209,869	263,781	22,726
Juvenile Court	245,993	(598)	2,467	247,862	202,210	251,302	3,440
District Attorney General	0	0	0	0	120,000	143,386	143,386
Judicial Commissioners	52,038	0	0	52,038	43,100	52,764	726
Other Administration of Justice	87,953	(646)	0	87,307	74,652	91,397	4,090
<u>Public Safety</u>							
Sheriff's Department	3,131,522	(12,097)	18,817	3,138,242	2,599,205	3,200,283	62,041
Special Patrols	37,593	0	115	37,708	0	56,544	18,836
Drug Enforcement	8,743	0	206	8,949	9,970	9,970	1,021
Jail	2,035,960	(30,735)	23,826	2,029,051	1,679,278	2,049,708	20,657
Workhouse	55,488	0	280	55,768	45,570	61,484	5,716
Juvenile Services	469,682	(359)	935	470,258	395,520	485,709	15,451
Commissary	88,083	(335)	11,876	99,624	100,000	100,000	376
Fire Prevention and Control	427,258	(172,781)	146,687	401,164	399,641	416,886	15,722
Civil Defense	147,267	0	0	147,267	132,560	150,339	3,072
Other Emergency Management	1,079,093	(188,372)	411,535	1,302,256	0	2,851,172	1,548,916
County Coroner/Medical Examiner	62,021	(31,990)	12,903	42,934	64,100	64,100	21,166
<u>Public Health and Welfare</u>							
Local Health Center	280,003	(659)	232	279,576	275,173	285,673	6,097
Ambulance/Emergency Medical Services	2,555,344	(115,051)	21,914	2,462,207	2,194,960	2,679,455	217,248
Other Local Health Services	27,944	(2,937)	5,333	30,340	31,814	33,850	3,510
Regional Mental Health Center	18,750	(3,750)	0	15,000	15,000	15,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
General Welfare Assistance	\$ 11,000	\$ 0	\$ 0	\$ 11,000	\$ 11,000	\$ 11,000	\$ 0
Aid to Dependent Children	7,799	0	0	7,799	8,000	8,000	201
Sanitation Management	0	0	0	0	536,240	666,439	666,439
Other Public Health and Welfare	753,570	(541)	0	753,029	594,156	875,419	122,390
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	48,917	0	0	48,917	48,917	48,917	0
Libraries	295,000	0	0	295,000	295,000	295,000	0
Parks and Fair Boards	671,184	0	0	671,184	695,460	700,260	29,076
Other Social, Cultural and Recreational	5,000	0	0	5,000	5,000	5,000	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	129,718	0	0	129,718	136,843	146,755	17,037
Forest Service	1,500	0	0	1,500	1,500	1,500	0
Soil Conservation	33,094	0	0	33,094	26,500	35,783	2,689
<u>Other Operations</u>							
Tourism	119,803	0	0	119,803	110,000	124,000	4,197
Industrial Development	25,000	0	0	25,000	25,000	25,000	0
Airport	39,445	0	0	39,445	39,445	39,445	0
Veterans' Services	36,309	0	0	36,309	31,100	37,459	1,150
Contributions to Other Agencies	211,476	0	0	211,476	225,621	225,621	14,145
Employee Benefits	2,379	0	0	2,379	3,046,491	220,748	218,369
Miscellaneous	802,141	(589)	3,167	804,719	1,178,774	1,231,158	426,439
Total Expenditures	\$ 19,832,458	\$ (628,449)	\$ 762,672	\$ 19,966,681	\$ 20,430,283	\$ 23,745,924	\$ 3,779,243
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,642,678	\$ 628,449	\$ (762,672)	\$ 1,508,455	\$ (1,694,717)	\$ (1,831,641)	\$ 3,340,096

(Continued)

Exhibit E-1

Putnam 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>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,000	\$ 225,153	\$ (225,153)
Transfers In	225,153	0	0	225,153	392,735	392,735	(167,582)
Total Other Financing Sources (Uses)	\$ 225,153	\$ 0	\$ 0	\$ 225,153	\$ 609,735	\$ 617,888	\$ (392,735)
Net Change in Fund Balance	\$ 1,867,831	\$ 628,449	\$ (762,672)	\$ 1,733,608	\$ (1,084,982)	\$ (1,213,753)	\$ 2,947,361
Fund Balance, July 1, 2004	4,106,993	(628,449)	0	3,478,544	3,510,006	3,510,006	(31,462)
Fund Balance, June 30, 2005	\$ 5,974,824	\$ 0	\$ (762,672)	\$ 5,212,152	\$ 2,425,024	\$ 2,296,253	\$ 2,915,899

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,325,040	\$ 0	\$ 0	\$ 2,325,040	\$ 2,258,728	\$ 2,258,728	\$ 66,312
Charges for Current Services	665,174	0	0	665,174	690,000	690,000	(24,826)
Other Local Revenues	294,980	0	0	294,980	225,900	225,900	69,080
State of Tennessee	22,807	0	0	22,807	25,000	25,000	(2,193)
Total Revenues	\$ 3,308,001	\$ 0	\$ 0	\$ 3,308,001	\$ 3,199,628	\$ 3,199,628	\$ 108,373
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 2,814,166	\$ (175,508)	\$ 29,413	\$ 2,668,071	\$ 2,866,540	\$ 2,866,540	\$ 198,469
Landfill Operation and Maintenance	60,050	0	0	60,050	76,600	84,600	24,550
Other Waste Disposal	337,338	0	0	337,338	360,387	357,387	20,049
Postclosure Care Costs	95,561	0	0	95,561	110,800	105,800	10,239
<u>Other Operations</u>							
Miscellaneous	52,546	0	0	52,546	56,000	56,000	3,454
Total Expenditures	\$ 3,359,661	\$ (175,508)	\$ 29,413	\$ 3,213,566	\$ 3,470,327	\$ 3,470,327	\$ 256,761
Excess (Deficiency) of Revenues Over Expenditures	\$ (51,660)	\$ 175,508	\$ (29,413)	\$ 94,435	\$ (270,699)	\$ (270,699)	\$ 365,134
Net Change in Fund Balance	\$ (51,660)	\$ 175,508	\$ (29,413)	\$ 94,435	\$ (270,699)	\$ (270,699)	\$ 365,134
Fund Balance, July 1, 2004	950,475	(175,508)	0	774,967	760,452	760,452	14,515
Fund Balance, June 30, 2005	\$ 898,815	\$ 0	\$ (29,413)	\$ 869,402	\$ 489,753	\$ 489,753	\$ 379,649

Exhibit E-3

Putnam 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)	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	\$ 1,221,927	\$ 0	\$ 1,221,927	\$ 1,219,510	\$ 1,219,510	\$ 2,417
Other Local Revenues	76,020	0	76,020	500	500	75,520
State of Tennessee	2,346,792	0	2,346,792	2,439,661	2,439,661	(92,869)
Federal Government	50,000	0	50,000	0	0	50,000
Total Revenues	<u>\$ 3,694,739</u>	<u>\$ 0</u>	<u>\$ 3,694,739</u>	<u>\$ 3,659,671</u>	<u>\$ 3,659,671</u>	<u>\$ 35,068</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 257,841	\$ 0	\$ 257,841	\$ 233,854	\$ 265,854	\$ 8,013
Highway and Bridge Maintenance	2,226,894	0	2,226,894	2,355,435	2,355,435	128,541
Operation and Maintenance of Equipment	260,969	0	260,969	272,346	272,346	11,377
Other Charges	174,291	0	174,291	179,710	179,710	5,419
Capital Outlay	585,979	144,999	730,978	768,182	768,182	37,204
Total Expenditures	<u>\$ 3,505,974</u>	<u>\$ 144,999</u>	<u>\$ 3,650,973</u>	<u>\$ 3,809,527</u>	<u>\$ 3,841,527</u>	<u>\$ 190,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 188,765</u>	<u>\$ (144,999)</u>	<u>\$ 43,766</u>	<u>\$ (149,856)</u>	<u>\$ (181,856)</u>	<u>\$ 225,622</u>
Net Change in Fund Balance	\$ 188,765	\$ (144,999)	\$ 43,766	\$ (149,856)	\$ (181,856)	\$ 225,622
Fund Balance, July 1, 2004	909,557	0	909,557	909,558	909,558	(1)
Fund Balance, June 30, 2005	<u>\$ 1,098,322</u>	<u>\$ (144,999)</u>	<u>\$ 953,323</u>	<u>\$ 759,702</u>	<u>\$ 727,702</u>	<u>\$ 225,621</u>

PUTNAM 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, Board of Equalization, County Executive, County Attorney, etc.). Management may make revisions within major categories, but only the governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to accumulate funds for future industrial development projects.

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 in trust 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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for other loans issued by Putnam County that are contributed to the Putnam County School Department.

Exhibit F-1

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

	<u>Special Revenue Funds</u>				
	<u>Industrial / Economic Development</u>	<u>Drug Control</u>	<u>District Attorney General</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 2,681	\$ 2,681
Equity in Pooled Cash and Investments	532,000	8,644	1,267	0	541,911
Accounts Receivable	0	10,220	0	0	10,220
Due from Other Governments	0	0	547	0	547
Total Assets	\$ 532,000	\$ 18,864	\$ 1,814	\$ 2,681	\$ 555,359
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 2,681	\$ 2,681
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 2,681	\$ 2,681
<u>Fund Balances</u>					
Unreserved	\$ 532,000	\$ 18,864	\$ 1,814	\$ 0	\$ 552,678
Total Fund Balances	\$ 532,000	\$ 18,864	\$ 1,814	\$ 0	\$ 552,678
Total Liabilities and Fund Balances	\$ 532,000	\$ 18,864	\$ 1,814	\$ 2,681	\$ 555,359

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Industrial / Economic Development	Drug Control	District Attorney General	Constitu - tional Officers - Fees	Total	Education Capital Projects	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 0	\$ 34,067	\$ 24,664	\$ 0	\$ 58,731	\$ 0	\$ 58,731
Charges for Current Services	0	0	0	25,248	25,248	0	25,248
Other Local Revenues	180,000	5,283	1,983	0	187,266	0	187,266
Total Revenues	\$ 180,000	\$ 39,350	\$ 26,647	\$ 25,248	\$ 271,245	\$ 0	\$ 271,245
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 25,248	\$ 25,248	\$ 0	\$ 25,248
Public Safety	0	40,545	31,182	0	71,727	0	71,727
Capital Projects - Donated	0	0	0	0	0	104,324	104,324
Total Expenditures	\$ 0	\$ 40,545	\$ 31,182	\$ 25,248	\$ 96,975	\$ 104,324	\$ 201,299
Excess (Deficiency) of Revenues Over Expenditures	\$ 180,000	\$ (1,195)	\$ (4,535)	\$ 0	\$ 174,270	\$ (104,324)	\$ 69,946
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,324	\$ 104,324
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,324	\$ 104,324
Net Change in Fund Balances	\$ 180,000	\$ (1,195)	\$ (4,535)	\$ 0	\$ 174,270	\$ 0	\$ 174,270
Fund Balance, July 1, 2004	352,000	20,059	6,349	0	378,408	0	378,408
Fund Balance, June 30, 2005	\$ 532,000	\$ 18,864	\$ 1,814	\$ 0	\$ 552,678	\$ 0	\$ 552,678

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 180,000	\$ 180,000	\$ 180,000	\$ 0
Total Revenues	\$ 180,000	\$ 180,000	\$ 180,000	\$ 0
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 0	\$ 40,000	\$ 47,750	\$ 47,750
Total Expenditures	\$ 0	\$ 40,000	\$ 47,750	\$ 47,750
Excess (Deficiency) of Revenues Over Expenditures	\$ 180,000	\$ 140,000	\$ 132,250	\$ 47,750
Net Change in Fund Balance	\$ 180,000	\$ 140,000	\$ 132,250	\$ 47,750
Fund Balance, July 1, 2004	352,000	352,000	352,000	0
Fund Balance, June 30, 2005	\$ 532,000	\$ 492,000	\$ 484,250	\$ 47,750

Exhibit F-4

Putnam 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	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures and Penalties	\$ 34,067	\$ 0	\$ 34,067	\$ 21,400	\$ 39,118	\$ (5,051)
Other Local Revenues	5,283	0	5,283	0	0	5,283
Total Revenues	<u>\$ 39,350</u>	<u>\$ 0</u>	<u>\$ 39,350</u>	<u>\$ 21,400</u>	<u>\$ 39,118</u>	<u>\$ 232</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 8,612	\$ (8,612)	\$ 0	\$ 0	\$ 0	\$ 0
Drug Enforcement	31,933	(627)	31,306	20,200	29,306	(2,000)
Total Expenditures	<u>\$ 40,545</u>	<u>\$ (9,239)</u>	<u>\$ 31,306</u>	<u>\$ 20,200</u>	<u>\$ 29,306</u>	<u>\$ (2,000)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,195)</u>	<u>\$ 9,239</u>	<u>\$ 8,044</u>	<u>\$ 1,200</u>	<u>\$ 9,812</u>	<u>\$ (1,768)</u>
Net Change in Fund Balance	\$ (1,195)	\$ 9,239	\$ 8,044	\$ 1,200	\$ 9,812	\$ (1,768)
Fund Balance, July 1, 2004	<u>20,059</u>	<u>(9,239)</u>	<u>10,820</u>	<u>17,508</u>	<u>17,508</u>	<u>(6,688)</u>
Fund Balance, June 30, 2005	<u>\$ 18,864</u>	<u>\$ 0</u>	<u>\$ 18,864</u>	<u>\$ 18,708</u>	<u>\$ 27,320</u>	<u>\$ (8,456)</u>

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

Putnam 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	\$ 8,507,627	\$ 8,086,480	\$ 8,086,480	\$ 421,147
Other Local Revenues	251,434	413,312	566,131	(314,697)
Total Revenues	<u>\$ 8,759,061</u>	<u>\$ 8,499,792</u>	<u>\$ 8,652,611</u>	<u>\$ 106,450</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 3,560,000	\$ 3,560,000	\$ 3,560,000	\$ 0
<u>Interest</u>				
Education	3,765,717	4,196,500	3,976,324	210,607
<u>Other Debt Service</u>				
Education	406,876	156,000	415,943	9,067
Total Expenditures	<u>\$ 7,732,593</u>	<u>\$ 7,912,500</u>	<u>\$ 7,952,267</u>	<u>\$ 219,674</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,026,468</u>	<u>\$ 587,292</u>	<u>\$ 700,344</u>	<u>\$ 326,124</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 7,970,000	\$ 0	\$ 7,970,000	\$ 0
Premiums on Debt Issued	321	0	0	321
Transfers In	0	10,334	10,334	(10,334)
Transfers Out	(225,153)	(442,735)	(545,554)	320,401
Payments to Refunded Debt Escrow Agent	(7,980,233)	0	(7,980,233)	0
Total Other Financing Sources (Uses)	<u>\$ (235,065)</u>	<u>\$ (432,401)</u>	<u>\$ (545,453)</u>	<u>\$ 310,388</u>
Net Change in Fund Balance	\$ 791,403	\$ 154,891	\$ 154,891	\$ 636,512
Fund Balance, July 1, 2004	14,646,488	14,730,485	14,730,485	(83,997)
Prior Period Adjustment	(568,465)	0	0	(568,465)
Fund Balance, June 30, 2005	<u>\$ 14,869,426</u>	<u>\$ 14,885,376</u>	<u>\$ 14,885,376</u>	<u>\$ (15,950)</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.

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

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

Exhibit H-1

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

	<u>Agency Funds</u>			
	Cities -	Constitu-	Judicial	
	Sales	tional	District	
	Tax	Officers -	Drug	Total
	Agency			
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 0	\$ 15,457	\$ 15,457
Cash	0	2,097,966	0	2,097,966
Investments	0	103,220	0	103,220
Accounts Receivable	0	1,940	0	1,940
Due from Other Governments	1,751,642	0	0	1,751,642
	<hr/>			
Total Assets	\$ 1,751,642	\$ 2,203,126	\$ 15,457	\$ 3,970,225
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 1,751,642	\$ 0	\$ 0	\$ 1,751,642
Due to Litigants, Heirs, and Others	0	2,203,126	0	2,203,126
Due to Joint Venture	0	0	15,457	15,457
	<hr/>			
Total Liabilities	\$ 1,751,642	\$ 2,203,126	\$ 15,457	\$ 3,970,225
	<hr/>			

Exhibit H-2

Putnam 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	\$ 9,953,268	\$ 9,953,268	\$ 0
Due From Other Governments	1,648,740	1,751,642	1,648,740	1,751,642
Total Assets	\$ 1,648,740	\$ 11,704,910	\$ 11,602,008	\$ 1,751,642
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,648,740	\$ 11,704,910	\$ 11,602,008	\$ 1,751,642
Total Liabilities	\$ 1,648,740	\$ 11,704,910	\$ 11,602,008	\$ 1,751,642
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,233,940	\$ 24,485,755	\$ 24,621,729	\$ 2,097,966
Investments	98,503	4,717	0	103,220
Accounts Receivable	122	1,940	122	1,940
Total Assets	\$ 2,332,565	\$ 24,492,412	\$ 24,621,851	\$ 2,203,126
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,332,565	\$ 24,492,412	\$ 24,621,851	\$ 2,203,126
Total Liabilities	\$ 2,332,565	\$ 24,492,412	\$ 24,621,851	\$ 2,203,126
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 245,627	\$ 165,942	\$ 396,112	\$ 15,457
Total Assets	\$ 245,627	\$ 165,942	\$ 396,112	\$ 15,457
<u>Liabilities</u>				
Due to Joint Ventures	\$ 245,627	\$ 165,942	\$ 396,112	\$ 15,457
Total Liabilities	\$ 245,627	\$ 165,942	\$ 396,112	\$ 15,457
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 245,627	\$ 10,119,210	\$ 10,349,380	\$ 15,457
Cash	2,233,940	24,485,755	24,621,729	2,097,966
Investments	98,503	4,717	0	103,220
Accounts Receivable	122	1,940	122	1,940
Due From Other Governments	1,648,740	1,751,642	1,648,740	1,751,642
Total Assets	\$ 4,226,932	\$ 36,363,264	\$ 36,619,971	\$ 3,970,225
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,648,740	\$ 11,704,910	\$ 11,602,008	\$ 1,751,642
Due to Litigants, Heirs, and Others	2,332,565	24,492,412	24,621,851	2,203,126
Due to Joint Ventures	245,627	165,942	396,112	15,457
Total Liabilities	\$ 4,226,932	\$ 36,363,264	\$ 36,619,971	\$ 3,970,225

MISCELLANEOUS SCHEDULES

Exhibit I-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Adjustments (2)	Bonds Refunded	Outstanding 6-30-05
NOTES PAYABLE										
<u>Payable through General Fund:</u>										
Voting Machines, Fire Substation, GIS Equipment	\$ 217,000	0 %	6-28-02	6-28-05	\$ 72,333	\$ 0	\$ 0	\$ (72,333)	\$ 0	\$ 0
Fire Department Tanker Trucks and Pumper Truck	599,200	0	6-16-03	6-16-06	399,466	0	0	(399,466)	0	0
Courthouse Renovations and Elevator	145,000	0	6-13-03	6-16-06	96,666	0	0	(96,666)	0	0
Total Notes Payable General Fund					<u>\$ 568,465</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (568,465)</u>	<u>\$ 0</u>	<u>\$ 0</u>
OTHER LOANS PAYABLE										
<u>Public Building Authority Loan Agreement:</u>										
<u>Payable through General Debt Service Fund:</u>										
School Series 2002	(1)	variable	8-19-02	5-25-19	\$ 9,556,906	\$ 104,324	\$ 0	\$ 0	\$ 0	\$ 9,661,230
GENERAL BONDED DEBT										
<u>Payable through General Debt Service Fund:</u>										
School Refunding	6,785,000	4 to 4.3	12-1-1998	4-1-13	\$ 4,775,000	\$ 0	\$ 450,000	\$ 0	\$ 0	\$ 4,325,000
School	7,400,000	5.1 to 5.5	11-9-1999	8-13-04	7,400,000	0	0	0	(7,400,000)	0
School	35,100,000	4.85 to 5.5	5-18-00	8-1-10	1,400,000	0	0	0	0	1,400,000
School Refunding	35,280,000	4.85 to 5.5	8-1-01	4-1-20	34,255,000	0	65,000	0	0	34,190,000
School Refunding	30,105,000	3 to 5	12-1-02	6-30-12	29,810,000	0	3,045,000	0	0	26,765,000
School Refunding	7,970,000	2.125 to 4	8-13-04	4-1-19	0	7,970,000	0	0	0	7,970,000
Total General Bonded Debt					<u>\$ 77,640,000</u>	<u>\$ 7,970,000</u>	<u>\$ 3,560,000</u>	<u>\$ 0</u>	<u>\$ (7,400,000)</u>	<u>\$ 74,650,000</u>

(1) The county has drawn loan proceeds of \$9,661,230. Total amount available from a loan agreement with the Public Building Authority is \$10,000,000.

(2) These notes should have been treated as transfers from the General Debt Service Fund to the General Fund when originated.

Exhibit I-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 3,860,000	\$ 3,565,784	\$ 7,425,784
2007	4,140,000	3,412,416	7,552,416
2008	4,515,000	3,245,940	7,760,940
2009	4,920,000	3,045,032	7,965,032
2010	5,330,000	2,824,882	8,154,882
2011	5,780,000	2,564,572	8,344,572
2012	6,200,000	2,289,120	8,489,120
2013	4,150,000	1,996,560	6,146,560
2014	4,300,000	1,800,213	6,100,213
2015	4,570,000	1,590,738	6,160,738
2016	5,035,000	1,365,043	6,400,043
2017	5,500,000	1,113,456	6,613,456
2018	5,460,000	837,331	6,297,331
2019	5,945,000	561,875	6,506,875
2020	4,945,000	259,616	5,204,616
Total	<u>\$ 74,650,000</u>	<u>\$ 30,472,578</u>	<u>\$ 105,122,578</u>

Exhibit I-3

Putnam 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 Debt Service	General	Purchase fire department equipment	<u>\$ 225,153</u>
Total Transfers			<u><u>\$ 225,153</u></u>

Exhibit I-4

Putnam 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>	\$ 69,368	\$ 50,000	Western Surety Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	64,865	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	58,969	1,660,600	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,969	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u> and Juvenile Court Judge	61,069 (1)	50,000	Cincinnati Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	58,969	60,000	Western Surety Company
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	59,831 (2)	85,000	"
Register	Section 8-24-102, <u>TCA</u>	58,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	66,583 (3)	25,000	"
Employee Blanket Bond Coverage: All County Departments			500,000	Cincinnati Insurance Company

(1) Includes special commissioners fees of \$2,100.

(2) Includes special commissioners fees of \$862.

(3) Includes payment of \$1,200 for serving as superintendent of the workhouse and a law enforcement training supplement of \$518.

Exhibit I-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 7,666,145	\$ 2,176,850	\$ 0	\$ 0	\$ 0	\$ 0	946,464	\$ 5,205,485	\$ 15,994,944
Trustee's Collections - Prior Year	204,564	66,552	0	0	0	0	27,276	159,146	457,538
Circuit/Clerk & Master Collections - Prior Years	175,672	53,325	0	0	0	0	22,000	127,517	378,514
Interest and Penalty	39,037	11,488	0	0	0	0	5,218	29,405	85,148
Payments in Lieu of Taxes - Other	756	215	0	0	0	0	93	513	1,577
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	0	0	0	0	0	0	2,457,583	2,457,583
Hotel/Motel Tax	256,406	0	0	0	0	0	0	488,258	744,664
Litigation Tax - General	309,199	0	0	0	0	0	0	0	309,199
Litigation Tax - Special Purpose	75,719	0	0	0	0	0	0	0	75,719
Business Tax	720,397	0	0	0	0	0	0	0	720,397
Mineral Severance Tax	0	0	0	0	0	0	213,654	0	213,654
Other County Local Option Taxes	11,135	0	0	0	0	0	0	0	11,135
<u>Statutory Local Taxes</u>									
Bank Excise Tax	58,497	16,610	0	0	0	0	7,222	39,720	122,049
Wholesale Beer Tax	218,029	0	0	0	0	0	0	0	218,029
Total Local Taxes	\$ 9,735,556	\$ 2,325,040	\$ 0	\$ 0	\$ 0	\$ 0	1,221,927	\$ 8,507,627	\$ 21,790,150
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Cable TV Franchise	\$ 99,106	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,106
<u>Permits</u>									
Building Permits	195,739	0	0	0	0	0	0	0	195,739
Electrical Permits	6,291	0	0	0	0	0	0	0	6,291
Plumbing Permits	15,840	0	0	0	0	0	0	0	15,840
Other Permits	5,000	0	0	0	0	0	0	0	5,000
Total Licenses and Permits	\$ 321,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 321,976
<u>Fines, Forfeitures and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 69,368	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,368
Officers Costs	22,667	0	0	0	0	0	0	0	22,667

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 1,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,154
Drug Court Fees	926	0	0	0	0	0	0	0	926
Jail Fees	52,197	0	0	0	0	0	0	0	52,197
District Attorney General Fees	0	0	0	0	61	0	0	0	61
Judicial Commissioner Fees	1,029	0	0	0	0	0	0	0	1,029
Data Entry Fee - Circuit Court	2,000	0	0	0	0	0	0	0	2,000
<u>General Sessions Court</u>									
Fines	96,661	0	0	0	0	0	0	0	96,661
Officers Costs	114,553	0	0	0	0	0	0	0	114,553
Drug Control Fines	259	0	0	3,707	0	0	0	0	3,966
Drug Court Fees	6,314	0	0	0	0	0	0	0	6,314
Jail Fees	168,074	0	0	0	0	0	0	0	168,074
Interpreter Fee	3,669	0	0	0	0	0	0	0	3,669
District Attorney General Fees	75	0	0	0	9,928	0	0	0	10,003
Judicial Commissioner Fees	4,646	0	0	0	0	0	0	0	4,646
Data Entry Fee - General Sessions Court	26,799	0	0	0	0	0	0	0	26,799
<u>Juvenile Court</u>									
Fines	4,550	0	0	0	0	0	0	0	4,550
Officers Costs	14,878	0	0	0	0	0	0	0	14,878
Jail Fees	11,238	0	0	0	0	0	0	0	11,238
Interpreter Fee	280	0	0	0	0	0	0	0	280
Data Entry Fee - Juvenile Court	1,807	0	0	0	0	0	0	0	1,807
<u>Chancery Court</u>									
Officers Costs	8,424	0	0	0	0	0	0	0	8,424
Data Entry Fee - Chancery Court	1,212	0	0	0	0	0	0	0	1,212
<u>Courts in Other District Counties</u>									
District Attorney General Fees	225	0	0	0	14,675	0	0	0	14,900
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	29,206	0	0	0	0	29,206
Total Fines, Forfeitures and Penalties	\$ 611,851	\$ 0	\$ 0	\$ 34,067	\$ 24,664	\$ 0	\$ 0	\$ 0	\$ 670,582

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 625,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 625,174
Solid Waste Disposal Fee	0	40,000	0	0	0	0	0	0	40,000
Patient Charges	1,880,713	0	0	0	0	0	0	0	1,880,713
Other General Service Charges	24,425	0	0	0	0	0	0	0	24,425
<u>Fees</u>									
Subdivision Lot Fees	1,650	0	0	0	0	0	0	0	1,650
Recreation Fees	4,050	0	0	0	0	0	0	0	4,050
Telephone Commissions	67,643	0	0	0	0	0	0	0	67,643
Constitutional Officers' Fees and Commissions	0	0	0	0	0	25,248	0	0	25,248
Data Processing Fee - Register	30,632	0	0	0	0	0	0	0	30,632
Data Processing Fee - Sheriff	11,360	0	0	0	0	0	0	0	11,360
Sexual Offender Registration Fee	840	0	0	0	0	0	0	0	840
Total Charges for Current Services	\$ 2,021,313	\$ 665,174	\$ 0	\$ 0	\$ 0	\$ 25,248	\$ 0	\$ 0	\$ 2,711,735
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 134,010	\$ 0	\$ 180,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 241,178	\$ 555,188
Lease/Rentals	32,093	0	0	0	0	0	0	0	32,093
Sale of Materials and Supplies	4,988	0	0	0	0	0	4,925	0	9,913
Commissary Sales	186,667	0	0	0	0	0	0	0	186,667
Sale of Gasoline	54,740	0	0	0	0	0	0	0	54,740
Sale of Recycled Materials	0	293,954	0	0	0	0	0	0	293,954
Miscellaneous Refunds	19,536	64	0	4,983	1,983	0	158	0	26,724
<u>Nonrecurring Items</u>									
Accrued Interest on Debt Issues	0	0	0	0	0	0	0	10,256	10,256
Insurance Recovery	10,471	0	0	0	0	0	0	0	10,471
Sale of Equipment	0	800	0	0	0	0	70,937	0	71,737
Damages Recovered from Individuals	60,449	96	0	0	0	0	0	0	60,545
Contributions & Gifts	2,000	0	0	300	0	0	0	0	2,300
Performance Bond Forfeitures	88,398	0	0	0	0	0	0	0	88,398
<u>Other Local Revenues</u>									
Other Local Revenues	5,128	66	0	0	0	0	0	0	5,194
Total Other Local Revenues	\$ 598,480	\$ 294,980	\$ 180,000	\$ 5,283	\$ 1,983	\$ 0	\$ 76,020	\$ 251,434	\$ 1,408,180

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	
Fees Received from County Officials									
<u>Excess Fees</u>									
Circuit Court Clerk	\$ 142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142
General Sessions Court Clerk Register	339	0	0	0	0	0	0	0	339
	50	0	0	0	0	0	0	0	50
<u>Fees In Lieu of Salary</u>									
County Clerk	746,164	0	0	0	0	0	0	0	746,164
Circuit Court Clerk	199,448	0	0	0	0	0	0	0	199,448
General Sessions Court Clerk	700,720	0	0	0	0	0	0	0	700,720
Clerk and Master	175,816	0	0	0	0	0	0	0	175,816
Register	398,433	0	0	0	0	0	0	0	398,433
Sheriff	23,232	0	0	0	0	0	0	0	23,232
Trustee	994,083	0	0	0	0	0	0	0	994,083
Total Fees Received from County Officials	\$ 3,238,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,238,427
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 131,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 131,225
State Reappraisal Grant	20,666	0	0	0	0	0	0	0	20,666
Solid Waste Grants	0	22,807	0	0	0	0	0	0	22,807
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	26,454	0	0	0	0	0	0	0	26,454
Other Public Safety Grants	25,632	0	0	0	0	0	0	0	25,632
<u>Health and Welfare Grants</u>									
Health Department Programs	725,391	0	0	0	0	0	0	0	725,391
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	0	0	229,195	0	229,195
State Aid Program	0	0	0	0	0	0	142,407	0	142,407
Litter Program	35,031	0	0	0	0	0	0	0	35,031
<u>Other State Revenues</u>									
Income Tax	46,502	0	0	0	0	0	0	0	46,502
Beer Tax	16,778	0	0	0	0	0	0	0	16,778
Alcoholic Beverage Tax	58,663	0	0	0	0	0	0	0	58,663
State Revenue Sharing - T.V.A.	478,090	0	0	0	0	0	0	0	478,090

(Continued)

Exhibit I-5

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

	Special Revenue Funds							Debt Service Fund	Total
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Board of Jurors	\$ 252	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 252
Contracted Prisoner Boarding	631,123	0	0	0	0	0	0	0	631,123
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,925,062	0	1,925,062
Petroleum Special Tax	0	0	0	0	0	0	50,128	0	50,128
Registrar's Salary Supplement	12,285	0	0	0	0	0	0	0	12,285
Other State Grants	2,600	0	0	0	0	0	0	0	2,600
Other State Revenues	3,092	0	0	0	0	0	0	0	3,092
Total State of Tennessee	\$ 2,213,784	\$ 22,807	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,346,792	\$ 0	\$ 4,583,383
<u>Federal Government</u>									
<u>Federal Through State</u>									
Civil Defense Reimbursement	\$ 50,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,267
Homeland Security Grants	2,034,523	0	0	0	0	0	0	0	2,034,523
Other Federal through State	68,244	0	0	0	0	0	50,000	0	118,244
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	155,136	0	0	0	0	0	0	0	155,136
Total Federal Government	\$ 2,308,170	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 2,358,170
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 351,151	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 351,151
<u>Other</u>									
Other	74,428	0	0	0	0	0	0	0	74,428
Total Other Governments and Citizens Groups	\$ 425,579	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 425,579
Total	\$ 21,475,136	\$ 3,308,001	\$ 180,000	\$ 39,350	\$ 26,647	\$ 25,248	\$ 3,694,739	\$ 8,759,061	\$ 37,508,182

Exhibit I-6

Putnam 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	\$	50,700	
Social Security		3,513	
Audit Services		14,221	
Dues and Memberships		1,650	
Printing, Stationery and Forms		285	
Travel		2,779	
Other Charges		1,728	
Total County Commission			\$ 74,876

Beer Board

Board and Committee Members Fees	\$	991	
Total Beer Board			991

County Executive

County Official/Administrative Officer	\$	69,368	
Temporary Personnel		5,580	
Longevity Pay		1,450	
Other Salaries & Wages		114,962	
Social Security		14,167	
State Retirement		15,882	
Employee and Dependent Insurance		2,535	
Life Insurance		142	
Medical Insurance		12,800	
Dental Insurance		570	
Unemployment Compensation		320	
Communication		4,924	
Data Processing Services		7,309	
Dues and Memberships		1,650	
Travel		50	
Office Supplies		8,505	
Premiums on Corporate Surety Bonds		175	
Workers' Compensation Insurance		4,094	
Other Charges		1,625	
Data Processing Equipment		11,776	
Office Equipment		1,743	
Total County Executive			279,627

County Attorney

County Official/Administrative Officer	\$	100,000	
Legal Services		3,312	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Other Charges	\$ 343	
Total County Attorney		\$ 103,655

Election Commission

County Official/Administrative Officer	\$ 53,072	
Part-time Personnel	11,326	
Longevity Pay	1,700	
Overtime Pay	5,491	
Other Salaries & Wages	73,394	
Election Commission	6,420	
Election Workers	71,469	
Social Security	13,085	
State Retirement	10,973	
Life Insurance	114	
Medical Insurance	11,666	
Dental Insurance	486	
Unemployment Compensation	467	
Communication	5,269	
Data Processing Services	4,410	
Dues and Memberships	300	
Freight Expenses	1,540	
Legal Notices, Recording and Court Costs	3,140	
Maintenance & Repair Services- Equipment	390	
Printing, Stationery and Forms	8,047	
Travel	4,500	
Other Contracted Services	7,160	
Office Supplies	8,788	
Workers' Compensation Insurance	3,274	
Total Election Commission		306,481

Register of Deeds

County Official/Administrative Officer	\$ 58,969
Longevity Pay	2,200
Other Salaries & Wages	110,000
Social Security	12,468
State Retirement	14,639
Life Insurance	142
Medical Insurance	16,197
Dental Insurance	188
Unemployment Compensation	224

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Communication	\$	1,943	
Dues and Memberships		546	
Maintenance Agreements		16,762	
Maintenance & Repair Services- Equipment		726	
Travel		207	
Data Processing Supplies		7,119	
Office Supplies		5,179	
Premiums on Corporate Surety Bonds		88	
Workers' Compensation Insurance		4,094	
Data Processing Equipment		21,157	
Total Register of Deeds			\$ 272,848

Development

Other Salaries & Wages	\$	10,500	
Engineering Services		1,650	
Other Contracted Services		7,800	
Total Development			19,950

Codes Compliance

Assistant(s)	\$	23,900	
Supervisor/Director		34,400	
Other Salaries & Wages		22,150	
In-Service Training		1,945	
Social Security		5,781	
State Retirement		6,883	
Life Insurance		85	
Medical Insurance		7,314	
Dental Insurance		776	
Unemployment Compensation		193	
Communication		3,821	
Printing, Stationery and Forms		650	
Office Supplies		1,379	
Periodicals		189	
Utilities		1,322	
Workers' Compensation Insurance		2,456	
Office Equipment		674	
Total Codes Compliance			113,918

Geographical Information Systems

In-Service Training	\$	2,950	
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(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Maintenance Agreements	\$	15,888	
Travel		1,000	
Other Contracted Services		6,821	
Office Supplies		3,794	
Other Equipment		549	
Total Geographical Information Systems			\$ 31,002

County Buildings

Supervisor/Director	\$	43,400	
Computer Programmer(s)		42,495	
Secretary(s)		32,300	
Custodial Personnel		96,325	
Part-time Personnel		24,963	
Longevity Pay		9,500	
Overtime Pay		21,585	
Other Salaries & Wages		396,738	
In-Service Training		957	
Social Security		48,192	
State Retirement		53,218	
Life Insurance		665	
Medical Insurance		79,331	
Dental Insurance		1,294	
Unemployment Compensation		1,563	
Other Fringe Benefits		150	
Communication		10,285	
Maintenance & Repair Services- Buildings		216,258	
Maintenance & Repair Services- Equipment		2,444	
Maintenance & Repair Services- Office Equipment		38,433	
Maintenance & Repair Services- Vehicles		164,906	
Custodial Supplies		18,986	
Office Supplies		2,172	
Small Tools		1,593	
Uniforms		10,777	
Utilities		308,927	
Workers' Compensation Insurance		19,102	
Other Charges		3,392	
Data Processing Equipment		14,570	
Other Equipment		6,579	
Total County Buildings			1,671,100

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,969	
Part-time Personnel		11,554	
Longevity Pay		750	
Other Salaries & Wages		196,892	
In-Service Training		885	
Social Security		19,195	
State Retirement		22,842	
Life Insurance		256	
Medical Insurance		33,471	
Dental Insurance		1,233	
Unemployment Compensation		596	
Audit Services		101,490	
Communication		5,173	
Data Processing Services		8,981	
Dues and Memberships		1,383	
Maintenance & Repair Services- Equipment		100	
Travel		1,500	
Office Supplies		6,916	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		7,368	
Office Equipment		1,936	
Total Property Assessor's Office			\$ 481,590

County Trustee's Office

County Official/Administrative Officer	\$	58,969
Longevity Pay		2,600
Other Salaries & Wages		148,507
Social Security		15,181
State Retirement		15,132
Life Insurance		199
Medical Insurance		18,427
Dental Insurance		217
Unemployment Compensation		336
Communication		3,206
Data Processing Services		16,000
Dues and Memberships		571
Legal Notices, Recording and Court Costs		307
Maintenance & Repair Services- Equipment		538
Travel		874
Office Supplies		16,558

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	2,023	
Workers' Compensation Insurance		5,731	
Data Processing Equipment		4,800	
Office Equipment		927	
Total County Trustee's Office			\$ 311,103

County Clerk's Office

County Official/Administrative Officer	\$	58,969	
Part-time Personnel		1,811	
Longevity Pay		4,050	
Overtime Pay		377	
Other Salaries & Wages		477,854	
Other Per Diem & Fees		1,760	
Social Security		38,372	
State Retirement		46,117	
Life Insurance		608	
Medical Insurance		57,206	
Dental Insurance		632	
Unemployment Compensation		1,235	
Communication		4,652	
Data Processing Services		5,941	
Dues and Memberships		511	
Maintenance Agreements		8,875	
Maintenance & Repair Services- Equipment		1,658	
Travel		1,218	
Office Supplies		36,545	
Utilities		5,893	
Premiums on Corporate Surety Bonds		150	
Workers' Compensation Insurance		17,465	
Other Charges		659	
Office Equipment		25,377	
Total County Clerk's Office			797,935

Other Finance

Part-time Personnel	\$	11,377	
Longevity Pay		250	
Other Salaries & Wages		46,300	
In-Service Training		235	
Social Security		4,101	
State Retirement		4,213	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Life Insurance	\$	57	
Medical Insurance		7,286	
Dental Insurance		503	
Unemployment Compensation		184	
Communication		930	
Data Processing Services		7,251	
Travel		432	
Office Supplies		4,534	
Workers' Compensation Insurance		1,637	
Other Charges		78	
Office Equipment		2,378	
Total Other Finance			\$ 91,746

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,969	
Part-time Personnel		5,111	
Longevity Pay		4,850	
Other Salaries & Wages		421,115	
Jury and Witness Fees		21,808	
Other Per Diem & Fees		26,570	
Social Security		36,430	
State Retirement		36,546	
Life Insurance		570	
Medical Insurance		48,798	
Dental Insurance		619	
Unemployment Compensation		1,182	
Communication		7,300	
Data Processing Services		12,045	
Dues and Memberships		531	
Maintenance Agreements		4,726	
Travel		1,459	
Data Processing Supplies		3,304	
Office Supplies		34,270	
Premiums on Corporate Surety Bonds		350	
Workers' Compensation Insurance		16,374	
Data Processing Equipment		1,417	
Office Equipment		5,113	
Total Circuit Court			749,457

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	200,316	
Other Salaries & Wages		22,740	
Social Security		15,617	
State Retirement		19,071	
Life Insurance		85	
Medical Insurance		10,381	
Dental Insurance		236	
Unemployment Compensation		56	
Data Processing Services		2,292	
Dues and Memberships		585	
Maintenance & Repair Services- Equipment		82	
Travel		2,680	
Office Supplies		2,471	
Workers' Compensation Insurance		2,456	
Office Equipment		1,299	
Total General Sessions Court			\$ 280,367

Chancery Court

County Official/Administrative Officer	\$	58,969	
Longevity Pay		550	
Other Salaries & Wages		105,600	
Other Per Diem & Fees		7,921	
Social Security		13,590	
State Retirement		14,148	
Life Insurance		171	
Medical Insurance		19,906	
Dental Insurance		258	
Unemployment Compensation		349	
Communication		2,322	
Dues and Memberships		531	
Legal Notices, Recording and Court Costs		699	
Maintenance & Repair Services- Equipment		393	
Travel		205	
Office Supplies		8,790	
Premiums on Corporate Surety Bonds		350	
Workers' Compensation Insurance		4,912	
Office Equipment		2,078	
Total Chancery Court			241,742

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Youth Service Officer(s)	\$	83,575	
Computer Programmer(s)		36,200	
Longevity Pay		550	
Other Salaries & Wages		41,300	
In-Service Training		2,987	
Social Security		12,349	
State Retirement		14,293	
Life Insurance		142	
Medical Insurance		16,395	
Dental Insurance		283	
Unemployment Compensation		350	
Communication		5,539	
Data Processing Services		1,704	
Dues and Memberships		425	
Maintenance & Repair Services- Equipment		527	
Travel		1,068	
Other Contracted Services		20,836	
Office Supplies		2,462	
Workers' Compensation Insurance		4,094	
Office Equipment		914	
Total Juvenile Court			\$ 245,993

Judicial Commissioners

Other Salaries & Wages	\$	42,012	
Social Security		3,151	
State Retirement		1,901	
Life Insurance		57	
Medical Insurance		2,801	
Unemployment Compensation		113	
Workers' Compensation Insurance		1,637	
Other Charges		250	
Communication Equipment		116	
Total Judicial Commissioners			52,038

Other Administration of Justice

Probation Officer(s)	\$	68,350	
Social Security		4,823	
State Retirement		4,025	
Life Insurance		28	
Medical Insurance		6,723	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Unemployment Compensation	\$	249	
Communication		120	
Travel		1,519	
Other Contracted Services		444	
Office Supplies		853	
Workers' Compensation Insurance		819	
Total Other Administration of Justice			\$ 87,953

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,865
Deputy(ies)		1,298,275
Investigator(s)		217,323
Salary Supplements		26,418
Dispatchers/Radio Operators		195,085
Secretary(s)		114,483
Longevity Pay		24,850
Overtime Pay		134,745
Other Salaries & Wages		71,596
In-Service Training		40,186
Social Security		157,207
State Retirement		166,791
Employee and Dependent Insurance		2,427
Life Insurance		1,842
Medical Insurance		196,903
Dental Insurance		4,588
Unemployment Compensation		953
Communication		23,128
Contributions		7,446
Data Processing Services		15,668
Maintenance & Repair Services- Equipment		12,420
Transportation - Other than Students		2,535
Travel		1,766
Animal Food and Supplies		5,293
Instructional Supplies and Materials		1,695
Office Supplies		346
Uniforms		41,255
Other Supplies and Materials		15,938
Premiums on Corporate Surety Bonds		6,200
Workers' Compensation Insurance		52,932

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication Equipment	\$	52,839	
Law Enforcement Equipment		38,351	
Motor Vehicles		122,476	
Office Equipment		1,448	
Traffic Control Equipment		3,464	
Other Equipment		<u>7,785</u>	
Total Sheriff's Department	\$		3,131,522

Special Patrols

Deputy(ies)	\$	10,817	
In-Service Training		1,275	
Social Security		806	
State Retirement		925	
Medical Insurance		1,752	
Unemployment Compensation		46	
Communication		200	
Travel		1,720	
Office Supplies		3,184	
Uniforms		300	
Motor Vehicles		13,108	
Office Equipment		<u>3,460</u>	
Total Special Patrols			37,593

Drug Enforcement

In-Service Training	\$	2,983	
Communication		244	
Travel		2,683	
Office Supplies		1,500	
Other Supplies and Materials		<u>1,333</u>	
Total Drug Enforcement			8,743

Jail

Medical Personnel	\$	51,789	
Guards		861,071	
Cafeteria Personnel		55,126	
Part-time Personnel		20,948	
Longevity Pay		4,450	
Social Security		68,426	
State Retirement		78,262	
Life Insurance		1,149	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Insurance	\$	98,942	
Dental Insurance		1,020	
Unemployment Compensation		2,925	
Laundry Service		1,431	
Maintenance & Repair Services- Equipment		301	
Medical and Dental Services		382,922	
Pest Control		1,080	
Custodial Supplies		41,515	
Food Supplies		229,941	
Office Supplies		25,234	
Other Supplies and Materials		9,758	
Workers' Compensation Insurance		33,021	
Other Charges		24,639	
Office Equipment		28,190	
Other Equipment		13,820	
Total Jail			\$ 2,035,960

Workhouse

Supervisor/Director	\$	1,200	
Guards		32,000	
Part-time Personnel		5,745	
Longevity Pay		1,000	
Social Security		3,989	
State Retirement		4,083	
Life Insurance		28	
Medical Insurance		4,226	
Unemployment Compensation		109	
Uniforms		648	
Workers' Compensation Insurance		819	
Other Charges		1,641	
Total Workhouse			55,488

Juvenile Services

Supervisor/Director	\$	41,000	
Guards		279,800	
Secretary(s)		9,457	
Longevity Pay		3,150	
Overtime Pay		8,553	
In-Service Training		360	
Social Security		23,811	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

State Retirement	\$	27,195	
Life Insurance		437	
Medical Insurance		30,049	
Dental Insurance		839	
Unemployment Compensation		791	
Communication		6,678	
Laundry Service		1,193	
Medical and Dental Services		288	
Travel		547	
Food Supplies		2,987	
Office Supplies		5,133	
Uniforms		2,698	
Utilities		6,670	
Workers' Compensation Insurance		12,553	
Other Charges		4,537	
Office Equipment		956	
Total Juvenile Services			\$ 469,682

Commissary

Food Supplies	\$	63,718	
Other Supplies and Materials		24,365	
Total Commissary			88,083

Fire Prevention and Control

Supervisor/Director	\$	27,090	
Other Salaries & Wages		34,998	
In-Service Training		9,029	
Social Security		2,072	
State Retirement		2,316	
Life Insurance		85	
Unemployment Compensation		159	
Communication		2,410	
Maintenance & Repair Services- Equipment		1,655	
Office Supplies		1,097	
Uniforms		3,242	
Utilities		12,147	
Other Supplies and Materials		156,230	
Workers' Compensation Insurance		2,456	
Other Charges		17	
Communication Equipment		3,162	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Motor Vehicles	\$ 103,236	
Other Equipment	65,857	
Total Fire Prevention and Control		\$ 427,258

Civil Defense

Contributions	\$ 97,000	
Other Contracted Services	50,267	
Total Civil Defense		147,267

Other Emergency Management

Other Supplies and Materials	\$ 4,722	
Refunds	14,858	
Other Equipment	1,059,513	
Total Other Emergency Management		1,079,093

County Coroner/Medical Examiner

Other Per Diem & Fees	\$ 6,037	
Other Contracted Services	51,192	
Premiums on Corporate Surety Bonds	50	
Other Charges	4,742	
Total County Coroner/Medical Examiner		62,021

Public Health and Welfare

Local Health Center

Other Salaries & Wages	\$ 16,550	
Social Security	1,400	
State Retirement	1,848	
Life Insurance	28	
Medical Insurance	6,329	
Unemployment Compensation	76	
Communication	5,656	
Contracts with Government Agencies	196,900	
Contributions	2,973	
Custodial Supplies	3,410	
Drugs and Medical Supplies	9,560	
Office Supplies	13,610	
Utilities	17,454	
Workers' Compensation Insurance	819	
Other Charges	2,847	
Other Equipment	543	
Total Local Health Center		280,003

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	44,600	
Accountants/Bookkeepers		33,500	
Paraprofessionals		1,206,768	
Secretary(s)		24,500	
Part-time Personnel		186,223	
Longevity Pay		12,371	
Overtime Pay		92,181	
In-Service Training		7,922	
Social Security		116,007	
State Retirement		121,376	
Life Insurance		24	
Medical Insurance		136,446	
Dental Insurance		2,459	
Unemployment Compensation		2,335	
Communication		12,688	
Data Processing Services		5,137	
Maintenance & Repair Services- Equipment		2,286	
Medical and Dental Services		5,000	
Travel		1,322	
Permits		1,601	
Drugs and Medical Supplies		91,662	
Office Supplies		10,785	
Uniforms		17,176	
Utilities		40,977	
Other Supplies and Materials		6,314	
Workers' Compensation Insurance		35,661	
Other Charges		1,512	
Building Improvements		13,508	
Communication Equipment		4,205	
Motor Vehicles		227,308	
Office Equipment		8,141	
Other Equipment		83,349	
Total Ambulance/Emergency Medical Services			\$ 2,555,344

Other Local Health Services

Supervisor/Director	\$	600
In-Service Training		6,798
Social Security		253
State Retirement		299
Life Insurance		28

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Medical Insurance	\$	304	
Unemployment Compensation		1	
Drugs and Medical Supplies		15,542	
Other Supplies and Materials		3,300	
Workers' Compensation Insurance		819	
Total Other Local Health Services			\$ 27,944

Regional Mental Health Center

Contributions	\$	18,750	
Total Regional Mental Health Center			18,750

General Welfare Assistance

Contributions	\$	11,000	
Total General Welfare Assistance			11,000

Aid to Dependent Children

Contributions	\$	7,799	
Total Aid to Dependent Children			7,799

Other Public Health and Welfare

Longevity Pay	\$	450	
Other Salaries & Wages		558,145	
Social Security		41,499	
State Retirement		41,993	
Life Insurance		608	
Medical Insurance		28,123	
Dental Insurance		349	
Unemployment Compensation		1,643	
Travel		19,046	
Other Contracted Services		1,885	
Workers' Compensation Insurance		17,466	
Other Charges		2,841	
Other Construction		39,522	
Total Other Public Health and Welfare			753,570

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$	48,917	
Total Senior Citizens Assistance			48,917

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries

Contributions	\$ 295,000	
Total Libraries		\$ 295,000

Parks and Fair Boards

Contracts with Government Agencies	\$ 52,010	
Contributions	612,950	
Utilities	5,349	
Refunds	875	
Total Parks and Fair Boards		671,184

Other Social, Cultural and Recreational

Contributions	\$ 5,000	
Total Other Social, Cultural and Recreational		5,000

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 79,297	
Other Salaries & Wages	15,916	
Social Security	1,218	
State Retirement	1,124	
Life Insurance	28	
Medical Insurance	1,017	
Unemployment Compensation	60	
Other Fringe Benefits	13,060	
Communication	4,880	
Maintenance & Repair Services- Equipment	422	
Matching Share	417	
Utilities	9,498	
Workers' Compensation Insurance	819	
Other Charges	1,000	
Office Equipment	962	
Total Agriculture Extension Service		129,718

Forest Service

Contributions	\$ 1,500	
Total Forest Service		1,500

Soil Conservation

Secretary(s)	\$ 23,813	
Longevity Pay	1,000	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

Social Security	\$	2,065	
State Retirement		2,006	
Life Insurance		28	
Medical Insurance		701	
Unemployment Compensation		112	
Other Fringe Benefits		2,550	
Workers' Compensation Insurance		819	
Total Soil Conservation	\$		33,094

Other Operations

Tourism

Contributions	\$	119,803	
Total Tourism			119,803

Industrial Development

Contributions	\$	25,000	
Total Industrial Development			25,000

Airport

Contributions	\$	20,000	
Matching Share		19,445	
Total Airport			39,445

Veterans' Services

Supervisor/Director	\$	28,100	
Longevity Pay		700	
Social Security		2,114	
State Retirement		2,465	
Life Insurance		28	
Dental Insurance		116	
Unemployment Compensation		56	
Communication		1,135	
Maintenance & Repair Services- Equipment		45	
Workers' Compensation Insurance		819	
Other Charges		731	
Total Veterans' Services			36,309

Contributions to Other Agencies

Contributions	\$	154,720	
Other Contracted Services		56,756	
Total Contributions to Other Agencies			211,476

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	28	
Employee and Dependent Insurance		55	
Dental Insurance		136	
Payments to Retirees		2,160	
Total Employee Benefits			\$ 2,379

Miscellaneous

Contributions	\$	20,000	
Dues and Memberships		7,274	
Legal Notices, Recording and Court Costs		1,703	
Other Contracted Services		4,435	
Gasoline		267,403	
Library Books/Media		2,250	
Building and Contents Insurance		27,370	
Excess Risk Insurance		49,319	
Liability Insurance		78,750	
Refunds		4,856	
Trustee's Commission		236,574	
Tax Relief Program		60,000	
Other Charges		36,559	
Disabilities Act Improvements		2,048	
Other Equipment		3,600	
Total Miscellaneous			<u>802,141</u>

Total General Fund \$ 19,832,458

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	37,400
Attendants		110,855
Part-time Personnel		10,663
Overtime Pay		33,443
Other Salaries & Wages		331,492
Social Security		38,407
State Retirement		32,477
Life Insurance		465
Medical Insurance		40,499
Dental Insurance		350
Unemployment Compensation		1,852

(Continued)

Exhibit I-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Other Fringe Benefits	\$	934	
Communication		11,166	
Engineering Services		4,845	
Legal Services		19,464	
Maintenance & Repair Services- Buildings		10,431	
Maintenance & Repair Services- Equipment		61,729	
Maintenance & Repair Services- Vehicles		89,545	
Travel		1,755	
Disposal Fees		1,554,000	
Permits		300	
Other Contracted Services		79,460	
Crushed Stone		17,161	
Gasoline		49,513	
Office Supplies		2,244	
Uniforms		6,934	
Utilities		34,983	
Workers' Compensation Insurance		13,372	
Other Charges		19,030	
Motor Vehicles		103,888	
Office Equipment		811	
Solid Waste Equipment		86,887	
Other Construction		7,811	
Total Sanitation Management			\$ 2,814,166

Landfill Operation and Maintenance

Engineering Services	\$	8,297	
Other Charges		5,753	
Other Construction		46,000	
Total Landfill Operation and Maintenance			60,050

Other Waste Disposal

Engineering Services	\$	16,951	
Contracts for Landfill Facilities		30,500	
Other Contracted Services		197,887	
Building Improvements		7,000	
Other Construction		85,000	
Total Other Waste Disposal			337,338

Postclosure Care Costs

Engineering Services	\$	16,523	
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(Continued)

Exhibit I-6

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>			
<u>Public Health and Welfare (Cont.)</u>			
<u>Postclosure Care Costs (Cont.)</u>			
Other Contracted Services	\$	25,000	
Other Supplies and Materials		9,838	
Other Construction		44,200	
Total Postclosure Care Costs			\$ 95,561
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Trustee's Commission	\$	52,546	
Total Miscellaneous			<u>52,546</u>
Total Solid Waste/Sanitation Fund			\$ 3,359,661
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Sheriff's Department</u>			
Law Enforcement Equipment	\$	8,612	
Total Sheriff's Department			\$ 8,612
<u>Drug Enforcement</u>			
Confidential Drug Enforcement Payments	\$	26,000	
Law Enforcement Equipment		5,306	
Other Equipment		627	
Total Drug Enforcement			<u>31,933</u>
Total Drug Control Fund			40,545
<u>District Attorney General Fund</u>			
<u>Public Safety</u>			
<u>Other Public Safety</u>			
Salary Supplements	\$	3,065	
Jury and Witness Fees		2,754	
Communication		8,643	
Dues and Memberships		400	
Maintenance & Repair Services- Office Equipment		110	
Rentals		2,418	
Travel		9,608	
Other Contracted Services		1,920	
Instructional Supplies and Materials		642	
Utilities		293	
Other Charges		1,329	
Total Other Public Safety			<u>\$ 31,182</u>
Total District Attorney General Fund			31,182

(Continued)

Exhibit I-6

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

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$ 25,248	
Total Other General Administration		\$ 25,248
Total Constitutional Officers - Fees Fund		\$ 25,248

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 64,865	
Assistant(s)	37,200	
Accountants/Bookkeepers	30,900	
Longevity Pay	1,300	
Other Salaries & Wages	22,700	
Social Security	9,497	
Employee and Dependent Insurance	9,337	
Life Insurance	106	
Medical Insurance	480	
Dental Insurance	589	
Unemployment Compensation	264	
Local Retirement	13,463	
Employer Medicare	2,221	
Data Processing Services	3,991	
Dues and Memberships	2,623	
Legal Services	31,911	
Legal Notices, Recording and Court Costs	254	
Maintenance & Repair Services- Office Equipment	1,954	
Postal Charges	600	
Printing, Stationery and Forms	743	
Data Processing Supplies	1,435	
Drugs and Medical Supplies	322	
Office Supplies	426	
Workers' Compensation Insurance	15,832	
Other Charges	1,000	
Communication Equipment	2,828	
Data Processing Equipment	1,000	
Total Administration		\$ 257,841

Highway and Bridge Maintenance

Foremen	\$ 33,400
Equipment Operators	326,444

(Continued)

Exhibit I-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Truck Drivers	\$	239,500	
Laborers		100,818	
Longevity Pay		12,550	
Overtime Pay		4,683	
Other Salaries & Wages		26,401	
Social Security		44,097	
Employee and Dependent Insurance		75,158	
Life Insurance		761	
Medical Insurance		480	
Dental Insurance		1,355	
Unemployment Compensation		2,436	
Local Retirement		60,286	
Employer Medicare		10,313	
Other Contracted Services		998,533	
Asphalt - Cold Mix		957	
Asphalt - Hot Mix		5,874	
Asphalt - Liquid		72,587	
Concrete		390	
Crushed Stone		49,900	
Electricity		1,473	
Pipe - Metal		11,913	
Road Signs		9,418	
Salt		9,532	
Small Tools		1,276	
Wood Products		1,000	
Other Supplies and Materials		4,992	
Workers' Compensation Insurance		118,721	
Other Charges		1,646	
Total Highway and Bridge Maintenance			\$ 2,226,894

Operation and Maintenance of Equipment

Mechanic(s)	\$	60,250
Custodial Personnel		22,700
Longevity Pay		1,700
Overtime Pay		80
Social Security		4,928
Employee and Dependent Insurance		7,026
Life Insurance		97
Medical Insurance		423
Dental Insurance		882

(Continued)

Exhibit I-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Unemployment Compensation	\$	252	
Local Retirement		7,205	
Employer Medicare		1,153	
Laundry Service		2,496	
Licenses		34	
Maintenance & Repair Services- Equipment		3,990	
Diesel Fuel		40,000	
Equipment and Machinery Parts		38,882	
Garage Supplies		5,984	
Gasoline		25,000	
Lubricants		5,025	
Small Tools		1,427	
Tires and Tubes		13,864	
Other Supplies and Materials		1,998	
Workers' Compensation Insurance		11,874	
Access Fees		1,420	
Other Charges		2,279	
Total Operation and Maintenance of Equipment			\$ 260,969

Other Charges

Communication	\$	3,496	
Contributions		8,000	
Evaluation and Testing		990	
Electricity		5,940	
Natural Gas		4,998	
Water and Sewer		192	
Building and Contents Insurance		718	
Excess Risk Insurance		21,392	
Liability Insurance		78,750	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		41,965	
Other Charges		7,500	
Total Other Charges			174,291

Capital Outlay

Engineering Services	\$	7,358	
Bridge Construction		370,000	
Highway Equipment		27,235	
State Aid Projects		181,386	
Total Capital Outlay			585,979

Total Highway/Public Works Fund \$ 3,505,974

(Continued)

Exhibit I-6

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

<u>General Debt Service Fund</u>		
<u>Principal</u>		
<u>Education</u>		
Principal on Bonds	\$ 3,560,000	
Total Education		\$ 3,560,000
<u>Interest</u>		
<u>Education</u>		
Interest on Bonds	\$ 3,575,174	
Interest on Other Loans Payable	190,543	
Total Education		3,765,717
<u>Other Debt Service</u>		
<u>Education</u>		
Contributions	\$ 50,000	
Trustee's Commission	141,917	
Underwriter's Discount	59,775	
Other Debt Issuance Charges	126,317	
Other Debt Service	28,867	
Total Education		406,876
Total General Debt Service Fund		\$ 7,732,593
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 104,324	
Total Capital Projects Donated to School Department		\$ 104,324
Total Education Capital Projects Fund		104,324
Total Governmental Funds - Primary Government		<u>\$ 34,631,985</u>

Exhibit I-7

Putnam County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes 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	\$ 9,953,268
Total Cash Receipts	<u>\$ 9,953,268</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 9,853,735
Trustee's Commission	99,533
Total Cash Disbursements	<u>\$ 9,953,268</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

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

<u>Year</u>	<u>Amount</u>
1995	\$ 9,412
1996	92,760
1997	32,725
1998	47,052
1999	145,544
2000	123,746
2001	209,208
2002	221,005
2003	<u>402,606</u>
Total	<u>\$ 1,284,058</u>

Table 2

Putnam County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.85	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.77	\$ 0.820	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.8100
Solid Waste/Sanitation	0.10	0.21	0.31	0.26	0.26	0.260	0.21	0.23	0.23	0.2300
Highway/Public Works	0.13	0.11	0.11	0.11	0.11	0.110	0.10	0.10	0.10	0.1000
General Purpose School	0.69	0.68	0.68	0.68	0.73	0.825	0.77	0.80	0.85	0.9125
General Debt Service	0.77	0.63	0.63	0.68	0.68	0.680	0.55	0.55	0.55	0.5500
Total Tax Rate	\$ 2.54	\$ 2.32	\$ 2.42	\$ 2.42	\$ 2.55	\$ 2.695	\$ 2.38	\$ 2.43	\$ 2.48	\$ 2.6025
<u>Assessed Valuation</u>										
Real and Personal	\$ 466,845,254	\$ 583,188,156	\$ 626,374,386	\$ 634,210,851	\$ 661,483,579	\$ 685,313,379	\$ 877,260,777	\$ 895,850,442	\$ 912,917,903	\$ 930,388,098
Public Utilities	34,237,302	42,573,837	43,349,031	38,200,932	44,531,034	44,113,717	52,074,364	53,830,095	55,590,717	57,676,823
Total Assessed Valuation	\$ 501,082,556	\$ 625,761,993	\$ 669,723,417	\$ 672,411,783	\$ 706,014,613	\$ 729,427,096	\$ 929,335,141	\$ 949,680,537	\$ 968,508,620	\$ 988,064,921

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

GARY D. RAMSEY, CPA
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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

**PUTNAM COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF PUTNAM COUNTY, TENNESSEE
TABLE OF CONTENTS**

	Exhibit	Page
Audit Highlights		i
 <u>INTRODUCTORY SECTION</u>		
Putnam County School Officials		1
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report		5
BASIC FINANCIAL STATEMENTS:		
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	12
Notes to the Financial Statements		13
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	C	27
Notes to the Required Supplementary Information		29
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	D-1	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	36
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
School Federal Projects Fund	D-3	37
Central Cafeteria Fund	D-4	39
Extended School Program Fund	D-5	40

	Exhibit	Page
Miscellaneous Schedules:		
Schedule of Transfers – All Funds	E-1	43
Schedule of Salaries and Official Bonds of Principal Officials	E-2	44
Schedule of Detailed Revenues – All Governmental Fund Types	E-3	45
Schedule of Detailed Expenditures – All Governmental Fund Types	E-4	48

Audit Highlights

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

Results

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

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

Findings

The following are summaries of the audit findings:

PUTNAM COUNTY SCHOOL DEPARTMENT

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

OTHER FINDING

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

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

INTRODUCTORY SECTION

Putnam County School Officials
June 30, 2005

Officials:

Dr. Michael Martin, Director of Schools

Board of Education:

Dr. Walter E. Derryberry, Chairman

Adam Bernhardt

David McCormick

Daren Shanks

Jan Tate

Roger Williams

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 24, 2005

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

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Putnam County School Department, a component unit of Putnam County, Tennessee, as of and for the year ended June 30, 2005, as shown on pages 11 through 23, which collectively comprise a portion of the Putnam 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 Putnam County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

As described in Note I, the Putnam 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 Putnam 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 Putnam County School Department as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2005, on our consideration of the Putnam 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 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 Putnam County School Department has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures which modifies the department's disclosures for custodial credit risk and adds disclosures about other types of risk.

The budgetary comparison information on pages 27 through 29 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 Putnam County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rd

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,262,071	\$ 1,756,312	\$ 3,018,383
Due from Other Governments	2,413,608	363,542	2,777,150
Due from Other Funds	0	709	709
Due from Primary Government	4,457	0	4,457
Property Taxes Receivable	8,893,077	0	8,893,077
Allowance for Uncollectible Property Taxes	(416,646)	0	(416,646)
Total Assets	<u>\$ 12,156,567</u>	<u>\$ 2,120,563</u>	<u>\$ 14,277,130</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accrued Payroll	\$ 444,617	\$ 0	\$ 444,617
Payroll Deductions Payable	191,154	44,041	235,195
Due to Other Funds	709	0	709
Due to State of Tennessee	1,008	475	1,483
Deferred Revenue - Current Property Taxes	8,329,514	0	8,329,514
Deferred Revenue - Delinquent Property Taxes	146,917	0	146,917
Other Deferred Revenues	1,273,945	0	1,273,945
Total Liabilities	<u>\$ 10,387,864</u>	<u>\$ 44,516</u>	<u>\$ 10,432,380</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 51,406	\$ 233,788	\$ 285,194
Reserved for Driver Education	55,477	0	55,477
Reserved for Career Ladder - Extended Contract	150,310	0	150,310
Reserved for Career Ladder Program	7,090	0	7,090
Reserved for Basic Education Program	11,100	0	11,100
Reserved for Title I Grants to Local Education Agencies	0	161,940	161,940
Reserved for Innovative Education Program Strategies	0	51,413	51,413
Reserved for Special Education - Grants to States	0	484,326	484,326
Other Federal Reserves	0	206,288	206,288
Unreserved, Reported In:			
General Fund	1,493,320	0	1,493,320
Special Revenue Funds	0	809,165	809,165
Capital Projects Funds	0	129,127	129,127
Total Fund Balances	<u>\$ 1,768,703</u>	<u>\$ 2,076,047</u>	<u>\$ 3,844,750</u>
Total Liabilities and Fund Balances	<u>\$ 12,156,567</u>	<u>\$ 2,120,563</u>	<u>\$ 14,277,130</u>

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

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

Exhibit B

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 22,105,091	\$ 0	\$ 22,105,091
Licenses and Permits	6,496	0	6,496
Charges for Current Services	260,813	2,707,422	2,968,235
Other Local Revenues	36,200	26,656	62,856
State of Tennessee	29,648,071	52,264	29,700,335
Federal Government	580,846	6,973,053	7,553,899
Other Governments and Citizens Groups	5,000	154,324	159,324
Total Revenues	<u>\$ 52,642,517</u>	<u>\$ 9,913,719</u>	<u>\$ 62,556,236</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 35,119,910	\$ 3,310,463	\$ 38,430,373
Support Services	17,626,141	1,860,090	19,486,231
Operation of Non-Instructional Services	612,971	4,266,860	4,879,831
Capital Projects	0	169,770	169,770
Total Expenditures	<u>\$ 53,359,022</u>	<u>\$ 9,607,183</u>	<u>\$ 62,966,205</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (716,505)</u>	<u>\$ 306,536</u>	<u>\$ (409,969)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 343,208	\$ 0	\$ 343,208
Transfers Out	0	(343,208)	(343,208)
Total Other Financing Sources (Uses)	<u>\$ 343,208</u>	<u>\$ (343,208)</u>	<u>\$ 0</u>
Net Change in Fund Balances	<u>\$ (373,297)</u>	<u>\$ (36,672)</u>	<u>\$ (409,969)</u>
Fund Balance, July 1, 2004	2,142,000	2,112,719	4,254,719
Fund Balance, June 30, 2005	<u>\$ 1,768,703</u>	<u>\$ 2,076,047</u>	<u>\$ 3,844,750</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

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

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

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

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

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

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

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund types:

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

Capital Projects Funds – These funds are used to account for the purchase of property and equipment, along with construction and renovation of buildings and facilities.

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

1. **Deposits and Investments**

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

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

2. Receivables and Payables

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

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.44 percent of total taxes levied.

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. The School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets

should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

4. Compensated Absences

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

5. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations in the Board of Education major category (the legal level of control) of the General Purpose School Fund by \$27,916. Also, expenditures and encumbrances exceeded total appropriations in the Extended School Program, a special revenue fund, by \$10,822. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Putnam and the Putnam County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on its balance sheets as Equity in Pooled Cash and Investments.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at

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

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

Investments

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

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

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u><u>\$ 6,189,068</u></u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Putnam

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. Putnam County has no investment policy that would further limit its investment choices. As of June 30, 2005, Putnam County's investment in the State Treasurer's Investment Pool was unrated.

B. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor governmental	\$ 709

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

Due to/from other primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component unit: Putnam County School Department: General Purpose School	Primary government: General	\$ 4,457

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u> General Purpose School Fund
Nonmajor governmental fund	\$ 343,208
Total	<u>\$ 343,208</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.

C. Short-term Debt

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

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

IV. OTHER INFORMATION

A. Risk Management

Putnam County and the School Department have established a self-insurance program for risks associated with general liability, property, casualty losses, and workers' compensation. The self-insurance program is accounted for as an internal service fund in the financial statements of the primary government.

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

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

B. Accounting Change

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

C. Subsequent Event

On September 9, 2005, the county's General Debt Service Fund issued a \$500,000 tax anticipation note to the General Purpose School Fund for temporary operating funds.

D. Contingent Liabilities

The School Department is a defendant in a litigation seeking compensation of \$600,000 for work performed on the new high school. The School Department's attorney has advised that several efforts at judicial mediation have been attempted and the case is scheduled for trial June 28, 2006. The School Department's attorney also believes that the School Department's actual liability in the case will be much less than the damages sought.

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

E. Retirement Commitments

Plan Description

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

SCHOOL TEACHERS

Plan Description

The Putnam County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employers 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 Putnam 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 Putnam 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, \$1,651,331, \$980,493, and \$922,546, respectively, equal to the required contributions for each year.

F. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to the 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

Putnam County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Putnam 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	\$ 22,105,091	\$ 0	\$ 0	\$ 22,105,091	\$ 22,097,042	\$ 22,097,042	\$ 8,049
Licenses and Permits	6,496	0	0	6,496	6,000	6,000	496
Charges for Current Services	260,813	0	0	260,813	309,679	352,765	(91,952)
Other Local Revenues	36,200	0	0	36,200	68,850	69,464	(33,264)
State of Tennessee	29,648,071	0	0	29,648,071	29,001,608	29,395,164	252,907
Federal Government	580,846	0	0	580,846	996,794	1,036,022	(455,176)
Other Governments and Citizens Groups	5,000	0	0	5,000	0	5,000	0
Total Revenues	\$ 52,642,517	\$ 0	\$ 0	\$ 52,642,517	\$ 52,479,973	\$ 52,961,457	\$ (318,940)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 28,668,859	\$ (110,186)	138	\$ 28,558,811	\$ 28,077,098	\$ 28,672,336	\$ 113,525
Alternative Instruction Program	355,142	(414)	382	355,110	343,797	358,460	3,350
Special Education Program	5,056,535	(4,049)	0	5,052,486	5,100,436	5,071,177	18,691
Vocational Education Program	871,616	(150)	0	871,466	896,479	873,339	1,873
Adult Education Program	167,758	(1,306)	0	166,452	242,101	235,876	69,424
<u>Support Services</u>							
Attendance	84,353	0	0	84,353	84,401	84,401	48
Health Services	365,746	(28)	0	365,718	196,191	374,465	8,747
Other Student Support	1,515,870	(2,969)	1,266	1,514,167	1,502,105	1,524,126	9,959
Regular Instruction Program	1,663,656	(3,820)	0	1,659,836	1,777,623	1,713,932	54,096
Alternative Instruction Program	92,203	0	0	92,203	101,427	92,301	98
Special Education Program	381,101	(1,378)	0	379,723	373,079	382,314	2,591
Vocational Education Program	91,539	0	0	91,539	96,354	95,509	3,970
Adult Programs	113,752	(939)	537	113,350	138,560	138,660	25,310
Board of Education	1,274,771	(435)	0	1,274,336	1,236,314	1,246,420	(27,916)

(Continued)

Exhibit C

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 361,043	\$ (2,858)	\$ 576	\$ 358,761	\$ 375,149	\$ 362,349	\$ 3,588
Office of the Principal	3,271,281	(269)	0	3,271,012	3,448,754	3,282,894	11,882
Fiscal Services	367,891	(64)	0	367,827	377,922	369,257	1,430
Operation of Plant	4,684,782	(2,193)	0	4,682,589	4,841,851	4,808,981	126,392
Maintenance of Plant	1,156,235	(19,268)	13,258	1,150,225	1,252,289	1,156,470	6,245
Transportation	1,754,114	(1,841)	422	1,752,695	1,468,947	1,786,783	34,088
Central and Other	447,804	(1,161)	4,700	451,343	448,902	451,492	149
<u>Operation of Non-Instructional Services</u>							
Food Service	162,402	0	0	162,402	171,678	162,408	6
Community Services	450,569	(2,953)	30,127	477,743	556,675	563,666	85,923
Total Expenditures	\$ 53,359,022	\$ (156,281)	\$ 51,406	\$ 53,254,147	\$ 53,108,132	\$ 53,807,616	\$ 553,469
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (716,505)	\$ 156,281	\$ (51,406)	\$ (611,630)	\$ (628,159)	\$ (846,159)	\$ 234,529
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 343,208	\$ 0	\$ 0	\$ 343,208	\$ 400,000	\$ 400,000	\$ (56,792)
Total Other Financing Sources (Uses)	\$ 343,208	\$ 0	\$ 0	\$ 343,208	\$ 400,000	\$ 400,000	\$ (56,792)
Net Change in Fund Balance							
Fund Balance, July 1, 2004	\$ (373,297)	\$ 156,281	\$ (51,406)	\$ (268,422)	\$ (228,159)	\$ (446,159)	\$ 177,737
	2,142,000	(156,281)	0	1,985,719	1,330,057	1,548,057	437,662
Fund Balance, June 30, 2005	\$ 1,768,703	\$ 0	\$ (51,406)	\$ 1,717,297	\$ 1,101,898	\$ 1,101,898	\$ 615,399

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

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded appropriations in the Board of Education major appropriation category (the legal level of control) of the General Purpose School Fund by \$27,916. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by funds becoming available through expenditures in other categories being less than appropriated.

**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 – 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 – The Extended School Program Fund is used to account for the operations of the child-care programs operated within the schools.

Capital Projects Funds

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for the purchase of property and equipment, along with construction and renovation of buildings and facilities.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for construction and improvements to the Cookeville High School. The majority of funds were expended in prior years.

Exhibit D-1

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Education Capital Projects	Other Capital Projects	Total	
<u>ASSETS</u>								
Equity in Pooled Cash and Investments	\$ 694,222	\$ 785,908	\$ 147,055	\$ 1,627,185	\$ 80,663	\$ 48,464	\$ 129,127	\$ 1,756,312
Due from Other Governments	333,478	30,064	0	363,542	0	0	0	363,542
Due from Other Funds	709	0	0	709	0	0	0	709
Total Assets	\$ 1,028,409	\$ 815,972	\$ 147,055	\$ 1,991,436	\$ 80,663	\$ 48,464	\$ 129,127	\$ 2,120,563
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Payroll Deductions Payable	\$ 27,640	\$ 12,220	\$ 4,181	\$ 44,041	\$ 0	\$ 0	\$ 0	\$ 44,041
Due to State of Tennessee	212	0	263	475	0	0	0	475
Total Liabilities	\$ 27,852	\$ 12,220	\$ 4,444	\$ 44,516	\$ 0	\$ 0	\$ 0	\$ 44,516
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 96,590	\$ 131,361	\$ 5,837	\$ 233,788	\$ 0	\$ 0	\$ 0	\$ 233,788
Reserved for Title I Grants to Local Education Agencies	161,940	0	0	161,940	0	0	0	161,940
Reserved for Innovative Education Program Strategies	51,413	0	0	51,413	0	0	0	51,413
Reserved for Special Education - Grants to States	484,326	0	0	484,326	0	0	0	484,326
Other Federal Reserves	206,288	0	0	206,288	0	0	0	206,288
Unreserved	0	672,391	136,774	809,165	80,663	48,464	129,127	938,292
Total Fund Balances	\$ 1,000,557	\$ 803,752	\$ 142,611	\$ 1,946,920	\$ 80,663	\$ 48,464	\$ 129,127	\$ 2,076,047
Total Liabilities and Fund Balances	\$ 1,028,409	\$ 815,972	\$ 147,055	\$ 1,991,436	\$ 80,663	\$ 48,464	\$ 129,127	\$ 2,120,563

Exhibit D-2

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	Total	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>								
Charges for Current Services	\$ 0	\$ 1,984,252	\$ 723,170	\$ 2,707,422	\$ 0	\$ 0	\$ 0	\$ 2,707,422
Other Local Revenues	0	20,420	1,049	21,469	5,187	0	5,187	26,656
State of Tennessee	1,644	50,620	0	52,264	0	0	0	52,264
Federal Government	5,099,856	1,873,197	0	6,973,053	0	0	0	6,973,053
Other Governments and Citizens Groups	0	0	0	0	154,324	0	154,324	154,324
Total Revenues	\$ 5,101,500	\$ 3,928,489	\$ 724,219	\$ 9,754,208	\$ 159,511	\$ 0	\$ 159,511	\$ 9,913,719
<u>Expenditures</u>								
Current:								
Instruction	\$ 3,310,463	\$ 0	\$ 0	\$ 3,310,463	\$ 0	\$ 0	\$ 0	\$ 3,310,463
Support Services	1,860,090	0	0	1,860,090	0	0	0	1,860,090
Operation of Non-Instructional Services	0	3,477,649	789,211	4,266,860	0	0	0	4,266,860
Capital Projects	0	0	0	0	116,248	53,522	169,770	169,770
Total Expenditures	\$ 5,170,553	\$ 3,477,649	\$ 789,211	\$ 9,437,413	\$ 116,248	\$ 53,522	\$ 169,770	\$ 9,607,183
Excess (Deficiency) of Revenues Over Expenditures	\$ (69,053)	\$ 450,840	\$ (64,992)	\$ 316,795	\$ 43,263	\$ (53,522)	\$ (10,259)	\$ 306,536
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ (84,263)	\$ (258,945)	\$ 0	\$ (343,208)	\$ 0	\$ 0	\$ 0	\$ (343,208)
Total Other Financing Sources (Uses)	\$ (84,263)	\$ (258,945)	\$ 0	\$ (343,208)	\$ 0	\$ 0	\$ 0	\$ (343,208)
Net Change in Fund Balances	\$ (153,316)	\$ 191,895	\$ (64,992)	\$ (26,413)	\$ 43,263	\$ (53,522)	\$ (10,259)	\$ (36,672)
Fund Balance, July 1, 2004	1,153,873	611,857	207,603	1,973,333	37,400	101,986	139,386	2,112,719
Fund Balance, June 30, 2005	\$ 1,000,557	\$ 803,752	\$ 142,611	\$ 1,946,920	\$ 80,663	\$ 48,464	\$ 129,127	\$ 2,076,047

Exhibit D-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 1,644	\$ 0	\$ 0	\$ 1,644	\$ 31,000	\$ 35,000	\$ (33,356)
Federal Government	5,099,856	0	0	5,099,856	7,766,715	7,430,690	(2,330,834)
Total Revenues	\$ 5,101,500	\$ 0	\$ 0	\$ 5,101,500	\$ 7,797,715	\$ 7,465,690	\$ (2,364,190)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,952,176	\$ (68,379)	\$ 15,759	\$ 1,899,556	\$ 2,861,770	\$ 2,605,435	\$ 705,879
Special Education Program	1,212,720	(7,835)	5,208	1,210,093	1,612,307	1,496,035	285,942
Vocational Education Program	145,567	(519)	6,683	151,731	132,095	153,957	2,226
<u>Support Services</u>							
Health Services	11,111	0	0	11,111	72,530	72,530	61,419
Other Student Support	100,501	0	0	100,501	117,512	114,848	14,347
Regular Instruction Program	1,066,906	(17,289)	68,660	1,118,277	1,700,108	1,708,432	590,155
Special Education Program	670,120	(3,289)	0	666,831	816,082	787,104	120,273
Vocational Education Program	4,285	0	280	4,565	18,107	10,882	6,317
Transportation	7,167	0	0	7,167	9,271	15,871	8,704
Total Expenditures	\$ 5,170,553	\$ (97,311)	\$ 96,590	\$ 5,169,832	\$ 7,339,782	\$ 6,965,094	\$ 1,795,262
Excess (Deficiency) of Revenues Over Expenditures	\$ (69,053)	\$ 97,311	\$ (96,590)	\$ (68,332)	\$ 457,933	\$ 500,596	\$ (568,928)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (84,263)	\$ 0	\$ 0	\$ (84,263)	\$ (457,933)	\$ (501,856)	\$ 417,593
Total Other Financing Sources (Uses)	\$ (84,263)	\$ 0	\$ 0	\$ (84,263)	\$ (457,933)	\$ (501,856)	\$ 417,593

(Continued)

Exhibit D-3

Putnam County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Putnam County School Department
School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (153,316)	\$ 97,311	\$ (96,590)	\$ (152,595)	0	\$ (1,260)	\$ (151,335)
Fund Balance, July 1, 2004	1,153,873	(97,311)	0	1,056,562	468,044	468,044	588,518
Fund Balance, June 30, 2005	\$ 1,000,557	\$ 0	\$ (96,590)	\$ 903,967	\$ 468,044	\$ 466,784	\$ 437,183

Exhibit D-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,984,252	\$ 0	\$ 0	\$ 1,984,252	\$ 2,037,078	\$ 2,037,078	\$ (52,826)
Other Local Revenues	20,420	0	0	20,420	21,300	21,300	(880)
State of Tennessee	50,620	0	0	50,620	51,000	51,000	(380)
Federal Government	1,873,197	0	0	1,873,197	1,700,500	1,700,500	172,697
Total Revenues	\$ 3,928,489	\$ 0	\$ 0	\$ 3,928,489	\$ 3,809,878	\$ 3,809,878	\$ 118,611
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,477,649	\$ (73,792)	\$ 131,361	\$ 3,535,218	\$ 3,570,940	\$ 3,570,940	\$ 35,722
Total Expenditures	\$ 3,477,649	\$ (73,792)	\$ 131,361	\$ 3,535,218	\$ 3,570,940	\$ 3,570,940	\$ 35,722
Excess (Deficiency) of Revenues Over Expenditures	\$ 450,840	\$ 73,792	\$ (131,361)	\$ 393,271	\$ 238,938	\$ 238,938	\$ 154,333
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (258,945)	\$ 0	\$ 0	\$ (258,945)	\$ (268,011)	\$ (268,011)	\$ 9,066
Total Other Financing Sources (Uses)	\$ (258,945)	\$ 0	\$ 0	\$ (258,945)	\$ (268,011)	\$ (268,011)	\$ 9,066
Net Change in Fund Balance	\$ 191,895	\$ 73,792	\$ (131,361)	\$ 134,326	\$ (29,073)	\$ (29,073)	\$ 163,399
Fund Balance, July 1, 2004	611,857	(73,792)	0	538,065	538,065	538,065	0
Fund Balance, June 30, 2005	\$ 803,752	\$ 0	\$ (131,361)	\$ 672,391	\$ 508,992	\$ 508,992	\$ 163,399

Exhibit D-5

Putnam County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Putnam County School Department
Extended School Program 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	\$ 723,170	\$ 0	\$ 0	\$ 723,170	\$ 754,354	\$ 754,354	\$ (31,184)
Other Local Revenues	1,049	0	0	1,049	329	1,378	(329)
Federal Government	0	0	0	0	5,300	5,300	(5,300)
Total Revenues	\$ 724,219	\$ 0	\$ 0	\$ 724,219	\$ 759,983	\$ 761,032	\$ (36,813)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Community Services	\$ 789,211	\$ (6,459)	\$ 5,837	\$ 788,589	\$ 776,717	\$ 777,767	\$ (10,822)
Total Expenditures	\$ 789,211	\$ (6,459)	\$ 5,837	\$ 788,589	\$ 776,717	\$ 777,767	\$ (10,822)
Excess (Deficiency) of Revenues Over Expenditures	\$ (64,992)	\$ 6,459	\$ (5,837)	\$ (64,370)	\$ (16,734)	\$ (16,735)	\$ (47,635)
Net Change in Fund Balance	\$ (64,992)	\$ 6,459	\$ (5,837)	\$ (64,370)	\$ (16,734)	\$ (16,735)	\$ (47,635)
Fund Balance, July 1, 2004	207,603	(6,459)	0	201,144	194,777	194,777	6,367
Fund Balance, June 30, 2005	\$ 142,611	\$ 0	\$ (5,837)	\$ 136,774	\$ 178,043	\$ 178,042	\$ (41,268)

MISCELLANEOUS SCHEDULES

Exhibit E-1

Putnam County, Tennessee
Schedule of Transfers - All Funds
Putnam 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	\$ 84,263
Central Cafeteria	General Purpose School	Indirect costs and salary reimbursements	<u>258,945</u>
Total Transfers			<u>\$ 343,208</u>

Exhibit E-2

Putnam County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Putnam 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 Putnam County Board of Education	\$ 98,888 (1)	(2)	
Employee Blanket Bond Coverage: All County Departments			\$ 500,000	Cincinnati Insurance Company

(1) Includes chief executive officer training supplement of \$888.

(2) The director of schools is covered by the \$500,000 employee blanket bond.

Exhibit E-3

Putnam County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Putnam 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	\$ 8,632,796	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,632,796
Trustee's Collections - Prior Year	231,839	0	0	0	0	231,839
Circuit/Clerk & Master Collections - Prior Years	198,932	0	0	0	0	198,932
Interest and Penalty	41,115	0	0	0	0	41,115
Payments in Lieu of Taxes - Other	852	0	0	0	0	852
<u>County Local Option Taxes</u>						
Local Option Sales Tax	12,928,847	0	0	0	0	12,928,847
Other County Local Option Taxes	4,810	0	0	0	0	4,810
<u>Statutory Local Taxes</u>						
Bank Excise Tax	65,900	0	0	0	0	65,900
Total Local Taxes	\$ 22,105,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,105,091
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 6,496	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,496
Total Licenses and Permits	\$ 6,496	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,496
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	\$ 1,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,475
Lunch Payments - Children	0	0	1,124,962	0	0	1,124,962
Lunch Payments - Adults	0	0	95,939	0	0	95,939
Income from Breakfast	0	0	419,515	0	0	419,515
A la carte Sales	0	0	343,836	0	0	343,836
Transportation - Out-of-state Systems	642	0	0	0	0	642
Transportation from Individuals	642	0	0	0	0	642
Contract for Administrative Services with Other LEA's	170	0	0	0	0	170
Contract for Instructional Services with Other LEA's	37,593	0	0	0	0	37,593
Contract for Instructional Staff Support with Other LEA's	50,324	0	0	0	0	50,324
Contract for Non-Instructional Services with Other LEA's	1,089	0	0	0	0	1,089
Receipts from Individual Schools	152,544	0	0	0	0	152,544
Community Service Fees - Children	50	0	0	723,170	0	723,220
TBI Criminal Background Fee	12,144	0	0	0	0	12,144
<u>Other Charges for Services</u>						
Other Charges for Services	4,140	0	0	0	0	4,140
Total Charges for Current Services	\$ 260,813	\$ 0	\$ 1,984,252	\$ 723,170	\$ 0	\$ 2,968,235

(Continued)

Exhibit E-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 69	\$ 0	\$ 2,913	\$ 0	\$ 0	\$ 2,982
Lease/Rentals	50	0	0	0	0	50
Sale of Materials and Supplies	528	0	0	0	0	528
Miscellaneous Refunds	25,721	0	17,507	0	0	43,228
Expenditure Credits	3,880	0	0	0	0	3,880
<u>Nonrecurring Items</u>						
Gain on Disposal of Property	2,500	0	0	0	0	2,500
Insurance Recovery	0	0	0	0	5,187	5,187
Sale of Property	480	0	0	0	0	480
Damages Recovered from Individuals	22	0	0	0	0	22
Contributions & Gifts	2,950	0	0	1,049	0	3,999
Total Other Local Revenues	\$ 36,200	\$ 0	\$ 20,420	\$ 1,049	\$ 5,187	\$ 62,856
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 27,682,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,682,079
School Food Service	0	0	50,620	0	0	50,620
Other State Education Funds	952,282	0	0	0	0	952,282
Career Ladder Program	649,431	0	0	0	0	649,431
Career Ladder - Extended Contract	251,396	0	0	0	0	251,396
Other Vocational	0	1,644	0	0	0	1,644
<u>Other State Revenues</u>						
Mixed Drink Tax	95,776	0	0	0	0	95,776
Other State Grants	17,107	0	0	0	0	17,107
Total State of Tennessee	\$ 29,648,071	\$ 1,644	\$ 50,620	\$ 0	\$ 0	\$ 29,700,335
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,412,490	\$ 0	\$ 0	\$ 1,412,490
Breakfast	0	0	452,901	0	0	452,901
USDA - Other	0	0	7,806	0	0	7,806
Adult Education State Grant Program	146,978	0	0	0	0	146,978
Vocational Education - Basic Grants to States	0	186,240	0	0	0	186,240
Other Vocational	28,448	3,674	0	0	0	32,122
Title I Grants to Local Education Agencies	0	1,369,326	0	0	0	1,369,326

(Continued)

Exhibit E-3

Putnam County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Putnam 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>						
Innovative Education Program Strategies	\$ 0	\$ 47,505	\$ 0	\$ 0	\$ 0	\$ 47,505
Special Education - Grants to States	0	1,836,880	0	0	0	1,836,880
Special Education Preschool Grants	0	48,801	0	0	0	48,801
Eisenhower Professional Development State Grants	0	395,079	0	0	0	395,079
Job Training Partnership Act	0	17,619	0	0	0	17,619
Other Federal through State	358,392	1,194,732	0	0	0	1,553,124
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	47,028	0	0	0	0	47,028
Total Federal Government	\$ 580,846	\$ 5,099,856	\$ 1,873,197	\$ 0	\$ 0	\$ 7,553,899
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 154,324	\$ 154,324
<u>Citizens Groups</u>						
Donations	5,000	0	0	0	0	5,000
Total Other Governments and Citizens Groups	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 154,324	\$ 159,324
Total	\$ 52,642,517	\$ 5,101,500	\$ 3,928,489	\$ 724,219	\$ 159,511	\$ 62,556,236

Exhibit E-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 19,055,469	
Career Ladder Program	380,707	
Career Ladder Extended Contracts	163,861	
Salary Supplements	336,059	
Educational Assistants	766,023	
Other Salaries & Wages	3,236	
Certified Substitute Teachers	292,591	
Social Security	1,262,905	
State Retirement	1,152,464	
Life Insurance	16,516	
Medical Insurance	3,690,123	
Dental Insurance	36,743	
Unemployment Compensation	23,916	
Employer Medicare	297,295	
Travel	126	
Other Contracted Services	1,046	
Instructional Supplies and Materials	356,506	
Textbooks	728,005	
Other Supplies and Materials	3,754	
Fee Waivers	5,409	
Regular Instruction Equipment	96,105	
Total Regular Instruction Program		\$ 28,668,859

Alternative Instruction Program

Teachers	\$ 239,079	
Career Ladder Program	5,000	
Educational Assistants	20,807	
Social Security	15,227	
State Retirement	15,139	
Life Insurance	197	
Medical Insurance	54,091	
Dental Insurance	816	
Unemployment Compensation	279	
Employer Medicare	3,561	
Instructional Supplies and Materials	271	
Other Charges	675	
Total Alternative Instruction Program		355,142

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	2,939,433	
Career Ladder Program		50,047	
Career Ladder Extended Contracts		10,000	
Educational Assistants		499,476	
Other Salaries & Wages		207,453	
Certified Substitute Teachers		7,219	
Social Security		221,252	
State Retirement		221,510	
Life Insurance		5,215	
Medical Insurance		708,775	
Dental Insurance		9,245	
Unemployment Compensation		4,920	
Employer Medicare		51,062	
Contracts with Private Agencies		7,458	
Travel		121	
Instructional Supplies and Materials		92,383	
Other Supplies and Materials		2,638	
Other Charges		68	
Special Education Equipment		18,260	
Total Special Education Program			\$ 5,056,535

Vocational Education Program

Teachers	\$	633,137	
Career Ladder Program		14,000	
Career Ladder Extended Contracts		1,000	
Other Salaries & Wages		805	
Certified Substitute Teachers		1,330	
Social Security		39,233	
State Retirement		35,434	
Life Insurance		454	
Medical Insurance		118,925	
Dental Insurance		2,540	
Unemployment Compensation		702	
Employer Medicare		9,176	
Maintenance & Repair Services- Equipment		2,888	
Instructional Supplies and Materials		11,692	
Vocational Instruction Equipment		300	
Total Vocational Education Program			871,616

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	100,259	
Other Salaries & Wages		20,541	
Social Security		7,223	
State Retirement		5,137	
Life Insurance		51	
Medical Insurance		18,164	
Dental Insurance		552	
Unemployment Compensation		327	
Employer Medicare		1,689	
Instructional Supplies and Materials		11,461	
Other Charges		1,425	
Other Equipment		929	
Total Adult Education Program			\$ 167,758

Support Services

Attendance

Supervisor/Director	\$	60,188	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		2,000	
Social Security		4,016	
State Retirement		3,530	
Life Insurance		28	
Medical Insurance		10,476	
Unemployment Compensation		38	
Employer Medicare		939	
Other Supplies and Materials		1,138	
Total Attendance			84,353

Health Services

Medical Personnel	\$	268,812	
Social Security		15,334	
State Retirement		21,610	
Life Insurance		192	
Medical Insurance		45,665	
Dental Insurance		1,347	
Unemployment Compensation		574	
Local Retirement		20	
Employer Medicare		3,566	
Travel		2,714	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Contracted Services	\$	2,872	
Drugs and Medical Supplies		1,754	
Other Supplies and Materials		185	
Other Charges		1,101	
Total Health Services			\$ 365,746

Other Student Support

Career Ladder Program	\$	25,000	
Guidance Personnel		904,714	
Psychological Personnel		28,924	
Career Ladder Extended Contracts		24,986	
Attendants		96,457	
Other Salaries & Wages		17,814	
Social Security		67,708	
State Retirement		64,071	
Life Insurance		736	
Medical Insurance		180,545	
Dental Insurance		3,237	
Unemployment Compensation		1,232	
Employer Medicare		15,835	
Contracts with Government Agencies		68,851	
Evaluation and Testing		11,287	
Travel		1,417	
Other Contracted Services		1,422	
Other Supplies and Materials		1,361	
In Service/Staff Development		273	
Total Other Student Support			1,515,870

Regular Instruction Program

Supervisor/Director	\$	149,923
Career Ladder Program		31,342
Career Ladder Extended Contracts		18,325
Librarians		735,005
Materials Supervisor		49,058
Secretary(s)		63,235
Clerical Personnel		33,103
Other Salaries & Wages		108,604
Social Security		73,696
State Retirement		68,338

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	1,017	
Medical Insurance		188,770	
Dental Insurance		4,486	
Unemployment Compensation		1,516	
Employer Medicare		17,235	
Travel		4,518	
Other Contracted Services		8,560	
Library Books/Media		49,233	
Periodicals		5,237	
Other Supplies and Materials		13,301	
In Service/Staff Development		35,867	
Other Charges		3,287	
Total Regular Instruction Program			\$ 1,663,656

Alternative Instruction Program

Supervisor/Director	\$	54,570	
Career Ladder Program		1,000	
Secretary(s)		23,942	
Social Security		4,927	
State Retirement		5,085	
Life Insurance		28	
Medical Insurance		859	
Dental Insurance		84	
Unemployment Compensation		77	
Employer Medicare		1,152	
In Service/Staff Development		479	
Total Alternative Instruction Program			92,203

Special Education Program

Supervisor/Director	\$	54,924	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		2,000	
Clerical Personnel		13,203	
Other Salaries & Wages		108,534	
Social Security		10,332	
State Retirement		10,698	
Life Insurance		362	
Medical Insurance		19,940	
Dental Insurance		1,248	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	197	
Employer Medicare		2,416	
Travel		17,899	
Other Contracted Services		53,165	
Other Supplies and Materials		18,065	
In Service/Staff Development		19,653	
Other Charges		33,055	
Other Equipment		3,410	
Total Special Education Program			\$ 381,101

Vocational Education Program

Supervisor/Director	\$	58,319	
Career Ladder Program		3,000	
Secretary(s)		10,523	
Social Security		4,234	
State Retirement		4,272	
Life Insurance		56	
Medical Insurance		9,202	
Dental Insurance		79	
Unemployment Compensation		58	
Employer Medicare		990	
Travel		418	
Other Supplies and Materials		388	
Total Vocational Education Program			91,539

Adult Programs

Supervisor/Director	\$	48,931	
Career Ladder Program		1,000	
Clerical Personnel		20,854	
In-Service Training		4,100	
Social Security		4,520	
State Retirement		4,770	
Life Insurance		56	
Medical Insurance		10,256	
Unemployment Compensation		80	
Employer Medicare		1,057	
Travel		7,332	
Other Supplies and Materials		4,816	
Other Charges		5,329	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Other Equipment	\$ 651	
Total Adult Programs		\$ 113,752

Board of Education

Secretary to Board	\$ 36,291	
Other Salaries & Wages	3,405	
Board and Committee Members Fees	8,900	
Social Security	2,833	
State Retirement	3,290	
Life Insurance	28	
Medical Insurance	8,710	
Dental Insurance	34	
Unemployment Compensation	40	
Employer Medicare	663	
Audit Services	14,160	
Dues and Memberships	18,342	
Legal Services	61,343	
Travel	2,456	
Other Contracted Services	601	
Office Supplies	32	
Other Supplies and Materials	109	
Liability Insurance	157,500	
Trustee's Commission	419,780	
Workers' Compensation Insurance	370,645	
In Service/Staff Development	1,789	
Criminal Investigation of Applicants - TBI	12,192	
Refund to Applicant for Criminal Investigation	9,360	
Other Charges	<u>142,268</u>	
Total Board of Education		1,274,771

Director of Schools

County Official/Administrative Officer	\$ 98,888
Assistant(s)	128,400
Career Ladder Program	1,000
Secretary(s)	16,863
Social Security	13,738
State Retirement	15,806
Life Insurance	115
Medical Insurance	37,272

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Dental Insurance	\$	230	
Unemployment Compensation		149	
Employer Medicare		3,347	
Communication		26,335	
Dues and Memberships		5,950	
Travel		2,949	
Other Contracted Services		3,038	
Office Supplies		3,785	
Other Charges		455	
Administration Equipment		2,723	
Total Director of Schools			\$ 361,043

Office of the Principal

Principals	\$	975,564	
Career Ladder Program		35,647	
Accountants/Bookkeepers		113,746	
Career Ladder Extended Contracts		37,000	
Assistant Principals		575,270	
Secretary(s)		732,538	
Social Security		147,924	
State Retirement		156,962	
Life Insurance		1,822	
Medical Insurance		370,683	
Dental Insurance		8,419	
Unemployment Compensation		2,789	
Employer Medicare		34,769	
Communication		52,456	
Dues and Memberships		15,790	
Postal Charges		7,091	
Office Supplies		2,338	
Other Supplies and Materials		473	
Total Office of the Principal			3,271,281

Fiscal Services

Supervisor/Director	\$	43,350
Accountants/Bookkeepers		138,524
Clerical Personnel		43,502
Social Security		13,573
State Retirement		19,270

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Life Insurance	\$	392	
Medical Insurance		19,975	
Dental Insurance		290	
Unemployment Compensation		318	
Employer Medicare		3,174	
Travel		959	
Other Contracted Services		62,638	
Office Supplies		10,919	
In Service/Staff Development		4,166	
Other Charges		209	
Administration Equipment		6,632	
Total Fiscal Services			\$ 367,891

Operation of Plant

Custodial Personnel	\$	658,190	
Social Security		38,352	
State Retirement		49,424	
Life Insurance		899	
Medical Insurance		144,823	
Dental Insurance		1,166	
Unemployment Compensation		1,594	
Employer Medicare		8,970	
Janitorial Services		886,232	
Other Contracted Services		40,495	
Custodial Supplies		35,809	
Electricity		1,695,276	
Natural Gas		738,940	
Water and Sewer		202,226	
Other Supplies and Materials		38,027	
Boiler Insurance		4,037	
Building and Contents Insurance		140,322	
Total Operation of Plant			4,684,782

Maintenance of Plant

Supervisor/Director	\$	50,350	
Secretary(s)		23,150	
Maintenance Personnel		484,213	
Social Security		33,242	
State Retirement		47,645	

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Life Insurance	\$	466	
Medical Insurance		84,889	
Dental Insurance		1,419	
Unemployment Compensation		853	
Employer Medicare		7,781	
Laundry Service		10,132	
Other Contracted Services		156,215	
Other Supplies and Materials		254,315	
Other Charges		1,565	
Total Maintenance of Plant			\$ 1,156,235

Transportation

Supervisor/Director	\$	39,380	
Mechanic(s)		115,295	
Bus Drivers		696,789	
Clerical Personnel		16,732	
Other Salaries & Wages		23,032	
In-Service Training		195	
Social Security		49,900	
State Retirement		70,799	
Life Insurance		1,323	
Medical Insurance		139,264	
Dental Insurance		4,046	
Unemployment Compensation		2,025	
Employer Medicare		11,930	
Contracts with Parents		2,645	
Laundry Service		3,409	
Rentals		18,771	
Other Contracted Services		31,182	
Diesel Fuel		130,273	
Gasoline		40,976	
Lubricants		5,660	
Tires and Tubes		23,667	
Vehicle Parts		40,843	
Other Supplies and Materials		6,489	
Other Charges		5,159	
Transportation Equipment		274,330	
Total Transportation			1,754,114

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	57,062	
Career Ladder Program		3,000	
Computer Programmer(s)		196,191	
Clerical Personnel		21,807	
Social Security		17,308	
State Retirement		17,298	
Life Insurance		132	
Medical Insurance		59,672	
Dental Insurance		120	
Unemployment Compensation		321	
Employer Medicare		4,048	
Maintenance & Repair Services- Equipment		3,026	
Travel		629	
Other Contracted Services		1,232	
Office Supplies		402	
Other Supplies and Materials		27,490	
Data Processing Equipment		38,066	
Total Central and Other			\$ 447,804

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,186	
Career Ladder Program		1,000	
Accountants/Bookkeepers		23,587	
Clerical Personnel		53,130	
Social Security		7,961	
State Retirement		9,511	
Life Insurance		1,705	
Medical Insurance		6,821	
Dental Insurance		486	
Unemployment Compensation		154	
Employer Medicare		1,861	
Total Food Service			162,402

Community Services

Supervisor/Director	\$	3,642
Teachers		51,555
Other Salaries & Wages		251,278
Certified Substitute Teachers		160

(Continued)

Exhibit E-4

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Social Security	\$	17,078	
State Retirement		17,066	
Life Insurance		205	
Medical Insurance		54,502	
Dental Insurance		216	
Unemployment Compensation		600	
Employer Medicare		3,997	
Travel		1,548	
Other Contracted Services		5,025	
Food Supplies		867	
Instructional Supplies and Materials		4,565	
Other Supplies and Materials		26,471	
Other Charges		5,359	
Other Equipment		6,435	
Total Community Services			\$ 450,569

Total General Purpose School Fund

\$ 53,359,022

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,071,973	
Clerical Personnel		6,541	
Educational Assistants		186,151	
Certified Substitute Teachers		16,031	
Social Security		78,171	
State Retirement		66,940	
Life Insurance		10	
Medical Insurance		242,943	
Dental Insurance		2,835	
Unemployment Compensation		1,956	
Employer Medicare		17,916	
Instructional Supplies and Materials		172,604	
Regular Instruction Equipment		88,105	
Total Regular Instruction Program			\$ 1,952,176

Special Education Program

Teachers	\$	31,311
Educational Assistants		684,074

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries & Wages	\$	10,902	
Certified Substitute Teachers		200	
Social Security		41,533	
State Retirement		59,420	
Medical Insurance		160,363	
Dental Insurance		2,452	
Unemployment Compensation		2,209	
Employer Medicare		9,713	
Contracts with Private Agencies		13,194	
Maintenance & Repair Services- Equipment		843	
Other Contracted Services		20,552	
Instructional Supplies and Materials		47,370	
Other Supplies and Materials		41,300	
Other Charges		22	
Special Education Equipment		<u>87,262</u>	
Total Special Education Program	\$		1,212,720

Vocational Education Program

Other Salaries & Wages	\$	4,688	
Certified Substitute Teachers		470	
Social Security		314	
State Retirement		212	
Unemployment Compensation		9	
Employer Medicare		73	
Instructional Supplies and Materials		29,088	
Other Supplies and Materials		5,645	
Vocational Instruction Equipment		<u>105,068</u>	
Total Vocational Education Program			145,567

Support Services

Health Services

Medical Personnel	\$	2,474	
Social Security		145	
State Retirement		212	
Medical Insurance		1,070	
Unemployment Compensation		14	
Employer Medicare		34	
Travel		3,325	
Other Contracted Services		<u>3,837</u>	
Total Health Services			11,111

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	41,121	
Social Workers		26,217	
Social Security		3,974	
State Retirement		3,812	
Medical Insurance		12,978	
Dental Insurance		289	
Unemployment Compensation		25	
Employer Medicare		929	
Other Contracted Services		1,500	
In Service/Staff Development		9,656	
Total Other Student Support			\$ 100,501

Regular Instruction Program

Supervisor/Director	\$	84,483	
Salary Supplements		37,500	
Secretary(s)		41,770	
Clerical Personnel		2,525	
Other Salaries & Wages		205,062	
Social Security		20,023	
State Retirement		19,178	
Medical Insurance		33,902	
Dental Insurance		50	
Unemployment Compensation		316	
Employer Medicare		4,347	
Travel		8,821	
Other Contracted Services		72,706	
Instructional Supplies and Materials		1,838	
Other Supplies and Materials		111,119	
In Service/Staff Development		195,631	
Other Charges		39,402	
Other Equipment		188,233	
Total Regular Instruction Program			1,066,906

Special Education Program

Psychological Personnel	\$	260,321	
Assessment Personnel		76,465	
Secretary(s)		25,464	
Clerical Personnel		18,025	
Other Salaries & Wages		56,763	

(Continued)

Exhibit E-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

In-Service Training	\$	7,635	
Social Security		27,201	
State Retirement		25,795	
Medical Insurance		47,815	
Dental Insurance		1,150	
Unemployment Compensation		389	
Employer Medicare		6,362	
Travel		4,644	
Other Contracted Services		57,015	
Other Supplies and Materials		10,697	
In Service/Staff Development		20,037	
Other Charges		1,463	
Other Equipment		22,879	
Total Special Education Program			\$ 670,120

Vocational Education Program

In Service/Staff Development	\$	3,793	
Other Charges		492	
Total Vocational Education Program			4,285

Transportation

Rentals	\$	7,138	
Other Supplies and Materials		29	
Total Transportation			7,167

Total School Federal Projects Fund \$ 5,170,553

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	1,210,573	
Social Security		71,226	
State Retirement		84,381	
Medical Insurance		211,209	
Dental Insurance		3,426	
Unemployment Compensation		5,284	
Employer Medicare		16,658	
Communication		8,914	
Maintenance & Repair Services- Equipment		34,849	

(Continued)

Exhibit E-4

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Travel	\$	4,498	
Other Contracted Services		35,064	
Food Preparation Supplies		109,244	
Food Supplies		1,516,632	
Office Supplies		8,782	
Other Supplies and Materials		6,590	
In Service/Staff Development		8,605	
Other Charges		39,101	
Food Service Equipment		102,613	
Total Food Service			\$ 3,477,649

Total Central Cafeteria Fund \$ 3,477,649

Extended School Program Fund

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	24,715	
Other Salaries & Wages		578,719	
Social Security		36,736	
State Retirement		26,078	
Life Insurance		404	
Medical Insurance		41,475	
Dental Insurance		637	
Unemployment Compensation		2,039	
Employer Medicare		8,590	
Bank Charges		367	
Travel		947	
Other Contracted Services		1,382	
Food Supplies		27,961	
Other Supplies and Materials		8,889	
Refunds		1,238	
Other Charges		23,534	
Other Equipment		5,500	
Total Community Services			\$ 789,211

Total Extended School Program Fund 789,211

(Continued)

Exhibit E-4

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

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Salaries & Wages	\$	469	
Social Security		29	
State Retirement		26	
Unemployment Compensation		3	
Employer Medicare		7	
Architects		6,545	
Consultants		10,536	
Legal Services		43,972	
Library Books/Media		4,377	
Building Construction		8,462	
Building Improvements		38,426	
Furniture and Fixtures		3,396	
Total Education Capital Projects			\$ 116,248

Total Education Capital Projects Fund \$ 116,248

Other Capital Projects Fund

Capital Projects

Education Capital Projects

Consultants	\$	1,395	
Other Contracted Services		4,457	
Building Improvements		47,670	
Total Education Capital Projects			\$ 53,522

Total Other Capital Projects Fund 53,522

Total Governmental Funds - Putnam County School Department \$ 62,966,205

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

CARL LOWE, CGFM
Audit Manager

MICHAEL FORD, CPA, CGFM
Auditor 4

JAMES D. HODGES
GARY D. RAMSEY, CPA
RODNEY MALIN, CGFM
TIM BRASHEARS
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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

SINGLE AUDIT REPORT TABLE OF CONTENTS

	Page
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>	3
Schedule of Expenditures of Federal Awards and State Grants	7
Schedule of Audit Findings Not Corrected	9
Schedule of Findings and Questioned Costs	11
Auditee Reporting Responsibilities	21



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

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

October 24, 2005

Putnam County Executive, Board of County Commissioners,
Director of Schools, and Board of Education
Putnam 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 Putnam County, Tennessee, and the Putnam County School Department as of and for the year ended June 30, 2005, which collectively comprise Putnam County's and the Putnam County School Department's basic financial statements and have issued our reports thereon dated October 24, 2005. Our reports on the financial statements of Putnam County, Tennessee, and the Putnam 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 Putnam County's and the Putnam 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 Putnam County's and the Putnam 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 05.03, 05.04, 05.05 (B), 05.06, 05.07(B,C,D), 05.09, and 05.10.

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 Putnam County's and the Putnam County School Department's financial 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 are described in the accompanying Schedule of Findings and Questioned Costs as item 05.01, 05.02, 05.05 (A), 05.07(A), and 05.08.

We have also noted certain matters that we reported to the management of Putnam County and the Putnam 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 agencies 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/rd



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

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

October 24, 2005

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

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

Compliance

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

As described in items 05.02 and 05.11 in the accompanying Schedule of Findings and Questioned Costs, Putnam County did not comply with the requirements regarding Equipment and Real Property Management that are applicable to its State Domestic Preparedness Equipment Support Program (CFDA # 97.004), and its Assistance to Fire Fighters Grant (CFDA # 97.044). Compliance with such requirements is necessary, in our opinion, for Putnam County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Putnam County and the Putnam County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

Schedule of Federal Awards

We have audited the financial statements of each major fund, and the aggregate remaining fund information of Putnam County, Tennessee, and the Putnam County School Department, as of and for the year ended June 30, 2005, and have issued our reports thereon dated October 24, 2005. Our reports on the financial statements of Putnam County and the Putnam 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 agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the printed name.

John G. Morgan
Comptroller of the Treasury

JGM/rd

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 248,816
Passed-through State Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	N/A	452,901
National School Lunch Program	10.555	N/A	1,412,490 (3)
National School Lunch Program (Snack Program)	10.555	N/A	7,806 (3)
Total U.S. Department of Agriculture			<u>\$ 2,122,013</u>
U.S. Department of Justice:			
Direct Program:			
Appalachia HIDTA	16.XXX	N/A	\$ 32,542
Passed-through the State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-0410462-00	5,170 (4)
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11314-00	11,377 (4)
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-04-018625-00	7,091
Passed-through the State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	Z-99-088389-00	18,727
Violence Against Women Formula Grant	16.588	Z-00-001438-01	25,632
Passed-through Upper Cumberland Development District:			
Byrne Formula Grant Program	16.579	Z-99-088399-00	49,517
Total U.S. Department of Justice			<u>\$ 150,056</u>
U.S. Department of Transportation:			
Passed-through the State Department of Transportation:			
Highway Planning and Construction	20.205	STP-H-7100(44)	\$ 50,000
Total U.S. Department of Transportation			<u>\$ 50,000</u>
U.S. Department of Labor:			
Passed through Upper Cumberland Human Resource Agency:			
WIA Adult Program	17.258	(2)	\$ 17,525
Passed-through State Department of Labor and Workforce Development:			
Workforce Investment Act Incentive Grants	17.267	Z-04-025654-01	6,116
Total U.S. Department of Labor			<u>\$ 23,641</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-05-022257-00	\$ 124,331 (5)
Adult Education - State Grant Program	84.002	Z-04-016703-00	849 (5)
Adult Education - State Grant Program	84.002	GG-05-11176-01	23,743 (5)
Title I Grants to Local Educational Agencies	84.010	N/A	1,386,564
Special Education - Grants to States	84.027	N/A	1,954,709 (6)
Special Education - Grants to States	84.027	N/A	47,301 (6)
Special Education - Grants to States	84.027	N/A	41,209 (6)
Vocational Education - Basic Grants to States	84.048	N/A	184,645
Safe and Drug Free Schools and Communities - National Programs	84.184	Z-05-021794-01	38,516
Safe and Drug Free Schools and Communities - State Grant	84.186	(2)	61,571
Twenty-First Century Community Learning Centers	84.287	Z-04-015938-00	3,150 (7)
Twenty-First Century Community Learning Centers	84.287	Z-05-021738-00	137,698 (7)
State Grants for Innovative Programs	84.298	N/A	163,730
Education Technology State Grants	84.318	(2)	66,654 (8)
Education Technology State Grants	84.318	Z-04-020855-00	266,759 (8)
Advanced Placement Program	84.330	Z-03-013309-00	84
Comprehensive School Reform Demonstration	84.332	(2)	90,409
Reading Excellence	84.338	Z-03-011066-00	158,377
Reading First State Grants	84.357	(2)	254,565
English Language Acquisition Grants	84.365	(2)	57,798
Mathematics and Science Partnerships	84.366	GG-04-11060-00	228,616
Improving Teacher Quality State Grants	84.367	N/A	414,084
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-04-10247-01	28,448
Passed-through Volunteer State Community College:			
Tech-Prep Education	84.243	(2)	7,720
Total U.S. Department of Education			<u>\$ 5,741,530</u>

(Continued)

Putnam County, Tennessee, and the Putnam County School Department
Schedule of Expenditures of Federal Awards and State Grants (I) (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-05-022346-00	\$ 15,682
Total U.S. Department of Health and Human Services			\$ 15,682
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 109,594
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022485-00	844,914 (9)
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017792-00	9,565 (9)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020191-00	1,494 (9)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020137-00	178,551 (9)
Total U.S. Department of Homeland Security			\$ 1,144,118
Total Expenditures of Federal Awards			\$ 9,247,040
<u>State Grants</u>			
Early Childhood Education - State Department of Education	N/A	(2)	\$ 195,000
Adult Education - State Department of Education	N/A	(2)	33,276
Coordinated School Health - State Department of Education	N/A	(2)	75,952
Touching Lives of Children - State Department of Education	N/A	(2)	6,990
Incentive Award - State Department of Education	N/A	(2)	4,212
High Schools That Work - State Department of Education	N/A	(2)	690
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	20,666
Family Based Service - State Children's Services Commission	N/A	(2)	92,005
Parenting Plan - State Administrative Office of the Courts	N/A	(2)	22,674
Rural Local Health Services - State Department of Health	N/A	Z-05-020515-02	525,754
Rural Local Health Services - State Department of Health	N/A	Z-05-020515-01	157,809
Rural Local Health Services - State Department of Health	N/A	GG-05-10995-00	36,727
Rural Local Health Services - State Department of Health	N/A	(2)	5,102
Small Community Enforcement Grant - Governor's Highway Safety Office	N/A	(2)	2,600
Litter Program - State Department of Transportation	N/A	(2)	35,031
Law Enforcement Training Program - State Department of Safety	N/A	(2)	26,454
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	22,807
Safe Schools Act - State Department of Education	N/A	(2)	218,356
Family Resource - State Department of Education	N/A	(2)	38,774
Families First - State Department of Labor and Workforce Development	N/A	(2)	7,380
Total State Grants			\$ 1,528,259

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 National School Lunch Program (CFDA #10.555) from the U.S. Department of Agriculture \$1,420,296.
- (4) - Total Juvenile Accountability Incentive Block Grants (CFDA #16.523) from the U.S. Department of Justice \$16,547.
- (5) - Total Adult Education - State Grant Program (CFDA #84.002) from the U.S. Department of Education \$148,923.
- (6) - Total Special Education - Grants to States (CFDA #84.027) from the U.S. Department of Education \$2,043,219.
- (7) - Total Twenty-First Century Community Learning Centers (CFDA #84.287) from the U.S. Department of Education \$140,848.
- (8) - Total Education Technology State Grants (CFDA # 84.318) from the U.S. Department of Education \$ 333,413.
- (9) - Total State Domestic Preparedness Equipment Support Program (CFDA #97.004) from the U. S. Department of Homeland Security \$1,034,524.

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

PUTNAM COUNTY AND PUTNAM COUNTY SCHOOL DEPARTMENT

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

OFFICE OF COUNTY EXECUTIVE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	13	Inventory records were not properly maintained

OFFICE OF ROAD SUPERVISOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04	14	Controls over inventory were inadequate

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.06	16	The office did not report and remit juvenile fines in accordance with state statutes

OTHER FINDINGS AND RECOMMENDATIONS

Finding Number	Page Number	Subject
04.07	16	Duties were not segregated adequately in the Offices of County Executive, Road Supervisor, Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
04.08	17	A central system of accounting, budgeting, and purchasing had not been adopted

**PUTNAM COUNTY, TENNESSEE, AND THE
PUTNAM 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 Putnam County and the Putnam County School Department.
2. The audit of the financial statements of Putnam County and the Putnam County School Department disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Putnam County and the Putnam County School Department.
4. The audit disclosed no reportable condition in internal control over major programs.
5. The audit revealed a qualified opinion on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education – Grants to States (CFDA No. 84.027), the Education Technology State Grants (CFDA No. 84.318), the Reading Excellence (CFDA No. 84.338), the Improving Teacher Quality – State Grants (CFDA No. 84.367), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Putnam County and the Putnam 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, road supervisor, director of schools, and county clerk 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.

PUTNAM COUNTY AND PUTNAM 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)

Putnam County and the Putnam County School Department did not identify and determine the historical value of their capital assets and the related depreciation amounts of these assets. Therefore, Putnam County and the Putnam 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, Putnam County’s and the Putnam 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. Putnam County’s and the Putnam County School Department’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

We concur with this finding and continue to work toward completion of the requirements.

MANAGEMENT’S RESPONSE – ROAD SUPERVISOR

I concur that GASB 34 records are not complete; however, this department is working to complete the records by the end of the next fiscal year.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur. The Putnam County School Department maintains an up-to-date inventory of all capital assets; however, we have not yet complied fully with the financial requirements of GASB Statement No. 34.

OFFICE OF COUNTY EXECUTIVE

FINDING 05.02 **GRANT EXPENDITURES FOR CAPITAL ITEMS WERE NOT INVENTORIED AND SUB-RECIPIENTS WERE NOT MONITORED**
(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

Our review of grant records revealed the following deficiencies:

- A. During a prior fiscal year, the county contracted with a vendor to inventory, label, and value county assets. However, we noted that these records had not been properly updated for any purchases or disposals of assets since the inventory was initiated. In particular, we noted that assets purchased from an Assistance to Fire Fighters Grant (CFDA No. 93.004) in the current and prior fiscal years had not been included on the inventory records of the county. Also, during the year, Putnam County was part of a 15 county region that was awarded a State Domestic Preparedness Equipment Support Grant totaling \$844,914 (CFDA No. 97.004). Putnam County served as the primary recipient for the region with all grant funds and documentation channeled through Putnam County on behalf of the other members of the region. We noted that Putnam County’s assets purchased from this grant were not included on the inventory records of the county. Part 3(F) of the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement requires equipment records to be maintained for all equipment obtained through federal assistance programs. In addition, generally accepted accounting principles require accountability for all county-owned assets, such as equipment, furniture, and vehicles. When inventory records are not maintained properly, controls over assets are weakened.

- B. There was no documentation that Putnam County, as the grant recipient for the State Domestic Preparedness Equipment Support Grant noted above, monitored the sub-recipients for their grant expenditures as required by OMB Circular A-133.

RECOMMENDATION

County officials should maintain inventory records of all county-owned assets as required by generally accepted accounting principles, and assets purchased with federal grant funds should be inventoried as required by applicable OMB Circular A-133. Also, as the grant recipient of federal awards with pass-through provisions, the grantee should monitor sub-recipients as required by federal regulations.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE

We have had continuous problems with the software that was purchased from a company to maintain the inventory. The records were updated, but at one point we lost everything in the system. Our staff is continuing to work with the software provider to correct these problems.

A complete inventory of all items purchased, including serial numbers and the county receiving the equipment, has been maintained for the \$844,914 State Domestic Preparedness Equipment Grant; however, Putnam County's equipment list had not been entered into the computer. The Upper Cumberland Homeland Security Council recommended that a master inventory for each county be completed at the end of the grant and submitted to each county's mayor/executive.

FINDING 05.03 **THE OFFICE DID NOT MAINTAIN ADEQUATE RECORDS FOR FEDERAL GRANT ACTIVITY** (Internal Control – Reportable Condition Under Government Auditing Standards)

The County Executive's Office did not centralize and maintain adequate records for several federal grants received by the county; instead, these grants and records were administered by various county departments without any oversight by the county executive. Therefore, accounting records in the County Executive's Office did not include certain grant records such as claims for reimbursements, bid files, compliance documentation, and some expenditure documentation. Furthermore, grant revenues were not consistently posted to revenue codes, and the office could not provide auditors with a list of federal awards and their Catalog of Federal Domestic Assistance (CFDA) numbers. We obtained the grant information for the Statement of Expenditure and Federal Awards from revenue transmittals and direct deposit information maintained by the county trustee.

RECOMMENDATION

As the county's chief financial officer, the county executive should sign all grant applications and administer all grants funds for departments of Putnam County. Grant activity should be properly documented and posted to the appropriate accounting records. The office should maintain a list of federal awards received by the county, including each grant's CFDA number.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

We concur with this finding. This office has notified the County Commission of the problem and has asked for a policy governing grants. Presently, different departments and offices apply for grants and are awarded grants before the county executive or County Commission has any notice.

FINDING 05.04 **THE WRITE-OFF POLICY OF UNCOLLECTIBLE ACCOUNTS OF THE AMBULANCE SERVICE GIVES SOLE AUTHORITY FOR THE WRITE-OFF TO ONE INDIVIDUAL**
(Internal Control – Reportable Condition Under Government Auditing Standards)

In a prior year, the County Commission adopted a formal write-off policy for uncollectible accounts of the Ambulance Service. This policy states that, “The director shall have the authority to authorize the write-off of any accounts receivable as bad debt or non-allowed charges”. It also states that, “There will be instances of where it is in the best interest of Putnam County EMS to not attempt outside collection due to the cost of collection fees out weighs the chance of successful collection. The director shall have the authority to make those decisions.” This policy is an internal control weakness because it gives sole authority for the write-off of uncollectible accounts to one individual with no oversight from management.

RECOMMENDATION

County officials should consider implementing a write-off policy for uncollectible accounts that provides for board or committee approval.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

This policy was adopted by the County Commission and has been in effect for several years. I will bring this matter to their attention, and it will be their decision to change the policy.

FINDING 05.05 **THE OFFICE HAD PURCHASING DEFICIENCIES**
(A. Noncompliance Under Government Auditing Standards; B. Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of bidding procedures revealed the following deficiencies:

- A. Competitive bids for the purchase of food were not solicited for the Putnam County Jail. Putnam County is governed by provisions of Chapter 63, Private Acts of 1981. This statute provides for competitive bids to be solicited through advertisement in a local newspaper for all purchases exceeding \$5,000.

- B. The bid process was not always adequately documented. Some bid files did not indicate which vendor was awarded the bid, include proof of newspaper advertisement, or include sufficient documentation for telephone quotes when applicable.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$5,000 as required by Chapter 63, Private Acts of 1981. Bid files should properly document the complete bid and approval process.

MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE

- A. Food for the jail had been bid in the prior fiscal year, and the food for the current fiscal year was purchased under the same bid; however, the food was rebid in May 2005.
- B. A personnel change has been made that should correct this finding.

REBUTTAL

The county bid specifications for the prior fiscal year stated that the bids were good for only one year.

OFFICE OF ROAD SUPERVISOR

FINDING 05.06 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES
(Internal Control - Reportable Condition Under Government Auditing Standards)**

Our examination of purchasing procedures revealed the following deficiencies:

- A. Purchase orders were not issued for some applicable purchases. Some purchase orders reflected only the month and the year issued while some did not reflect an issue date at all. This practice made it impossible to determine if purchase orders had been issued prior to the purchases being made. Properly issued purchase orders are necessary to control who has purchasing authority for the Highway Department and to document purchasing commitments.
- B. In several instances, invoices were paid without documentation that goods had been received or services had been rendered. This practice weakens controls over the purchasing process. We extended our audit procedures and determined that these goods were received and services were rendered.

RECOMMENDATION

The office should improve purchasing procedures by issuing purchase orders and reflecting the actual date issued for all applicable purchases. Documentation should be obtained indicating goods were received or services were rendered before invoices are paid.

MANAGEMENT'S RESPONSE – ROAD SUPERVISOR

Corrective action has been taken to prevent these deficiencies in the future.

FINDING 05.07 **CONTROLS OVER INVENTORY WERE INADEQUATE**

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

Our audit revealed the following deficiencies in controls over assets owned by the Highway Department:

- A. We noted several assets that were either not tagged or otherwise clearly marked as county property. The County Uniform Road Law, Section 54-7-112, Tennessee Code Annotated, requires that “all machinery, equipment, and tools shall be plainly marked as property of the ... department and each item shall be numbered ...”
- B. The inventory list did not contain the serial numbers of several assets.
- C. In a few instances, the inventory list had the wrong description or incorrect serial numbers listed for assets. We determined that the items were on hand and furnished the department the information to correct the records.
- D. The Highway Department did not have procedures to ensure that the inventory was verified by personnel independent of maintaining the records.

Generally accepted accounting principles require accountability for all county-owned assets.

RECOMMENDATION

All assets should be tagged and clearly marked as county property, correct serial numbers and descriptions should be listed for all assets, and personnel independent of maintaining the inventory should verify the records.

MANAGEMENT'S RESPONSE – ROAD SUPERVISOR

All assets have been tagged and clearly marked as county property, serial numbers are listed when available, and personnel independent of maintaining the inventory will verify the records.

OFFICE OF COUNTY CLERK

FINDING 05.08 **THE OFFICE DID NOT REPORT AND REMIT JUVENILE FINES IN ACCORDANCE WITH STATE STATUTES (Noncompliance Under Government Auditing Standards)**

At June 30, 2005, the office had not reported and remitted juvenile fines of \$41,891 to the county trustee and various cities within the county. The clerk collected partial payments on juvenile fines and held the collections until the entire fine was paid. We noted fines held for collections dated as far back as July 1998. Sections 9-2-108 through 9-2-114, Tennessee Code Annotated, require all county and city revenues to be reported and paid quarterly.

RECOMMENDATION

The office should remit all collections in compliance with state statutes.

MANAGEMENT'S RESPONSE – COUNTY CLERK

My continued response is that the judges allow payments to be made on Juvenile Court matters. Until all of the amount is paid, partial amounts are not turned over to the trustee. We have numerous cases where partial payments have been made and then that person fails to make payments required and must be returned to Juvenile Court for non-payment. Other costs are then required and again payments are allowed to be made.

We are almost ready to implement the new computer system that will also help in the disbursement of funds. I will also note that based on the amount that was reported on hold from the last audit, some 20 percent of those funds have been disbursed as I promised. It is my feeling that this reflects a good report in that area.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY EXECUTIVE, ROAD SUPERVISOR, TRUSTEE, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF (Internal Control – Reportable Condition Under Government Auditing Standards)**

Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Road Supervisor, Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

FINDING 05.10 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I do not concur.

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

Federal Agency	Finding Number	Federal CFDA Numbers	Criteria	Explanation	Amount Questioned
U.S. Department of Homeland Security	05.11	97.004 97.044	<u>OMB Circular A-133</u> Section 300(C), and <u>Circular A-122</u> Common Rule	Noncompliance with <u>OMB Circular A-133</u> . The county did not label as county property, or include on the inventory records, assets purchased from assistance to fire fighters grant or state domestic preparedness equipment support program. Also, we found no documentation that the county monitored the remaining counties for inventorying assets those counties received, see finding 05.02.	\$ 0

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

County Executive – Corrective Action Plan for Prior-year and Current-year Findings

FINDINGS 04.02 and 04.09 (Prior Year)

FINDINGS 05.02 and 05.11 (Current Year)

We have had continuous problems with the software that was purchased from the company to maintain the inventory. The records were updated, but they did not stay in the system. We lost everything at one point. Our staff is continuing to work with the software provider to correct these problems.

A complete inventory of all items purchased, including serial numbers and the county receiving the equipment, has been maintained for the \$844,914 State Domestic Preparedness Equipment Grant, however, Putnam County's equipment list had not been entered into the computer. The recommendation from the Upper Cumberland Homeland Security Council was that a master inventory for each county be completed at the end of the grant and submitted to each county's mayor/executive.