

**ANNUAL FINANCIAL REPORT
OF
COFFEE COUNTY, TENNESSEE
AND
COFFEE COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2006

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

**ANNUAL FINANCIAL REPORT
COFFEE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006**

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Comptroller of the Treasury*

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

COFFEE COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Coffee County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Coffee County as of and for the year ended June 30, 2006.

Results

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

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

Findings

The following are summaries of the audit findings:

COFFEE COUNTY

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

OFFICES OF COUNTY MAYOR AND SHERIFF

- ◆ The offices made contributions totaling \$21,892 from the Drug Control Fund to various departments and programs of the Coffee County Central High School. These contributions did not meet the criteria for the authorized use of drug control funds.
-

COFFEE COUNTY LIBRARY

- ◆ The financial statements of the Coffee County Library (a special revenue fund) were not available from other auditors in time for inclusion in this report. However, the auditor's report of the Coffee County Library for the year ended June 30, 2005, noted several deficiencies in the operations of the library. These deficiencies included bids not solicited in all instances; expenditures exceeding appropriations; funds not deposited within three days of collection; deficiencies in payroll, purchasing, and receipting processes; and checks for petty cash.
-

OTHER FINDINGS

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

INTRODUCTORY SECTION

Coffee County Officials
June 30, 2006

Officials

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

Board of County Commissioners

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

Budget and Finance Committee

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

Highway Commission

Raymond Duke, Chairman
Ronnie Bell
Grady Finney
Jamie Spry
Vacant

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 12, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 38, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Coffee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coffee County, Tennessee, as of June 30, 2006, or the changes in its financial position for the year then ended.

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

However, in our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, as of June 30, 2006, 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 December 12, 2006, on our consideration of Coffee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 41 through 47 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the

methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Coffee County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 1,000	\$ 25	\$ 0	\$ 503,987	\$ 505,012
Equity in Pooled Cash and Investments	1,947,370	1,457,537	1,227,821	1,909,938	6,542,666
Inventories	8,413	0	0	5,262	13,675
Accounts Receivable	2,110,025	184	7,275	162,847	2,280,331
Allowance for Uncollectibles	(276,198)	0	0	0	(276,198)
Due from Other Governments	134,773	349,205	0	73,487	557,465
Due from Other Funds	5,486	0	0	0	5,486
Property Taxes Receivable	7,908,523	0	632,056	1,801,406	10,341,985
Allowance for Uncollectible Property Taxes	(211,098)	0	(27,008)	(126,255)	(364,361)
Total Assets	<u>\$ 11,628,294</u>	<u>\$ 1,806,951</u>	<u>\$ 1,840,144</u>	<u>\$ 4,330,672</u>	<u>\$ 19,606,061</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 38,316	\$ 10,502	\$ 0	\$ 29,162	\$ 77,980
Payroll Deductions Payable	87,751	17,709	0	7,108	112,568
Retainage Payable	0	0	0	50,791	50,791
Due to Other Funds	0	1,000	0	4,486	5,486
Deferred Revenue - Current Property Taxes	7,507,721	0	571,240	1,550,757	9,629,718
Deferred Revenue - Delinquent Property Taxes	140,818	0	25,098	101,023	266,939
Other Deferred Revenues	1,565,121	168,194	0	28,917	1,762,232
Total Liabilities	<u>\$ 9,339,727</u>	<u>\$ 197,405</u>	<u>\$ 596,338</u>	<u>\$ 1,772,244</u>	<u>\$ 11,905,714</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 145,194	\$ 2,082	\$ 0	\$ 190,272	\$ 337,548
Reserved for Alcohol and Drug Treatment	54,825	0	0	0	54,825
Reserved for Drug Court	135,652	0	0	0	135,652
Reserved for Sexual Offender Registration	2,202	0	0	0	2,202
Reserved for Computer System - Register	10,143	0	0	0	10,143
Reserved for Automation Purposes - Sheriff	1,478	0	0	0	1,478
Reserved for State Reappraisal Grant	67,068	0	0	0	67,068
Reserved for Other General Purposes	13,473	0	0	0	13,473
Unreserved, Reported In:					
General Fund	1,858,532	0	0	0	1,858,532
Special Revenue Funds	0	1,607,464	0	1,510,142	3,117,606
Debt Service Funds	0	0	1,243,806	423,043	1,666,849
Capital Projects Funds	0	0	0	434,971	434,971
Total Fund Balances	<u>\$ 2,288,567</u>	<u>\$ 1,609,546</u>	<u>\$ 1,243,806</u>	<u>\$ 2,558,428</u>	<u>\$ 7,700,347</u>
Total Liabilities and Fund Balances	<u>\$ 11,628,294</u>	<u>\$ 1,806,951</u>	<u>\$ 1,840,144</u>	<u>\$ 4,330,672</u>	<u>\$ 19,606,061</u>

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

Exhibit B

Coffee County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 8,215,029	\$ 87,508	\$ 1,357,795	\$ 2,198,904	\$ 11,859,236
Licenses and Permits	82,607	0	0	6,090	88,697
Fines, Forfeitures, and Penalties	473,304	0	0	148,334	621,638
Charges for Current Services	1,073,195	0	0	1,712,277	2,785,472
Other Local Revenues	287,257	455,117	459,112	169,342	1,370,828
Fees Received from County Officials	982,263	0	0	0	982,263
State of Tennessee	1,404,491	2,013,424	0	112,834	3,530,749
Federal Government	218,126	0	0	466,019	684,145
Other Governments and Citizens Groups	28,317	0	0	50,909	79,226
Total Revenues	\$ 12,764,589	\$ 2,556,049	\$ 1,816,907	\$ 4,864,709	\$ 22,002,254
<u>Expenditures</u>					
Current:					
General Government	\$ 1,578,471	\$ 0	\$ 0	\$ 157,516	\$ 1,735,987
Finance	916,932	0	0	438,518	1,355,450
Administration of Justice	760,764	0	0	679,152	1,439,916
Public Safety	5,185,892	0	0	197,256	5,383,148
Public Health and Welfare	2,381,285	0	0	1,160,801	3,542,086
Social, Cultural, and Recreational Services	822,799	0	0	0	822,799
Agricultural and Natural Resources	234,988	0	0	0	234,988
Other Operations	982,808	0	0	93,512	1,076,320
Highways	0	2,099,623	0	0	2,099,623
Debt Service:					
Principal on Debt	0	48,380	879,300	763,304	1,690,984
Interest on Debt	0	1,601	534,489	368,574	904,664
Other Debt Service	0	0	195,132	21,166	216,298
Capital Projects	0	0	0	983,015	983,015
Total Expenditures	\$ 12,863,939	\$ 2,149,604	\$ 1,608,921	\$ 4,862,814	\$ 21,485,278
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (99,350)	\$ 406,445	\$ 207,986	\$ 1,895	\$ 516,976
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 17,000	\$ 0	\$ 0	\$ 30,000	\$ 47,000
Transfers Out	(30,000)	0	0	(17,000)	(47,000)
Total Other Financing Sources (Uses)	\$ (13,000)	\$ 0	\$ 0	\$ 13,000	\$ 0
Net Change in Fund Balances					
Fund Balance, July 1, 2005	\$ (112,350)	\$ 406,445	\$ 207,986	\$ 14,895	\$ 516,976
	2,400,917	1,203,101	1,035,820	2,543,533	7,183,371
Fund Balance, June 30, 2006					
	\$ 2,288,567	\$ 1,609,546	\$ 1,243,806	\$ 2,558,428	\$ 7,700,347

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

Exhibit C

Coffee County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,495,420
Equity in Pooled Cash and Investments	272,344
Accounts Receivable	12,262
Due from Other Governments	1,832,160
Property Taxes Receivable	5,320,219
Allowance for Uncollectible Property Taxes	<u>(143,166)</u>
Total Assets	<u>\$ 8,789,239</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 35,225
Due to Other Taxing Units	7,009,582
Due to Litigants, Heirs, and Others	1,495,420
Due to Joint Ventures	<u>249,012</u>
Total Liabilities	<u>\$ 8,789,239</u>

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

COFFEE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

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

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

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

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

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

The Coffee County Public Building Authority (PBA) oversees the operations of the conference center which benefits the citizens of Manchester and Coffee County. The Coffee County Commission appoints the seven members of the PBA's Board of Directors, and Coffee County and the City of Manchester share equally in the profits and losses of the conference center. The center is primarily funded by charges assessed for the use of the facility.

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

Administrative Offices:

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

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

Coffee County Public Building Authority
147 Hospitality Blvd.
Manchester, TN 37355

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

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

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

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

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

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Coffee County reports the following major governmental funds:

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

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

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

Additionally, Coffee County reports the following fund types:

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

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

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies;

bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.63 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes

are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

Retainage payable in the General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled cash and Investments.

3. Capital Assets

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

4. Inventories

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

5. Compensated Absences

The general policy of Coffee County allows employees to accumulate a limited number of unused vacation days. Unused vacation days that

exceed the limit allowed by the county policy are transferred to sick days on the employee's anniversary date. These vacation days have no guaranteed payment attached and no liability is accrued and recorded in the governmental funds. The general policy of the Highway Department does not allow for the accumulation of vacation days beyond year end.

County employees are allowed to accumulate unlimited sick leave days; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Highway Department employees earn sick leave at the rate of one day per month and unused sick leave is paid to employees in December of each year. Records were not maintained reflecting the dollar value of accumulated sick leave at June 30, 2006; however, the amount of accumulated leave would not materially affect the financial statements.

6. Long-term Obligations

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

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

7. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund) which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

The county's budgetary basis of accounting is consistent with 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 schedule.

B. Cash Overdraft

The City School ADA – Tullahoma Fund (agency fund) had a cash overdraft of \$35,225 at June 30, 2006. This cash overdraft resulted from required adjustments to applicable property and other taxes for the current average daily attendance proration. Subsequent to June 30, 2006, this cash overdraft was liquidated from funds received from various taxes.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2006, Coffee 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 Coffee County and the discretely presented Coffee County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 484,381
Total		\$ 484,381

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. Coffee 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 insurer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Coffee County has no investment policy that would further limit its investment choices. As of June 30, 2006, Coffee County's investment in the State Treasurer's Investment Pool was unrated.

B. Construction Commitments

At June 30, 2006, the county had uncompleted construction contracts of approximately \$145,386 for projects payable through the General Capital Projects Fund. Funding has been received for these future expenditures.

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Highway/Public Works	\$ 1,000
General	Nonmajor governmental	4,486

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Transfers Out	Transfers In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 30,000
Nonmajor governmental fund	17,000	0
Total	\$ 17,000	\$ 30,000

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

D. Capital Leases

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

Future minimum payments and the net present value of these minimum lease payments at June 30, 2006, were as follows:

	Capital Lease
2006-07	\$ 6,266
Total Minimum Lease Payments	\$ 6,266
Less: Amount Representing Interest	(41)
Present Value of Minimum Lease Payments	\$ 6,225

E. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds and other loans and up to six years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. General obligation bonds included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund, the Rural Debt Service Fund, and the Education Debt Service Fund. Other loans included in long-term debt will be retired from the General Debt Service Fund and the Rural Debt Service Fund. The notes included in long-term debt will be retired from the General Debt Service Fund and the Rural Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	3.5 to 5.75 %	\$ 6,250,000	\$ 2,940,000
General Obligation Bonds - Refunding	3.85 to 4.9	7,380,000	5,995,000
Capital Outlay Notes	3.4 to 3.5	1,554,000	1,130,008
Other Loans	3.75 to 6.7	7,000,000	5,887,500
Other Loans	Variable	4,775,000	3,044,700
Capital Lease	5.25	165,000	6,225

During the 1995-96 year, Coffee County entered into a loan agreement with the Montgomery County Public Building Authority. Under this agreement, the authority loaned \$2,000,000 to Coffee County for the renovation of the Coffee County Administrative Plaza. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2006, the variable interest rate was four percent on this loan. In addition, the county pays various fees (remarketing, administrative, letter of credit, etc.) in connection with this loan, which total approximately .43 percent of the outstanding loan principal, and a trustee fee of \$100 per month.

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

During the 2002-03 year, Coffee County entered into a loan agreement with the Blount County Public Building Authority. Under this agreement, the authority loaned \$2,775,000 to Coffee County for public improvement projects (\$1,500,000) and refinancing of outstanding rural school bonds (\$1,275,000). This loan is repayable at tax-exempt variable rates of interest determined by the remarketing agent daily or weekly, depending on the particular program. At June 30, 2006, the variable interest rate was four percent on this loan. In addition, the county pays various fees (remarketing, trustee, liquidity, issuer, etc.) in connection with this loan, which total approximately .47 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2006, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 785,000	\$ 408,408	\$ 257,475	\$ 36,512
2008	965,000	370,245	262,809	27,472
2009	825,000	326,933	268,408	18,167
2010	860,000	289,380	232,316	8,695
2011	905,000	249,408	109,000	2,780
2012-2016	3,750,000	656,527	0	0
2017-2018	845,000	28,635	0	0
Total	\$ 8,935,000	\$ 2,329,536	\$ 1,130,008	\$ 93,626

Year Ending June 30	Other Loans (\$5,800,000 and \$1,200,000)		Total
	Principal	Interest	
2007	\$ 280,000	\$ 287,364	\$ 567,364
2008	305,000	272,039	577,039
2009	325,000	255,159	580,159
2010	355,000	236,884	591,884
2011	380,000	221,619	601,619
2012-2016	1,780,000	871,857	2,651,857
2017-2021	2,462,500	383,200	2,845,700
Total	\$ 5,887,500	\$ 2,528,122	\$ 8,415,622

Year Ending June 30	Other Loans (\$2,000,000)			Total
	Principal	Interest	Other Fees	
2007	\$ 113,700	\$ 51,188	\$ 6,703	\$ 171,591
2008	120,000	46,640	6,214	172,854
2009	126,500	41,840	5,698	174,038
2010	133,500	36,780	5,154	175,434
2011	140,800	31,440	4,580	176,820
2012-2015	645,200	66,240	11,920	723,360
Total	\$ 1,279,700	\$ 274,128	\$ 40,269	\$ 1,594,097

Year Ending June 30	Other Loans (\$2,775,000)			Total
	Principal	Interest	Other Fees	
2007	\$ 265,000	\$ 70,600	\$ 8,296	\$ 343,896
2008	0	60,000	7,050	67,050
2009	0	60,000	7,050	67,050
2010	0	60,000	7,050	67,050
2011	0	60,000	7,050	67,050
2012-2016	1,195,000	229,000	26,907	1,450,907
2017	305,000	12,200	1,434	318,634
Total	\$ 1,765,000	\$ 551,800	\$ 64,837	\$ 2,381,637

There is \$1,666,849 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$186, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$669, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2005	\$ 9,690,000	\$ 1,382,312	\$ 54,605
Deductions	(755,000)	(252,304)	(48,380)
Balance, June 30, 2006	\$ 8,935,000	\$ 1,130,008	\$ 6,225
Balance Due Within One Year	\$ 785,000	\$ 257,475	\$ 6,225

	Other Loans
Balance, July 1, 2005	\$ 9,567,500
Deductions	(635,300)
Balance, June 30, 2006	\$ 8,932,200
Balance Due Within One Year	\$ 658,700

F. Short-term Debt

Coffee County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2006, was as follows:

Fund	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
General	\$ 0	\$ 250,000	\$ (250,000)	\$ 0

IV. OTHER INFORMATION

A. Risk Management

Coffee County's risk of loss (except for the Ambulance Service) relating to general liability, property, casualty, and workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the pool for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims of more than \$100,000 for each insured event.

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

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

B. Accounting Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Coffee County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local

governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Coffee County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Coffee County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Coffee County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Coffee County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Coffee County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On August 31, 2006, Ray Johnson left the Office of County Mayor and was succeeded by David Pennington, and Barbara Arp left the Office of Trustee and was succeeded by James Wilhelm.

In October and November 2006, Coffee County issued \$13,980,000 in general obligation refunding bonds.

D. Contingent Liabilities

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

E. Joint Venture

The Fourteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourteenth Judicial District and participating municipalities in the district. The DTF interlocal agreement was signed by the sheriff of Coffee County, and the police chiefs of the cities of Manchester and Tullahoma. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Coffee County made no contributions to the DTF for the year ended June 30, 2006, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

F. Jointly Governed Organization

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

G. Retirement Commitments

Plan Description

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

joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Coffee County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Coffee County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 7.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Coffee County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Coffee County's annual pension cost of \$763,952 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Coffee County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$763,952	100%	\$0
6-30-05	722,039	100	0
6-30-04	569,641	100	0

Schedule of Funding Progress for Coffee County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$16,681	\$18,766	\$2,085	88.89%	\$9,487	21.98%
6-30-03	13,992	16,256	2,264	86.07	8,448	26.80
6-30-01	11,620	14,013	2,393	82.92	7,902	30.28

H. Purchasing Laws

Offices of County Mayor and Road Superintendent

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,215,029	\$ 0	\$ 0	\$ 8,215,029	\$ 8,059,774	\$ 8,092,967	\$ 122,062
Licenses and Permits	82,607	0	0	82,607	70,600	70,600	12,007
Fines, Forfeitures, and Penalties	473,304	0	0	473,304	345,800	478,681	(5,377)
Charges for Current Services	1,073,195	0	0	1,073,195	850,840	875,440	197,755
Other Local Revenues	287,257	0	0	287,257	269,180	281,386	5,871
Fees Received from County Officials	982,263	0	0	982,263	833,356	960,548	21,715
State of Tennessee	1,404,491	0	0	1,404,491	1,417,042	1,271,245	133,246
Federal Government	218,126	0	0	218,126	139,786	232,287	(14,161)
Other Governments and Citizens Groups	28,317	0	0	28,317	76,061	76,061	(47,744)
Total Revenues	\$ 12,764,589	\$ 0	\$ 0	\$ 12,764,589	\$ 12,062,439	\$ 12,339,215	\$ 425,374
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 43,121	\$ 0	\$ 0	\$ 43,121	\$ 47,536	\$ 51,436	\$ 8,315
Board of Equalization	1,082	0	0	1,082	2,691	2,691	1,609
Other Boards and Committees	31,250	0	0	31,250	34,960	34,960	3,710
County Mayor/Executive	166,980	(1,500)	662	166,142	177,879	177,879	11,737
County Attorney	15,256	0	0	15,256	18,800	18,800	3,544
Election Commission	228,009	0	10,213	238,222	262,851	262,851	24,629
Register of Deeds	74,731	(1,335)	582	73,978	86,005	86,005	12,027
Planning	51,395	0	0	51,395	90,555	90,555	39,160
County Buildings	796,406	(8,178)	17,811	806,039	869,164	866,164	60,125
Other General Administration	170,241	0	3,555	173,796	185,000	185,000	11,204
<u>Finance</u>							
Accounting and Budgeting	257,223	(215)	0	257,008	297,087	297,087	40,079
Central Services	99,348	0	0	99,348	89,649	109,649	10,301
Property Assessor's Office	361,692	0	0	361,692	363,312	364,612	2,920

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 8,713	\$ 0	\$ 0	\$ 8,713	\$ 20,000	\$ 18,700	\$ 9,987
County Trustee's Office	65,140	0	0	65,140	73,393	73,393	8,253
County Clerk's Office	124,816	(355)	0	124,461	127,953	127,953	3,492
<u>Administration of Justice</u>							
Circuit Court	211,220	0	0	211,220	229,793	229,793	18,573
General Sessions Court	16,096	0	0	16,096	16,650	16,650	554
General Sessions Judge	248,867	0	0	248,867	254,146	254,146	5,279
Drug Court	62,198	0	0	62,198	55,031	62,381	183
Chancery Court	114,941	0	177	115,118	117,750	117,750	2,632
Judicial Commissioners	107,442	0	0	107,442	113,399	113,399	5,957
<u>Public Safety</u>							
Sheriff's Department	1,986,356	0	316	1,986,672	2,115,402	2,114,402	127,730
Traffic Control	26,872	0	0	26,872	85,000	85,000	58,128
Administration of the Sexual Offender Registry	0	0	0	0	299	299	299
Jail	1,770,520	(6,325)	92,490	1,856,685	1,962,522	1,963,522	106,837
Juvenile Services	308,015	0	0	308,015	310,921	316,625	8,610
Rural Fire Protection	200,748	0	0	200,748	178,770	202,104	1,356
Civil Defense	220,540	(29,666)	6,292	197,166	103,625	204,141	6,975
Rescue Squad	13,000	0	0	13,000	13,000	13,000	0
County Coroner/Medical Examiner	30,110	0	0	30,110	43,600	43,600	13,490
Other Public Safety	629,731	0	0	629,731	642,121	642,121	12,390
<u>Public Health and Welfare</u>							
Local Health Center	513,772	(2,900)	4,977	515,849	595,672	591,672	75,823
Rabies and Animal Control	88,768	0	0	88,768	89,140	89,140	372
Ambulance/Emergency Medical Services	1,663,005	(3,602)	8,119	1,667,522	1,783,951	1,783,951	116,429
Alcohol and Drug Programs	4,000	0	0	4,000	7,500	7,500	3,500

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Appropriation to State	\$ 82,243	\$ 0	\$ 0	\$ 82,243	\$ 84,447	\$ 84,447	\$ 2,204
General Welfare Assistance	20,400	0	0	20,400	20,400	20,400	0
Other Waste Disposal	9,097	0	0	9,097	38,534	38,534	29,437
Postclosure Care Costs	0	0	0	0	2,000	2,000	2,000
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	90,558	0	0	90,558	97,500	97,500	6,942
Libraries	732,241	0	0	732,241	732,241	732,241	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	156,945	(1,296)	0	155,649	159,376	159,376	3,727
Soil Conservation	78,043	0	0	78,043	78,472	78,472	429
<u>Other Operations</u>							
Industrial Development	253,265	0	0	253,265	253,265	253,265	0
Veterans' Services	16,922	0	0	16,922	18,929	18,929	2,007
Other Charges	622,873	0	0	622,873	612,033	632,748	9,875
Contributions to Other Agencies	42,780	0	0	42,780	42,780	42,780	0
Payments to Cities	46,000	0	0	46,000	46,000	46,000	0
Miscellaneous	968	0	0	968	2,000	2,000	1,032
Total Expenditures	\$ 12,863,939	\$ (55,372)	\$ 145,194	\$ 12,953,761	\$ 13,653,104	\$ 13,827,623	\$ 873,862
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (99,350)	\$ 55,372	\$ (145,194)	\$ (189,172)	\$ (1,590,665)	\$ (1,488,408)	\$ 1,299,236
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 17,000	\$ 0	\$ 0	\$ 17,000	\$ 0	\$ 17,000	\$ 0
Transfers Out	(30,000)	0	0	(30,000)	0	(30,000)	0
Total Other Financing Sources (Uses)	\$ (13,000)	\$ 0	\$ 0	\$ (13,000)	\$ 0	\$ (13,000)	\$ 0

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (112,350)	\$ 55,372	\$ (145,194)	\$ (202,172)	\$ (1,590,665)	\$ (1,501,408)	\$ 1,299,236
Fund Balance, July 1, 2005	2,400,917	(55,372)	0	2,345,545	2,297,778	2,297,778	47,767
Fund Balance, June 30, 2006	\$ 2,288,567	\$ 0	\$ (145,194)	\$ 2,143,373	\$ 707,113	\$ 796,370	\$ 1,347,003

Exhibit D-2

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 87,508	\$ 0	\$ 0	\$ 87,508	\$ 85,100	\$ 85,100	\$ 2,408
Other Local Revenues	455,117	0	0	455,117	5,000	453,098	2,019
State of Tennessee	2,013,424	0	0	2,013,424	2,250,481	2,250,481	(237,057)
Total Revenues	\$ 2,556,049	\$ 0	\$ 0	\$ 2,556,049	\$ 2,340,581	\$ 2,788,679	\$ (232,630)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 193,838	\$ 0	\$ 0	\$ 193,838	\$ 205,340	\$ 205,340	\$ 11,502
Highway and Bridge Maintenance	1,032,230	0	0	1,032,230	1,329,163	1,329,163	296,933
Operation and Maintenance of Equipment	246,072	(613)	2,082	247,541	236,310	250,480	2,939
Quarry Operations	222,046	0	0	222,046	275,567	274,414	52,368
Other Charges	142,696	0	0	142,696	225,700	228,700	86,004
Capital Outlay	262,741	0	0	262,741	328,600	476,362	213,621
<u>Principal on Debt</u>							
Highways and Streets	48,380	0	0	48,380	19,070	48,380	0
<u>Interest on Debt</u>							
Highways and Streets	1,601	0	0	1,601	519	1,602	1
Total Expenditures	\$ 2,149,604	\$ (613)	\$ 2,082	\$ 2,151,073	\$ 2,620,269	\$ 2,814,441	\$ 663,368
Excess (Deficiency) of Revenues Over Expenditures	\$ 406,445	\$ 613	\$ (2,082)	\$ 404,976	\$ (279,688)	\$ (25,762)	\$ 430,738
Net Change in Fund Balance	\$ 406,445	\$ 613	\$ (2,082)	\$ 404,976	\$ (279,688)	\$ (25,762)	\$ 430,738
Fund Balance, July 1, 2005	1,203,101	(613)	0	1,202,488	1,107,789	1,107,789	94,699
Fund Balance, June 30, 2006	\$ 1,609,546	\$ 0	\$ (2,082)	\$ 1,607,464	\$ 828,101	\$ 1,082,027	\$ 525,437

COFFEE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

BUDGETARY INFORMATION

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

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

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

**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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions relating to the disposal of solid waste.

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

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

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

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

Exhibit E-1

Coffee County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds							Total
	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary	Constitutional Officers - Fees	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 503,987	\$ 503,987
Equity in Pooled Cash and Investments	563,467	34,181	40,299	265,871	40,721	52,854	0	997,393
Inventories	0	0	0	0	0	5,262	0	5,262
Accounts Receivable	5,697	0	0	0	8,436	876	7,782	22,791
Due from Other Governments	30,240	0	0	0	0	0	0	30,240
Property Taxes Receivable	787,946	0	168,831	0	0	0	0	956,777
Allowance for Uncollectible Property Taxes	(46,005)	0	(32,260)	0	0	0	0	(78,265)
Total Assets	\$ 1,341,345	\$ 34,181	\$ 176,870	\$ 265,871	\$ 49,157	\$ 58,992	\$ 511,769	\$ 2,438,185
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 27,806	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,356	\$ 0	\$ 29,162
Payroll Deductions Payable	6,676	0	0	0	0	432	0	7,108
Retainage Payable	0	0	0	0	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	4,486	4,486
Deferred Revenue - Current Property Taxes	702,498	0	98,577	0	0	0	0	801,075
Deferred Revenue - Delinquent Property Taxes	32,035	0	31,241	0	0	0	0	63,276
Other Deferred Revenues	7,436	0	0	0	0	0	0	7,436
Total Liabilities	\$ 776,451	\$ 0	\$ 129,818	\$ 0	\$ 0	\$ 1,788	\$ 4,486	\$ 912,543
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 2,750	\$ 0	\$ 0	\$ 10,800	\$ 0	\$ 1,950	\$ 0	\$ 15,500
Unreserved	562,144	34,181	47,052	255,071	49,157	55,254	507,283	1,510,142
Total Fund Balances	\$ 564,894	\$ 34,181	\$ 47,052	\$ 265,871	\$ 49,157	\$ 57,204	\$ 507,283	\$ 1,525,642
Total Liabilities and Fund Balances	\$ 1,341,345	\$ 34,181	\$ 176,870	\$ 265,871	\$ 49,157	\$ 58,992	\$ 511,769	\$ 2,438,185

(Continued)

Exhibit E-1

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

	Debt Service Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Rural Debt Service	Education Debt Service	Total	General Capital Projects	Other Capital Projects	Total	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 503,987
Equity in Pooled Cash and Investments	217,843	174,224	392,067	515,534	4,944	520,478	1,909,938
Inventories	0	0	0	0	0	0	5,262
Accounts Receivable	0	0	0	0	140,056	140,056	162,847
Due from Other Governments	43,247	0	43,247	0	0	0	73,487
Property Taxes Receivable	464,952	379,677	844,629	0	0	0	1,801,406
Allowance for Uncollectible Property Taxes	(31,594)	(16,396)	(47,990)	0	0	0	(126,255)
Total Assets	\$ 694,448	\$ 537,505	\$ 1,231,953	\$ 515,534	\$ 145,000	\$ 660,534	\$ 4,330,672
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,162
Payroll Deductions Payable	0	0	0	0	0	0	7,108
Retainage Payable	0	0	0	50,791	0	50,791	50,791
Due to Other Funds	0	0	0	0	0	0	4,486
Deferred Revenue - Current Property Taxes	401,427	348,255	749,682	0	0	0	1,550,757
Deferred Revenue - Delinquent Property Taxes	25,934	11,813	37,747	0	0	0	101,023
Other Deferred Revenues	21,481	0	21,481	0	0	0	28,917
Total Liabilities	\$ 448,842	\$ 360,068	\$ 808,910	\$ 50,791	\$ 0	\$ 50,791	\$ 1,772,244
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 174,772	\$ 0	\$ 174,772	\$ 190,272
Unreserved	245,606	177,437	423,043	289,971	145,000	434,971	2,368,156
Total Fund Balances	\$ 245,606	\$ 177,437	\$ 423,043	\$ 464,743	\$ 145,000	\$ 609,743	\$ 2,558,428
Total Liabilities and Fund Balances	\$ 694,448	\$ 537,505	\$ 1,231,953	\$ 515,534	\$ 145,000	\$ 660,534	\$ 4,330,672

Exhibit E-2

Coffee County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds							Constitu - tional Officers - Fees	Total
	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary			
<u>Revenues</u>									
Local Taxes	\$ 944,649	\$ 0	\$ 122,146	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,066,795
Licenses and Permits	6,090	0	0	0	0	0	0	0	6,090
Fines, Forfeitures, and Penalties	0	0	0	147,275	1,059	0	0	0	148,334
Charges for Current Services	49,884	0	0	0	0	9,918	1,403,197	0	1,462,999
Other Local Revenues	34,430	5,585	0	27,725	50	101,487	0	0	169,277
State of Tennessee	88,745	0	0	24,089	0	0	0	0	112,834
Federal Government	0	0	0	13,048	0	0	0	0	13,048
Other Governments and Citizens Groups	0	0	0	0	50,909	0	0	0	50,909
Total Revenues	\$ 1,123,798	\$ 5,585	\$ 122,146	\$ 212,137	\$ 52,018	\$ 111,405	\$ 1,403,197	\$ 0	3,030,286
<u>Expenditures</u>									
Current:									
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,516	\$ 0	157,516
Finance	0	0	0	0	0	0	438,518	0	438,518
Administration of Justice	0	0	0	0	11,912	0	667,240	0	679,152
Public Safety	0	0	0	99,087	0	98,112	57	0	197,256
Public Health and Welfare	1,020,680	0	0	0	0	0	0	0	1,020,680
Other Operations	15,104	1,100	77,308	0	0	0	0	0	93,512
Debt Service:									
Principal on Debt	0	0	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0	0
Total Expenditures	\$ 1,035,784	\$ 1,100	\$ 77,308	\$ 99,087	\$ 11,912	\$ 98,112	\$ 1,263,331	\$ 0	2,586,634
Excess (Deficiency) of Revenues Over Expenditures	\$ 88,014	\$ 4,485	\$ 44,838	\$ 113,050	\$ 40,106	\$ 13,293	\$ 139,866	\$ 0	443,652
<u>Other Financing Sources (Uses)</u>									
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Transfers Out	0	0	0	0	0	(17,000)	0	0	(17,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (17,000)	\$ 0	\$ 0	(17,000)
Net Change in Fund Balances	\$ 88,014	\$ 4,485	\$ 44,838	\$ 113,050	\$ 40,106	\$ (3,707)	\$ 139,866	\$ 0	426,652
Fund Balance, July 1, 2005	476,880	29,696	2,214	152,821	9,051	60,911	367,417	0	1,098,990
Fund Balance, June 30, 2006	\$ 564,894	\$ 34,181	\$ 47,052	\$ 265,871	\$ 49,157	\$ 57,204	\$ 507,283	\$ 0	1,525,642

(Continued)

Exhibit E-2

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

	Debt Service Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Rural Debt Service	Education Debt Service	Total	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 787,357	\$ 344,752	\$ 1,132,109	\$ 0	\$ 0	\$ 0	2,198,904
Licenses and Permits	0	0	0	0	0	0	6,090
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	148,334
Charges for Current Services	0	0	0	19,375	229,903	249,278	1,712,277
Other Local Revenues	0	0	0	0	65	65	169,342
State of Tennessee	0	0	0	0	0	0	112,834
Federal Government	0	0	0	452,971	0	452,971	466,019
Other Governments and Citizens Groups	0	0	0	0	0	0	50,909
Total Revenues	\$ 787,357	\$ 344,752	\$ 1,132,109	\$ 472,346	\$ 229,968	\$ 702,314	\$ 4,864,709
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	157,516
Finance	0	0	0	0	0	0	438,518
Administration of Justice	0	0	0	0	0	0	679,152
Public Safety	0	0	0	0	0	0	197,256
Public Health and Welfare	0	0	0	0	140,121	140,121	1,160,801
Other Operations	0	0	0	0	0	0	93,512
Debt Service:							
Principal on Debt	653,304	110,000	763,304	0	0	0	763,304
Interest on Debt	184,305	184,269	368,574	0	0	0	368,574
Other Debt Service	13,430	7,736	21,166	0	0	0	21,166
Capital Projects	0	0	0	983,015	0	983,015	983,015
Total Expenditures	\$ 851,039	\$ 302,005	\$ 1,153,044	\$ 983,015	\$ 140,121	\$ 1,123,136	\$ 4,862,814
Excess (Deficiency) of Revenues Over Expenditures	\$ (63,682)	\$ 42,747	\$ (20,935)	\$ (510,669)	\$ 89,847	\$ (420,822)	\$ 1,895
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000
Transfers Out	0	0	0	0	0	0	(17,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 30,000	\$ 0	\$ 30,000	\$ 13,000
Net Change in Fund Balances	\$ (63,682)	\$ 42,747	\$ (20,935)	\$ (480,669)	\$ 89,847	\$ (390,822)	\$ 14,895
Fund Balance, July 1, 2005	309,288	134,690	443,978	945,412	55,153	1,000,565	2,543,533
Fund Balance, June 30, 2006	\$ 245,606	\$ 177,437	\$ 423,043	\$ 464,743	\$ 145,000	\$ 609,743	\$ 2,558,428

Exhibit E-3

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 944,649	\$ 0	\$ 0	\$ 944,649	\$ 856,973	\$ 889,188	\$ 55,461
Licenses and Permits	6,090	0	0	6,090	6,000	6,000	90
Charges for Current Services	49,884	0	0	49,884	73,284	73,284	(23,400)
Other Local Revenues	34,430	0	0	34,430	20,025	30,545	3,885
State of Tennessee	88,745	0	0	88,745	77,957	77,957	10,788
Total Revenues	\$ 1,123,798	\$ 0	\$ 0	\$ 1,123,798	\$ 1,034,239	\$ 1,076,974	\$ 46,824
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 137,612	\$ 0	\$ 2,750	\$ 140,362	\$ 156,647	\$ 151,647	\$ 11,285
Waste Pickup	540,899	(24,000)	0	516,899	577,827	577,827	60,928
Convenience Centers	290,027	(18,684)	0	271,343	310,216	315,216	43,873
Other Waste Collection	52,142	0	0	52,142	77,081	77,081	24,939
Other Waste Disposal	0	0	0	0	4,500	4,500	4,500
<u>Other Operations</u>							
Other Charges	15,104	0	0	15,104	15,104	15,104	0
Total Expenditures	\$ 1,035,784	\$ (42,684)	\$ 2,750	\$ 995,850	\$ 1,141,375	\$ 1,141,375	\$ 145,525
Excess (Deficiency) of Revenues Over Expenditures	\$ 88,014	\$ 42,684	\$ (2,750)	\$ 127,948	\$ (107,136)	\$ (64,401)	\$ 192,349
Net Change in Fund Balance	\$ 88,014	\$ 42,684	\$ (2,750)	\$ 127,948	\$ (107,136)	\$ (64,401)	\$ 192,349
Fund Balance, July 1, 2005	476,880	(42,684)	0	434,196	443,220	443,220	(9,024)
Fund Balance, June 30, 2006	\$ 564,894	\$ 0	\$ (2,750)	\$ 562,144	\$ 336,084	\$ 378,819	\$ 183,325

Exhibit E-4

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 5,585	\$ 0	\$ 5,585	\$ 0
Total Revenues	\$ 5,585	\$ 0	\$ 5,585	\$ 0
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 1,100	\$ 800	\$ 1,156	\$ 56
Total Expenditures	\$ 1,100	\$ 800	\$ 1,156	\$ 56
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,485	\$ (800)	\$ 4,429	\$ 56
Net Change in Fund Balance	\$ 4,485	\$ (800)	\$ 4,429	\$ 56
Fund Balance, July 1, 2005	29,696	29,951	29,951	(255)
Fund Balance, June 30, 2006	\$ 34,181	\$ 29,151	\$ 34,380	\$ (199)

Exhibit E-5

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 122,146	\$ 122,888	\$ 122,888	\$ (742)
Total Revenues	<u>\$ 122,146</u>	<u>\$ 122,888</u>	<u>\$ 122,888</u>	<u>\$ (742)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Industrial Development	\$ 77,308	\$ 87,000	\$ 87,000	\$ 9,692
Total Expenditures	<u>\$ 77,308</u>	<u>\$ 87,000</u>	<u>\$ 87,000</u>	<u>\$ 9,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 44,838</u>	<u>\$ 35,888</u>	<u>\$ 35,888</u>	<u>\$ 8,950</u>
Net Change in Fund Balance	\$ 44,838	\$ 35,888	\$ 35,888	\$ 8,950
Fund Balance, July 1, 2005	2,214	2,213	2,213	1
Fund Balance, June 30, 2006	<u>\$ 47,052</u>	<u>\$ 38,101</u>	<u>\$ 38,101</u>	<u>\$ 8,951</u>

Exhibit E-6

Coffee 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, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 147,275	\$ 0	\$ 147,275	\$ 10,000	\$ 135,809	\$ 11,466
Other Local Revenues	27,725	0	27,725	35,000	10,000	17,725
State of Tennessee	24,089	0	24,089	0	20,615	3,474
Federal Government	13,048	0	13,048	0	13,027	21
Total Revenues	<u>\$ 212,137</u>	<u>\$ 0</u>	<u>\$ 212,137</u>	<u>\$ 45,000</u>	<u>\$ 179,451</u>	<u>\$ 32,686</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 99,087	\$ 10,800	\$ 109,887	\$ 124,400	\$ 137,700	\$ 27,813
Total Expenditures	<u>\$ 99,087</u>	<u>\$ 10,800</u>	<u>\$ 109,887</u>	<u>\$ 124,400</u>	<u>\$ 137,700</u>	<u>\$ 27,813</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 113,050</u>	<u>\$ (10,800)</u>	<u>\$ 102,250</u>	<u>\$ (79,400)</u>	<u>\$ 41,751</u>	<u>\$ 60,499</u>
Net Change in Fund Balance	\$ 113,050	\$ (10,800)	\$ 102,250	\$ (79,400)	\$ 41,751	\$ 60,499
Fund Balance, July 1, 2005	152,821	0	152,821	152,821	152,821	0
Fund Balance, June 30, 2006	<u>\$ 265,871</u>	<u>\$ (10,800)</u>	<u>\$ 255,071</u>	<u>\$ 73,421</u>	<u>\$ 194,572</u>	<u>\$ 60,499</u>

Exhibit E-7

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Commissary Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 9,918	\$ 0	\$ 0	\$ 9,918	\$ 4,800	\$ 8,800	\$ 1,118
Other Local Revenues	101,487	0	0	101,487	118,000	102,000	(513)
Total Revenues	\$ 111,405	\$ 0	\$ 0	\$ 111,405	\$ 122,800	\$ 110,800	\$ 605
<u>Expenditures</u>							
<u>Public Safety</u>							
Commissary	\$ 98,112	\$ (2,727)	\$ 1,950	\$ 97,335	\$ 108,593	\$ 109,660	\$ 12,325
Total Expenditures	\$ 98,112	\$ (2,727)	\$ 1,950	\$ 97,335	\$ 108,593	\$ 109,660	\$ 12,325
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,293	\$ 2,727	\$ (1,950)	\$ 14,070	\$ 14,207	\$ 1,140	\$ 12,930
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (17,000)	\$ 0	\$ 0	\$ (17,000)	\$ 0	\$ (17,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (17,000)	\$ 0	\$ 0	\$ (17,000)	\$ 0	\$ (17,000)	\$ 0
Net Change in Fund Balance	\$ (3,707)	\$ 2,727	\$ (1,950)	\$ (2,930)	\$ 14,207	\$ (15,860)	\$ 12,930
Fund Balance, July 1, 2005	60,911	(2,727)	0	58,184	53,207	53,207	4,977
Fund Balance, June 30, 2006	\$ 57,204	\$ 0	\$ (1,950)	\$ 55,254	\$ 67,414	\$ 37,347	\$ 17,907

Exhibit E-8

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 787,357	\$ 680,298	\$ 742,898	\$ 44,459
Total Revenues	\$ 787,357	\$ 680,298	\$ 742,898	\$ 44,459
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 653,304	\$ 653,292	\$ 653,304	\$ 0
<u>Interest on Debt</u>				
Education	184,305	190,169	190,169	5,864
<u>Other Debt Service</u>				
General Government	0	15,500	0	0
Education	13,430	0	15,488	2,058
Total Expenditures	\$ 851,039	\$ 858,961	\$ 858,961	\$ 7,922
Excess (Deficiency) of Revenues Over Expenditures	\$ (63,682)	\$ (178,663)	\$ (116,063)	\$ 52,381
Net Change in Fund Balance	\$ (63,682)	\$ (178,663)	\$ (116,063)	\$ 52,381
Fund Balance, July 1, 2005	309,288	305,219	305,219	4,069
Fund Balance, June 30, 2006	\$ 245,606	\$ 126,556	\$ 189,156	\$ 56,450

Exhibit E-9

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 344,752	\$ 341,519	\$ 341,519	\$ 3,233
Total Revenues	\$ 344,752	\$ 341,519	\$ 341,519	\$ 3,233
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 110,000	\$ 110,000	\$ 110,000	\$ 0
<u>Interest on Debt</u>				
Education	184,269	184,269	184,269	0
<u>Other Debt Service</u>				
General Government	7,736	8,200	8,200	464
Total Expenditures	\$ 302,005	\$ 302,469	\$ 302,469	\$ 464
Excess (Deficiency) of Revenues Over Expenditures	\$ 42,747	\$ 39,050	\$ 39,050	\$ 3,697
Net Change in Fund Balance	\$ 42,747	\$ 39,050	\$ 39,050	\$ 3,697
Fund Balance, July 1, 2005	134,690	134,164	134,164	526
Fund Balance, June 30, 2006	\$ 177,437	\$ 173,214	\$ 173,214	\$ 4,223

Major Governmental Fund

General Debt Service Fund

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

Exhibit F

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,357,795	\$ 1,330,164	\$ 1,330,164	\$ 27,631
Other Local Revenues	459,112	224,944	424,944	34,168
Total Revenues	<u>\$ 1,816,907</u>	<u>\$ 1,555,108</u>	<u>\$ 1,755,108</u>	<u>\$ 61,799</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 879,300	\$ 894,300	\$ 894,300	\$ 15,000
<u>Interest on Debt</u>				
General Government	534,489	604,704	596,798	62,309
<u>Other Debt Service</u>				
General Government	195,132	40,500	198,406	3,274
Total Expenditures	<u>\$ 1,608,921</u>	<u>\$ 1,539,504</u>	<u>\$ 1,689,504</u>	<u>\$ 80,583</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 207,986</u>	<u>\$ 15,604</u>	<u>\$ 65,604</u>	<u>\$ 142,382</u>
Net Change in Fund Balance	\$ 207,986	\$ 15,604	\$ 65,604	\$ 142,382
Fund Balance, July 1, 2005	<u>1,035,820</u>	<u>996,795</u>	<u>996,795</u>	<u>39,025</u>
Fund Balance, June 30, 2006	<u><u>\$ 1,243,806</u></u>	<u><u>\$ 1,012,399</u></u>	<u><u>\$ 1,062,399</u></u>	<u><u>\$ 181,407</u></u>

Fiduciary Funds

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

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

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

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

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

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

Exhibit G-1

Coffee County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	Agency Funds					Total
	Cities - Sales Tax	City School ADA- Tullahoma Fund	City School ADA- Manchester Fund	Constitu- tional Officers - Agency	Judicial District Drug Fund	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 1,495,420	\$ 0	\$ 1,495,420
Equity in Pooled Cash and Investments	0	0	35,594	0	236,750	272,344
Accounts Receivable	0	0	0	0	12,262	12,262
Due from Other Governments	1,650,606	0	181,554	0	0	1,832,160
Property Taxes Receivable	0	3,852,300	1,467,919	0	0	5,320,219
Allowance for Uncollectible Property Taxes	0	(103,667)	(39,499)	0	0	(143,166)
Total Assets	<u>\$ 1,650,606</u>	<u>\$ 3,748,633</u>	<u>\$ 1,645,568</u>	<u>\$ 1,495,420</u>	<u>\$ 249,012</u>	<u>\$ 8,789,239</u>
<u>LIABILITIES</u>						
Cash Overdraft	\$ 0	\$ 35,225	\$ 0	\$ 0	\$ 0	\$ 35,225
Due to Other Funds	0	0				
Due to Other Taxing Units	1,650,606	3,713,408	1,645,568	0	0	7,009,582
Due to Litigants, Heirs, and Others	0	0	0	1,495,420	0	1,495,420
Due to Joint Ventures	0	0	0	0	249,012	249,012
Total Liabilities	<u>\$ 1,650,606</u>	<u>\$ 3,748,633</u>	<u>\$ 1,645,568</u>	<u>\$ 1,495,420</u>	<u>\$ 249,012</u>	<u>\$ 8,789,239</u>

Exhibit G-2

Coffee County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 8,162,893	\$ 8,162,893	\$ 0
Due From Other Governments	1,457,130	1,650,606	1,457,130	1,650,606
Total Assets	\$ 1,457,130	\$ 9,813,499	\$ 9,620,023	\$ 1,650,606
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,457,130	\$ 9,813,499	\$ 9,620,023	\$ 1,650,606
Total Liabilities	\$ 1,457,130	\$ 9,813,499	\$ 9,620,023	\$ 1,650,606
<u>City School ADA-Tulahoma Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 14,188	\$ 3,442,054	\$ 3,456,242	\$ 0
Property Taxes Receivable	3,653,650	3,852,300	3,653,650	3,852,300
Allowance for Uncollectible Property Taxes	(100,291)	100,291	103,667	(103,667)
Total Assets	\$ 3,567,547	\$ 7,394,645	\$ 7,213,559	\$ 3,748,633
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 35,225	\$ 0	\$ 35,225
Due to Other Taxing Units	3,567,547	7,359,420	7,213,559	3,713,408
Total Liabilities	\$ 3,567,547	\$ 7,394,645	\$ 7,213,559	\$ 3,748,633
<u>City School ADA-Manchester Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 23,188	\$ 2,244,399	\$ 2,231,993	\$ 35,594
Due From Other Governments	170,690	181,554	170,690	181,554
Property Taxes Receivable	1,391,985	1,467,919	1,391,985	1,467,919
Allowance for Uncollectible Property Taxes	(38,204)	38,204	39,499	(39,499)
Total Assets	\$ 1,547,659	\$ 3,932,076	\$ 3,834,167	\$ 1,645,568
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,547,659	\$ 3,932,076	\$ 3,834,167	\$ 1,645,568
Total Liabilities	\$ 1,547,659	\$ 3,932,076	\$ 3,834,167	\$ 1,645,568
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,262,776	\$ 10,057,354	\$ 9,824,710	\$ 1,495,420
Accounts Receivable	482	0	482	0
Total Assets	\$ 1,263,258	\$ 10,057,354	\$ 9,825,192	\$ 1,495,420
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,263,258	\$ 10,057,354	\$ 9,825,192	\$ 1,495,420
Total Liabilities	\$ 1,263,258	\$ 10,057,354	\$ 9,825,192	\$ 1,495,420

(Continued)

Exhibit G-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 229,170	\$ 278,269	\$ 270,689	\$ 236,750
Accounts Receivable	8,388	12,262	8,388	12,262
Due From Other Governments	1,470	0	1,470	0
Due From Other Funds	1,938	0	1,938	0
Total Assets	\$ 240,966	\$ 290,531	\$ 282,485	\$ 249,012
<u>Liabilities</u>				
Due to Joint Ventures	\$ 240,966	290,531	\$ 282,485	\$ 249,012
Total Liabilities	\$ 240,966	\$ 290,531	\$ 282,485	\$ 249,012
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,262,776	\$ 10,057,354	\$ 9,824,710	\$ 1,495,420
Equity in Pooled Cash and Investments	266,546	14,127,615	14,121,817	272,344
Accounts Receivable	8,870	12,262	8,870	12,262
Due From Other Governments	1,629,290	1,832,160	1,629,290	1,832,160
Due From Other Funds	1,938	0	1,938	0
Property Taxes Receivable	5,045,635	5,320,219	5,045,635	5,320,219
Allowance for Uncollectible Property Taxes	(138,495)	138,495	143,166	(143,166)
Total Assets	\$ 8,076,560	\$ 31,488,105	\$ 30,775,426	\$ 8,789,239
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 35,225	\$ 0	\$ 35,225
Due to Other Taxing Units	6,572,336	21,104,995	20,667,749	7,009,582
Due to Litigants, Heirs, and Others	1,263,258	10,057,354	9,825,192	1,495,420
Due to Joint Ventures	240,966	290,531	282,485	249,012
Total Liabilities	\$ 8,076,560	\$ 31,488,105	\$ 30,775,426	\$ 8,789,239

MISCELLANEOUS SCHEDULES

Exhibit H-1

Coffee County, Tennessee
Schedule of Changes in Long-term Capital Leases, Notes, Other Loans, and Bonds
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Paid and/or Matured During Period	Outstanding 6-30-06
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
Roller	\$ 67,903	6 %	7-15-01	6-15-06	\$ 16,855	\$ 16,855	\$ 0
Paver	165,000	5.25	8-15-01	8-15-06	37,750	31,525	6,225
Total Capital Leases Payable					<u>\$ 54,605</u>	<u>\$ 48,380</u>	<u>\$ 6,225</u>
<u>NOTES PAYABLE</u>							
<u>Payable through Rural Debt Service Fund</u>							
School Repairs	900,000	3.5	2-26-04	3-1-10	\$ 728,312	\$ 143,304	\$ 585,008
<u>Payable through General Debt Service Fund</u>							
County Improvement Capital Outlay Notes	654,000	3.4	2-16-05	2-15-11	654,000	109,000	545,000
Total Notes Payable					<u>\$ 1,382,312</u>	<u>\$ 252,304</u>	<u>\$ 1,130,008</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Renovation of Coffee County Administrative Plaza	2,000,000	Variable	10-31-1995	10-31-15	\$ 1,387,500	\$ 107,800	\$ 1,279,700
Public Facilities, Industrial Park, and Water/Sewer Projects	4,050,000	3.75 to 5	1-1-01	2-1-21	3,790,000	75,000	3,715,000
Convention Center Project	1,750,000	3.75 to 5	1-1-01	2-1-21	1,685,000	37,500	1,647,500
Public Facilities, Industrial Park, and Water/Sewer Projects	1,200,000	5.8 to 6.7	1-1-01	2-1-09	680,000	155,000	525,000
Public Improvement Projects	1,500,000	Variable	10-24-02	6-1-17	1,500,000	0	1,500,000
Total Payable through General Debt Service Fund					<u>\$ 9,042,500</u>	<u>\$ 375,300</u>	<u>\$ 8,667,200</u>
<u>Payable through Rural Debt Service Fund</u>							
Rural School Refunding, Series 2002	1,275,000	Variable	10-24-02	6-1-07	\$ 525,000	\$ 260,000	\$ 265,000
Total Other Loans Payable					<u>\$ 9,567,500</u>	<u>\$ 635,300</u>	<u>\$ 8,932,200</u>

(Continued)

Exhibit H-1

Coffee County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Paid and/or Matured During Period	Outstanding 6-30-06
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Public Improvement Bonds	\$ 1,500,000	3.7 to 4.4 %	8-1-1998	8-1-08	\$ 515,000	\$ 165,000	\$ 350,000
General Obligation Public Improvement Bonds	2,500,000	4.55 to 5.15	3-1-00	3-1-12	1,870,000	230,000	1,640,000
Total Payable through General Debt Service Fund					<u>\$ 2,385,000</u>	<u>\$ 395,000</u>	<u>\$ 1,990,000</u>
<u>Payable through Rural Debt Service Fund</u>							
Rural School Refunding, Series 1998	4,075,000	3.85 to 4.9	2-1-1998	2-1-15	\$ 3,060,000	\$ 250,000	\$ 2,810,000
<u>Payable through Education Debt Service Fund</u>							
Senior High School Bonds, Series 1996	3,250,000	5 to 5.75	8-1-1996	9-1-16	\$ 75,000	\$ 35,000	\$ 40,000
Senior High School Refunding Bonds, Series 1998	3,305,000	3.9 to 4.5	9-1-1998	2-1-18	3,205,000	20,000	3,185,000
Senior High School Bonds, Series 1999	1,250,000	3.5 to 4.75	12-1-1998	2-1-18	965,000	55,000	910,000
Total Payable through Education Debt Service Fund					<u>\$ 4,245,000</u>	<u>\$ 110,000</u>	<u>\$ 4,135,000</u>
Total Bonds Payable					<u>\$ 9,690,000</u>	<u>\$ 755,000</u>	<u>\$ 8,935,000</u>

Exhibit H-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 785,000	\$ 408,408	\$ 1,193,408
2008	965,000	370,245	1,335,245
2009	825,000	326,933	1,151,933
2010	860,000	289,380	1,149,380
2011	905,000	249,408	1,154,408
2012	945,000	207,170	1,152,170
2013	665,000	162,283	827,283
2014	695,000	131,651	826,651
2015	735,000	98,840	833,840
2016	710,000	56,583	766,583
2017	745,000	23,888	768,888
2018	100,000	4,747	104,747
Total	<u>\$ 8,935,000</u>	<u>\$ 2,329,536</u>	<u>\$ 11,264,536</u>

Exhibit H-3

Coffee County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Capital Projects	Operations	\$ 30,000
Other Special Revenue	General	Operations	<u>17,000</u>
Total Transfers			<u><u>\$ 47,000</u></u>

Exhibit H-4

Coffee County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	\$ 68,073 (1)	\$ 50,000	State Auto Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	61,652	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	56,048	1,128,300	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,048	10,000	State Auto Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	56,048	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	59,387 (1)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	56,048	50,000	"
Register	Section 8-24-102, <u>TCA</u>	56,048	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and Coffee County Personnel Policies	65,510 (1,2)	25,000	"
Employee Dishonesty Bond Coverage:				
General County Employees			150,000	Local Government Property and Casualty Fund
Highway Department Employees			150,000	"

(1) Includes \$3,339 payment in-lieu-of insurance benefit. All Coffee County employees have an option under the county's personnel policies to opt out of the medical insurance plan and receive an incentive payment equal to 67 percent of the cost of single coverage.

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

Exhibit H-5

Coffee County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2006

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,837,328	\$ 577,304	\$ 0	\$ 121,811	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	136,887	15,872	0	0	0	0	0
Trustee's Collections - Bankruptcy	2,364	204	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	65,188	13,314	0	0	0	0	0
Interest and Penalty	56,513	8,123	0	335	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	690	143	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	9,002	1,872	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,731	360	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	112,881	0	0	0	0	0
Litigation Tax - General	97,935	0	0	0	0	0	0
Litigation Tax - Special Purpose	157,247	0	0	0	0	0	0
Business Tax	714,491	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	132,193	0	0	0	0	0	0
Wholesale Beer Tax	0	214,576	0	0	0	0	0
Interstate Telecommunications Tax	3,460	0	0	0	0	0	0
Total Local Taxes	\$ 8,215,029	\$ 944,649	\$ 0	\$ 122,146	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 82,607	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Beer Permits	0	6,090	0	0	0	0	0
Total Licenses and Permits	\$ 82,607	\$ 6,090	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 15,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	18,418	0	0	0	0	0	0
Drug Control Fines	151,832	0	0	0	114,744	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Data Entry Fee - Circuit Court	\$ 28	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>General Sessions Court</u>							
Fines	104,375	0	0	0	0	1,059	0
Officers Costs	85,765	0	0	0	0	0	0
Game and Fish Fines	438	0	0	0	0	0	0
Jail Fees	20,796	0	0	0	0	0	0
DUI Treatment Fines	12,977	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	560	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	2,260	0	0	0	0	0	0
Officers Costs	27,411	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	3,730	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Drug Court Fees	28,947	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	32,531	0	0
Total Fines, Forfeitures, and Penalties	\$ 473,304	\$ 0	\$ 0	\$ 0	\$ 147,275	\$ 1,059	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Convenience Waste Centers Collection Charge	0	6,900	0	0	0	0	0
Solid Waste Disposal Fees	0	42,881	0	0	0	0	0
Patient Charges	903,500	0	0	0	0	0	9,918
Work Release Charges for Board	24,600	0	0	0	0	0	0
Health Department Collections	0	103	0	0	0	0	0
Other General Service Charges	1,270	0	0	0	0	0	0
Water Tap Sales	0	0	0	0	0	0	0
Service Charges	3,600	0	0	0	0	0	0
<u>Fees</u>							
Subdivision Lot Fees	59,228	0	0	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Recreation Fees	\$ 16,027	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	14,218	0	0	0	0	0	0
Telephone Commissions	23,217	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	1,000	0	0	0	0	0	0
Data Processing Fee - Register	24,915	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,620	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,073,195	\$ 49,884	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,918
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	6,100	0	5,585	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Commissary Sales	0	0	0	0	0	0	101,487
Sale of Recycled Materials	0	32,195	0	0	0	0	0
Miscellaneous Refunds	6,390	125	0	0	0	50	0
<u>Nonrecurring Items</u>							
Sale of Equipment	9,651	2,110	0	0	0	0	0
Sale of Property	0	0	0	0	27,725	0	0
Damages Recovered from Individuals	949	0	0	0	0	0	0
Contributions & Gifts	260,272	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	3,895	0	0	0	0	0	0
Total Other Local Revenues	\$ 287,257	\$ 34,430	\$ 5,585	\$ 0	\$ 27,725	\$ 50	\$ 101,487
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 238,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	46,028	0	0	0	0	0	0
Clerk and Master	72,370	0	0	0	0	0	0
Register	139,393	0	0	0	0	0	0
Trustee	465,000	0	0	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees-In-Lieu of Salary</u>							
Sheriff	\$ 20,715	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received from County Officials	\$ 982,263	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 12,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	17,692	0	0	0	0	0	0
Solid Waste Grants	0	39,958	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	19,192	0	0	0	0	0	0
Drug Control Grants	0	0	0	0	8,113	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	0	48,787	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	35,974	0	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0	0
Alcoholic Beverage Tax	54,565	0	0	0	0	0	0
Contracted Prisoner Boarding	628,651	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
T.B.I. - Equipment Reimbursement	1,807	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Grants	531,114	0	0	0	0	0	0
Other State Revenues	69,404	0	0	0	15,976	0	0
Total State of Tennessee	\$ 1,404,491	\$ 88,745	\$ 0	\$ 0	\$ 24,089	\$ 0	\$ 0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	21,528	0	0	0	0	0	0
Homeland Security Grants	113,265	0	0	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Local Purpose Tax	Drug Control	District Attorney General	Commissary
<u>Federal Government (Cont.)</u>							
<u>Federal Through State (Cont.)</u>							
Other Federal through State	\$ 83,333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	0	0	0	0	13,048	0	0
Total Federal Government	\$ 218,126	\$ 0	\$ 0	\$ 0	\$ 13,048	\$ 0	0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$ 2,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	2,202	0	0	0	0	50,909	0
Contracted Services	12,183	0	0	0	0	0	0
<u>Other</u>							
Other	11,862	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 28,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,909	0
Total	\$ 12,764,589	\$ 1,123,798	\$ 5,585	\$ 122,146	\$ 212,137	\$ 52,018	\$ 111,405

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 0	\$ 1,218,512	\$ 467,329	\$ 325,341	\$ 0	\$ 0	\$ 9,547,625
Trustee's Collections - Prior Year	0	0	33,740	12,849	10,249	0	0	209,597
Trustee's Collections - Bankruptcy	0	0	433	180	195	0	0	3,376
Circuit/Clerk & Master Collections - Prior Years	0	0	11,412	9,473	4,458	0	0	103,845
Interest and Penalty	0	0	10,363	6,047	3,603	0	0	84,984
Payments in-Lieu-of Taxes - T.V.A.	0	0	123	116	55	0	0	1,127
Payments in-Lieu-of Taxes - Local Utilities	0	0	1,604	1,515	713	0	0	14,706
Payments in-Lieu-of Taxes - Other	0	0	308	291	138	0	0	2,828
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	289,557	0	0	0	402,438
Litigation Tax - General	0	0	0	0	0	0	0	97,935
Litigation Tax - Special Purpose	0	0	81,300	0	0	0	0	238,547
Business Tax	0	0	0	0	0	0	0	714,491
Mineral Severance Tax	0	87,508	0	0	0	0	0	87,508
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	0	0	132,193
Wholesale Beer Tax	0	0	0	0	0	0	0	214,576
Interstate Telecommunications Tax	0	0	0	0	0	0	0	3,460
Total Local Taxes	\$ 0	\$ 87,508	\$ 1,357,795	\$ 787,357	\$ 344,752	\$ 0	\$ 0	\$ 11,859,236
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,607
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	0	6,090
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,697
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,767
Officers Costs	0	0	0	0	0	0	0	18,418
Drug Control Fines	0	0	0	0	0	0	0	266,576

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Data Entry Fee - Circuit Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	28
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	105,434
Officers Costs	0	0	0	0	0	0	0	85,765
Game and Fish Fines	0	0	0	0	0	0	0	438
Jail Fees	0	0	0	0	0	0	0	20,796
DUI Treatment Fines	0	0	0	0	0	0	0	12,977
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	560
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	2,260
Officers Costs	0	0	0	0	0	0	0	27,411
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	3,730
<u>Other Courts - In-county</u>								
Drug Court Fees	0	0	0	0	0	0	0	28,947
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	32,531
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	621,638
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,375	\$ 0	9,375
Convenience Waste Centers Collection Charge	0	0	0	0	0	0	0	6,900
Solid Waste Disposal Fees	0	0	0	0	0	0	0	42,881
Patient Charges	0	0	0	0	0	0	229,903	1,143,321
Work Release Charges for Board	0	0	0	0	0	0	0	24,600
Health Department Collections	0	0	0	0	0	0	0	103
Other General Service Charges	0	0	0	0	0	0	0	1,270
Water Tap Sales	0	0	0	0	0	10,000	0	10,000
Service Charges	0	0	0	0	0	0	0	3,600
<u>Fees</u>								
Subdivision Lot Fees	0	0	0	0	0	0	0	59,228

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Recreation Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,027
Copy Fees	0	0	0	0	0	0	0	14,218
Telephone Commissions	0	0	0	0	0	0	0	23,217
Constitutional Officers' Fees and Commissions	1,403,197	0	0	0	0	0	0	1,404,197
Data Processing Fee - Register	0	0	0	0	0	0	0	24,915
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	1,620
Total Charges for Current Services	\$ 1,403,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,375	\$ 229,903	\$ 2,785,472
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 364,168	\$ 0	\$ 0	\$ 0	\$ 0	\$ 364,168
Lease/Rentals	0	0	94,944	0	0	0	0	106,629
Sale of Materials and Supplies	0	1,492	0	0	0	0	0	1,492
Commissary Sales	0	0	0	0	0	0	0	101,487
Sale of Recycled Materials	0	2,599	0	0	0	0	0	34,794
Miscellaneous Refunds	0	2,428	0	0	0	0	65	9,058
<u>Nonrecurring Items</u>								
Sale of Equipment	0	33,778	0	0	0	0	0	45,539
Sale of Property	0	307,520	0	0	0	0	0	335,245
Damages Recovered from Individuals	0	63,100	0	0	0	0	0	64,049
Contributions & Gifts	0	0	0	0	0	0	0	260,272
<u>Other Local Revenues</u>								
Other Local Revenues	0	44,200	0	0	0	0	0	48,095
Total Other Local Revenues	\$ 0	\$ 455,117	\$ 459,112	\$ 0	\$ 0	\$ 0	\$ 65	\$ 1,370,828
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,757
Circuit Court Clerk	0	0	0	0	0	0	0	46,028
Clerk and Master	0	0	0	0	0	0	0	72,370
Register	0	0	0	0	0	0	0	139,393
Trustee	0	0	0	0	0	0	0	465,000

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees-In-Lieu of Salary</u>								
Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	20,715
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	982,263
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,500
State Reappraisal Grant	0	0	0	0	0	0	0	17,692
Solid Waste Grants	0	0	0	0	0	0	0	39,958
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	0	19,192
Drug Control Grants	0	0	0	0	0	0	0	8,113
<u>Public Works Grants</u>								
State Aid Program	0	131,860	0	0	0	0	0	131,860
Litter Program	0	0	0	0	0	0	0	48,787
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	35,974
Beer Tax	0	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	0	0	54,565
Contracted Prisoner Boarding	0	0	0	0	0	0	0	628,651
Gasoline and Motor Fuel Tax	0	1,842,940	0	0	0	0	0	1,842,940
Petroleum Special Tax	0	38,624	0	0	0	0	0	38,624
T.B.I. - Equipment Reimbursement	0	0	0	0	0	0	0	1,807
Registrar's Salary Supplement	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	0	531,114
Other State Revenues	0	0	0	0	0	0	0	85,380
Total State of Tennessee	\$ 0	\$ 2,013,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,530,749
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	451,494	\$ 0	451,494
Civil Defense Reimbursement	0	0	0	0	0	0	0	21,528
Homeland Security Grants	0	0	0	0	0	1,477	0	114,742

(Continued)

Exhibit H-5

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	
<u>Federal Government (Cont.)</u>								
<u>Federal Through State (Cont.)</u>								
Other Federal through State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	83,333
<u>Direct Federal Revenue</u>								
Asset Forfeiture Funds	0	0	0	0	0	0	0	13,048
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	452,971	\$ 0	684,145
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,070
Contributions	0	0	0	0	0	0	0	53,111
Contracted Services	0	0	0	0	0	0	0	12,183
<u>Other</u>								
Other	0	0	0	0	0	0	0	11,862
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	79,226
Total	\$ 1,403,197	\$ 2,556,049	\$ 1,816,907	\$ 787,357	\$ 344,752	\$ 472,346	\$ 229,968	\$ 22,002,254

Coffee County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	23,849	
Social Security		1,471	
Audit Services		15,339	
Dues and Memberships		1,500	
Printing, Stationery, and Forms		202	
Travel		100	
Specialized Medical Treatment		660	
Total County Commission			\$ 43,121

Board of Equalization

Board and Committee Members Fees	\$	1,015	
Social Security		67	
Total Board of Equalization			1,082

Other Boards and Committees

Board and Committee Members Fees	\$	20,510	
Social Security		1,540	
Data Processing Supplies		9,200	
Total Other Boards and Committees			31,250

County Mayor/Executive

County Official/Administrative Officer	\$	64,734	
Secretary(ies)		27,719	
Clerical Personnel		27,091	
Part-time Personnel		3,400	
Social Security		9,404	
State Retirement		4,149	
Medical Insurance		6,677	
Dental Insurance		774	
Communication		2,478	
Dues and Memberships		12,625	
Legal Notices, Recording, and Court Costs		1,189	
Maintenance Agreements		1,963	
Printing, Stationery, and Forms		1,648	
Travel		2,204	
Office Supplies		925	
Total County Mayor/Executive			166,980

County Attorney

County Official/Administrative Officer	\$	4,800	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Legal Services	\$ 10,456	
Total County Attorney		\$ 15,256

Election Commission

County Official/Administrative Officer	\$ 47,641	
Deputy(ies)	77,866	
Clerical Personnel	3,880	
Overtime Pay	1,499	
Election Commission	5,962	
Election Workers	17,211	
Social Security	11,092	
State Retirement	9,609	
Medical Insurance	19,838	
Dental Insurance	1,032	
Communication	1,449	
Operating Lease Payments	1,460	
Legal Notices, Recording, and Court Costs	9,633	
Maintenance Agreements	4,795	
Maintenance & Repair Services - Equipment	4,406	
Travel	1,392	
Other Contracted Services	333	
Office Supplies	3,623	
Utilities	372	
In Service/Staff Development	50	
Data Processing Equipment	4,866	
Total Election Commission		228,009

Register of Deeds

Social Security	\$ 11,745	
State Retirement	9,225	
Medical Insurance	20,190	
Dental Insurance	1,032	
Communication	1,049	
Operating Lease Payments	20,378	
Maintenance Agreements	2,389	
Data Processing Supplies	3,710	
Office Supplies	5,013	
Total Register of Deeds		74,731

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Planning

Supervisor/Director	\$	10,961	
Secretary(ies)		23,061	
Part-time Personnel		554	
Social Security		2,557	
State Retirement		2,576	
Medical Insurance		6,763	
Dental Insurance		344	
Communication		1,077	
Contracts with Private Agencies		1,000	
Legal Notices, Recording, and Court Costs		316	
Maintenance & Repair Services - Vehicles		41	
Printing, Stationery, and Forms		469	
Travel		489	
Gasoline		390	
Office Supplies		797	
Total Planning			\$ 51,395

County Buildings

Supervisor/Director	\$	42,488
Maintenance Personnel		60,479
Part-time Personnel		60
Overtime Pay		9,485
Social Security		8,817
State Retirement		8,634
Medical Insurance		15,115
Dental Insurance		494
Communication		46,070
Contracts with Private Agencies		31,395
Dues and Memberships		100
Maintenance & Repair Services - Buildings		285,140
Maintenance & Repair Services - Equipment		5,407
Maintenance & Repair Services - Vehicles		1,174
Pest Control		5,213
Disposal Fees		662
Electricity		160,000
Gasoline		2,957
Natural Gas		69,075
Office Supplies		634
Uniforms		310
Water and Sewer		37,500

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Supplies and Materials	\$	263	
In Service/Staff Development		1,000	
Maintenance Equipment		1,179	
Other Equipment		2,755	
Total County Buildings			\$ 796,406

Other General Administration

Consultants	\$	5,000	
Data Processing Services		1,445	
Maintenance Agreements		20,960	
Postal Charges		52,000	
Other Charges		90,836	
Total Other General Administration			170,241

Finance

Accounting and Budgeting

Supervisor/Director	\$	69,085	
Deputy(ies)		30,611	
Accountants/Bookkeepers		57,535	
Secretary(ies)		22,909	
Social Security		14,215	
State Retirement		9,069	
Medical Insurance		17,391	
Dental Insurance		1,129	
Communication		3,577	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		2,923	
Maintenance Agreements		8,900	
Other Contracted Services		7,903	
Office Supplies		9,152	
In Service/Staff Development		2,724	
Total Accounting and Budgeting			257,223

Central Services

Custodial Personnel	\$	49,866	
Part-time Personnel		6,003	
Social Security		4,274	
State Retirement		1,900	
Medical Insurance		14,132	
Dental Insurance		699	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Central Services (Cont.)

Travel	\$	350	
Custodial Supplies		19,724	
Gasoline		200	
Other Charges		700	
Maintenance Equipment		1,500	
Total Central Services			\$ 99,348

Property Assessor's Office

County Official/Administrative Officer	\$	56,048	
Clerical Personnel		153,617	
In-Service Training		178	
Social Security		16,039	
State Retirement		15,849	
Medical Insurance		36,134	
Dental Insurance		1,914	
Audit Services		47,547	
Communication		2,100	
Data Processing Services		21,962	
Dues and Memberships		1,408	
Maintenance Agreements		2,375	
Maintenance & Repair Services - Vehicles		1,500	
Printing, Stationery, and Forms		500	
Gasoline		3,321	
Office Supplies		1,200	
Total Property Assessor's Office			361,692

Reappraisal Program

Other Salaries & Wages	\$	658	
Social Security		258	
Data Processing Supplies		7,797	
Total Reappraisal Program			8,713

County Trustee's Office

Social Security	\$	13,034	
State Retirement		13,004	
Medical Insurance		23,628	
Dental Insurance		1,032	
Communication		1,226	
Maintenance Agreements		6,095	
Postal Charges		5,168	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Printing, Stationery, and Forms	\$	510	
Office Supplies		1,009	
Data Processing Equipment		434	
Total County Trustee's Office			\$ 65,140

County Clerk's Office

Social Security	\$	18,759	
State Retirement		17,620	
Medical Insurance		47,412	
Dental Insurance		2,592	
Communication		2,078	
Maintenance Agreements		23,902	
Maintenance & Repair Services - Office Equipment		191	
Printing, Stationery, and Forms		1,268	
Office Supplies		5,594	
Data Processing Equipment		5,400	
Total County Clerk's Office			124,816

Administration of Justice

Circuit Court

Jury and Witness Fees	\$	21,886	
Social Security		42,023	
State Retirement		34,251	
Medical Insurance		88,888	
Dental Insurance		4,859	
Communication		2,153	
Maintenance Agreements		5,215	
Maintenance & Repair Services - Office Equipment		149	
Printing, Stationery, and Forms		4,196	
Duplicating Supplies		800	
Office Supplies		4,500	
Periodicals		500	
Office Equipment		1,800	
Total Circuit Court			211,220

General Sessions Court

Maintenance Agreements	\$	2,400	
Maintenance & Repair Services - Office Equipment		220	
Printing, Stationery, and Forms		4,941	
Travel		356	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Duplicating Supplies	\$	1,496	
Office Supplies		5,533	
Office Equipment		1,150	
Total General Sessions Court			\$ 16,096

General Sessions Judge

Judge(s)	\$	197,645	
Social Security		14,245	
State Retirement		7,481	
Medical Insurance		9,786	
Dental Insurance		516	
Communication		1,981	
Dues and Memberships		50	
Evaluation and Testing		966	
Legal Services		9,000	
Travel		3,372	
Office Supplies		125	
Periodicals		3,700	
Total General Sessions Judge			248,867

Drug Court

Supervisor/Director	\$	23,000	
Social Security		1,760	
State Retirement		1,646	
Medical Insurance		3,756	
Communication		1,478	
Printing, Stationery, and Forms		120	
Travel		515	
Other Contracted Services		27,489	
Office Supplies		1,165	
Other Supplies and Materials		1,269	
Total Drug Court			62,198

Chancery Court

Clerical Personnel	\$	42,812	
Jury and Witness Fees		500	
Social Security		11,220	
State Retirement		11,547	
Medical Insurance		23,411	
Dental Insurance		1,329	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Communication	\$	2,064	
Maintenance Agreements		8,128	
Printing, Stationery, and Forms		3,527	
Office Supplies		3,075	
Periodicals		540	
Office Equipment		6,788	
Total Chancery Court			\$ 114,941

Judicial Commissioners

County Official/Administrative Officer	\$	68,804	
Temporary Personnel		8,157	
Other Salaries & Wages		2,080	
Social Security		6,089	
State Retirement		3,787	
Medical Insurance		14,653	
Dental Insurance		752	
Maintenance Agreements		168	
Printing, Stationery, and Forms		361	
Office Supplies		329	
In Service/Staff Development		961	
Office Equipment		1,301	
Total Judicial Commissioners			107,442

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,652	
Deputy(ies)		1,011,646	
Salary Supplements		20,861	
Secretary(ies)		35,820	
Clerical Personnel		51,567	
Overtime Pay		59,571	
Other Salaries & Wages		48,884	
Social Security		100,126	
State Retirement		79,581	
Medical Insurance		181,716	
Dental Insurance		8,827	
Communication		14,511	
Contracts with Private Agencies		120	
Dues and Memberships		2,100	
Evaluation and Testing		875	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance Agreements	\$	7,533	
Maintenance & Repair Services - Equipment		1,410	
Maintenance & Repair Services - Vehicles		58,407	
Printing, Stationery, and Forms		1,000	
Travel		8,984	
Gasoline		106,035	
Instructional Supplies and Materials		2,430	
Law Enforcement Supplies		5,067	
Office Supplies		5,500	
Uniforms		7,321	
Communication Equipment		1,321	
Data Processing Equipment		1,441	
Law Enforcement Equipment		6,000	
Motor Vehicles		95,050	
Office Equipment		1,000	
Total Sheriff's Department			\$ 1,986,356

Traffic Control

Contracts with Other Public Agencies	\$	18,400	
Road Signs		8,472	
Total Traffic Control			26,872

Jail

Deputy(ies)	\$	119,604	
Medical Personnel		67,346	
Guards		534,569	
Attendants		53,267	
Cafeteria Personnel		23,596	
Overtime Pay		24,199	
Other Salaries & Wages		28,314	
Social Security		68,122	
State Retirement		52,433	
Medical Insurance		133,541	
Dental Insurance		7,477	
Communication		10,188	
Contracts with Private Agencies		48,000	
Evaluation and Testing		325	
Maintenance Agreements		792	
Maintenance & Repair Services - Equipment		1,729	
Medical and Dental Services		284,475	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Transportation - Other than Students	\$	3,093	
Travel		2,660	
Custodial Supplies		35,499	
Food Supplies		199,826	
Law Enforcement Supplies		1,349	
Office Supplies		3,000	
Periodicals		600	
Prisoners Clothing		12,103	
Uniforms		3,424	
Communication Equipment		3,000	
Data Processing Equipment		4,999	
Furniture and Fixtures		2,804	
Law Enforcement Equipment		40,186	
Total Jail			\$ 1,770,520

Juvenile Services

Youth Service Officer(s)	\$	152,464	
Clerical Personnel		19,630	
Other Salaries & Wages		7,264	
In-Service Training		2,800	
Social Security		13,285	
State Retirement		12,683	
Medical Insurance		30,185	
Dental Insurance		1,548	
Communication		2,692	
Contracts with Government Agencies		49,915	
Maintenance Agreements		1,600	
Maintenance & Repair Services - Office Equipment		9	
Travel		5,070	
Other Contracted Services		6,347	
Office Supplies		2,523	
Total Juvenile Services			308,015

Rural Fire Protection

Contributions	\$	200,748	
Total Rural Fire Protection			200,748

Civil Defense

Supervisor/Director	\$	36,651	
Deputy(ies)		32,880	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Social Security	\$	5,319	
State Retirement		3,050	
Medical Insurance		9,362	
Dental Insurance		510	
Communication		1,571	
Dues and Memberships		170	
Maintenance & Repair Services - Buildings		1,450	
Travel		78	
Food Supplies		1,579	
Gasoline		1,397	
Office Supplies		667	
In Service/Staff Development		2,000	
Other Charges		80,548	
Other Equipment		43,308	
Total Civil Defense			\$ 220,540

Rescue Squad

Contributions	\$	13,000	
Total Rescue Squad			13,000

County Coroner/Medical Examiner

Medical and Dental Services	\$	30,110	
Total County Coroner/Medical Examiner			30,110

Other Public Safety

Supervisor/Director	\$	38,882	
Salary Supplements		14,497	
Dispatchers/Radio Operators		360,912	
Educational Assistants		34,091	
Overtime Pay		9,805	
Other Salaries & Wages		17,380	
Social Security		35,785	
State Retirement		34,625	
Medical Insurance		79,562	
Dental Insurance		4,192	
Total Other Public Safety			629,731

Public Health and Welfare

Local Health Center

Medical Personnel	\$	123,188	
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(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Clerical Personnel	\$	60,606	
Educational Assistants		170,321	
Custodial Personnel		10,009	
Social Security		28,183	
State Retirement		24,781	
Medical Insurance		43,889	
Dental Insurance		2,171	
Communication		7,377	
Contributions		10,000	
Maintenance & Repair Services - Buildings		1,223	
Maintenance & Repair Services - Office Equipment		9	
Travel		16,518	
Other Contracted Services		240	
Custodial Supplies		627	
Drugs and Medical Supplies		19	
Office Supplies		1,000	
Utilities		8,309	
Liability Insurance		233	
Other Charges		1,277	
Administration Equipment		3,792	
Total Local Health Center			\$ 513,772

Rabies and Animal Control

Supervisor/Director	\$	27,718
Deputy(ies)		22,908
Overtime Pay		3,120
Social Security		4,112
State Retirement		4,069
Medical Insurance		10,532
Dental Insurance		516
Communication		1,345
Dues and Memberships		135
Laundry Service		1,243
Maintenance & Repair Services - Buildings		400
Maintenance & Repair Services - Vehicles		799
Travel		300
Veterinary Services		4,500
Animal Food and Supplies		750
Custodial Supplies		1,454
Drugs and Medical Supplies		400

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Gasoline	\$	1,750	
Office Supplies		500	
Utilities		1,700	
Other Supplies and Materials		167	
In Service/Staff Development		350	
Total Rabies and Animal Control			\$ 88,768

Ambulance/Emergency Medical Services

Supervisor/Director	\$	43,055
Accountants/Bookkeepers		30,289
Medical Personnel		545,675
Part-time Personnel		97,150
Overtime Pay		444,848
In-Service Training		2,594
Social Security		88,374
State Retirement		69,991
Medical Insurance		130,897
Dental Insurance		8,751
Communication		7,276
Consultants		2,300
Data Processing Services		1,887
Dues and Memberships		380
Operating Lease Payments		621
Licenses		1,400
Maintenance & Repair Services - Buildings		3,387
Maintenance & Repair Services - Equipment		7,031
Maintenance & Repair Services - Vehicles		28,290
Medical and Dental Services		2,000
Travel		2,800
Custodial Supplies		2,125
Drugs and Medical Supplies		32,044
Gasoline		20,780
Office Supplies		4,944
Tires and Tubes		2,359
Uniforms		11,056
Utilities		20,778
Other Supplies and Materials		4,441
Liability Insurance		16,940
Vehicle and Equipment Insurance		16,487
Communication Equipment		2,000

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Furniture and Fixtures	\$ 6,000	
Other Equipment	<u>4,055</u>	
Total Ambulance/Emergency Medical Services		\$ 1,663,005

Alcohol and Drug Programs

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

Appropriation to State

Contributions	\$ 82,243	
Total Appropriation to State		82,243

General Welfare Assistance

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

Other Waste Disposal

Disposal Fees	\$ 9,097	
Total Other Waste Disposal		9,097

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 52,500	
Tax Relief Program	<u>38,058</u>	
Total Senior Citizens Assistance		90,558

Libraries

Contributions	\$ 732,241	
Total Libraries		732,241

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 70,658	
Secretary(ies)	38,875	
Other Fringe Benefits	23,439	
Communication	1,195	
Contracts with Private Agencies	14,264	
Maintenance & Repair Services - Office Equipment	1,278	
Travel	469	
Data Processing Supplies	2,000	

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Office Supplies	\$	309	
Utilities		1,757	
Other Supplies and Materials		2,701	
Total Agriculture Extension Service			\$ 156,945

Soil Conservation

Secretary(ies)	\$	28,175	
Other Salaries & Wages		28,551	
Social Security		4,302	
State Retirement		4,294	
Medical Insurance		10,205	
Dental Insurance		516	
Contributions		2,000	
Total Soil Conservation			78,043

Other Operations

Industrial Development

Contributions	\$	253,265	
Total Industrial Development			253,265

Veterans' Services

Clerical Personnel	\$	12,852	
Social Security		983	
Communication		600	
Dues and Memberships		50	
Travel		1,200	
Data Processing Supplies		37	
Electricity		768	
Natural Gas		216	
Water and Sewer		216	
Total Veterans' Services			16,922

Other Charges

Unemployment Compensation	\$	12,827	
Liability Insurance		192,238	
Premiums on Corporate Surety Bonds		571	
Trustee's Commission		173,846	
Workers' Compensation Insurance		157,527	
Loss from Joint Ventures		85,864	
Total Other Charges			622,873

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 42,780	
Total Contributions to Other Agencies		\$ 42,780

Payments to Cities

Contributions	\$ 46,000	
Total Payments to Cities		46,000

Miscellaneous

Other Charges	\$ 968	
Total Miscellaneous		<u>968</u>

Total General Fund		\$ 12,863,939
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 41,251	
Secretary(ies)	29,407	
Overtime Pay	1,172	
In-Service Training	650	
Social Security	5,337	
State Retirement	5,452	
Medical Insurance	8,391	
Dental Insurance	409	
Unemployment Compensation	70	
Communication	3,312	
Maintenance & Repair Services - Buildings	2,776	
Postal Charges	901	
Travel	748	
Custodial Supplies	389	
Utilities	7,262	
Other Supplies and Materials	2,808	
Trustee's Commission	15,697	
Other Charges	8,280	
Site Development	<u>3,300</u>	
Total Sanitation Management		\$ 137,612

Waste Pickup

Truck Drivers	\$ 96,225
Guards	20,964

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Overtime Pay	\$	20,800	
Social Security		10,425	
State Retirement		6,279	
Medical Insurance		25,599	
Dental Insurance		520	
Unemployment Compensation		210	
Contracts with Government Agencies		20,000	
Contracts with Private Agencies		244,195	
Maintenance & Repair Services - Equipment		157	
Maintenance & Repair Services - Vehicles		13,340	
Medical and Dental Services		90	
Diesel Fuel		36,000	
Garage Supplies		4,409	
Gasoline		5,300	
Tires and Tubes		4,306	
Uniforms		2,017	
Other Supplies and Materials		1,326	
Vehicle and Equipment Insurance		4,737	
Other Equipment		24,000	
Total Waste Pickup	\$		540,899

Convenience Centers

Attendants	\$	133,120	
Overtime Pay		2,419	
Other Salaries & Wages		10,199	
Social Security		11,607	
State Retirement		9,618	
Medical Insurance		45,461	
Dental Insurance		1,892	
Unemployment Compensation		420	
Communication		5,632	
Maintenance & Repair Services - Buildings		21,924	
Maintenance & Repair Services - Equipment		14,628	
Rentals		5,224	
Electricity		5,779	
Solid Waste Equipment		22,104	
Total Convenience Centers			290,027

Other Waste Collection

Supervisor/Director	\$	6,985	
---------------------	----	-------	--

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Collection (Cont.)

Secretary(ies)	\$	4,443	
Social Security		850	
State Retirement		865	
Medical Insurance		1,580	
Dental Insurance		86	
Unemployment Compensation		14	
Contracts with Private Agencies		35,965	
Contracts with Vehicle Owners		1,354	
Total Other Waste Collection	\$		52,142

Other Operations

Other Charges

Workers' Compensation Insurance	\$	15,104	
Total Other Charges			15,104

Total Solid Waste/Sanitation Fund \$ 1,035,784

Industrial/Economic Development Fund

Other Operations

Industrial Development

Other Contracted Services	\$	800	
Electricity		244	
Trustee's Commission		56	
Total Industrial Development	\$		1,100

Total Industrial/Economic Development Fund 1,100

Local Purpose Tax Fund

Other Operations

Industrial Development

Contracts with Government Agencies	\$	75,000	
Trustee's Commission		2,308	
Total Industrial Development	\$		77,308

Total Local Purpose Tax Fund 77,308

Drug Control Fund

Public Safety

Drug Enforcement

Advertising	\$	200	
-------------	----	-----	--

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Contributions	\$	8,500	
Confidential Drug Enforcement Payments		5,000	
Dues and Memberships		799	
Travel		3,896	
Instructional Supplies and Materials		3,366	
Law Enforcement Supplies		3,870	
Trustee's Commission		1,069	
Other Charges		2,500	
Law Enforcement Equipment		6,202	
Motor Vehicles		<u>63,685</u>	
Total Drug Enforcement			\$ <u>99,087</u>

Total Drug Control Fund \$ 99,087

District Attorney General Fund

Administration of Justice

District Attorney General

Clerical Personnel	\$	1,200	
Social Security		92	
Communication		4,411	
Dues and Memberships		255	
Janitorial Services		2,080	
Travel		750	
Office Supplies		2,657	
Other Supplies and Materials		456	
Trustee's Commission		<u>11</u>	
Total District Attorney General			\$ <u>11,912</u>

Total District Attorney General Fund 11,912

Commissary Fund

Public Safety

Commissary

Supervisor/Director	\$	22,908	
Overtime Pay		1,067	
Social Security		1,752	
State Retirement		1,733	
Medical Insurance		5,216	
Dental Insurance		257	
Unemployment Compensation		35	

(Continued)

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

Commissary Fund (Cont.)

Public Safety (Cont.)

Commissary (Cont.)

Communication	\$	198	
Maintenance Agreements		1,800	
Maintenance & Repair Services - Vehicles		600	
Travel		100	
Food Supplies		38,792	
Gasoline		188	
Office Supplies		1,302	
Other Supplies and Materials		12,000	
Trustee's Commission		102	
Workers' Compensation Insurance		62	
Other Charges		10,000	
Total Commissary			\$ 98,112

Total Commissary Fund \$ 98,112

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	157,516	
Total Register of Deeds			\$ 157,516

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	176,949	
Total County Trustee's Office			176,949

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	261,569	
Total County Clerk's Office			261,569

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	561,545	
Total Circuit Court			561,545

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$	1,021	
Total General Sessions Court Clerk			1,021

(Continued)

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

Constitutional Officers' Operating Expenses	\$ 104,674	
Total Chancery Court		\$ 104,674

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 57	
Total Sheriff's Department		<u>57</u>

Total Constitutional Officers - Fees Fund		\$ 1,263,331
---	--	--------------

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 61,652	
Assistant(s)	34,487	
Secretary(ies)	24,980	
Board and Committee Members Fees	4,550	
Social Security	10,000	
State Retirement	9,686	
Medical Insurance	24,364	
Dental Insurance	1,329	
Accounting Services	13,000	
Dues and Memberships	2,500	
Engineering Services	2,713	
Evaluation and Testing	650	
Legal Services	300	
Legal Notices, Recording, and Court Costs	500	
Maintenance & Repair Services - Office Equipment	200	
Printing, Stationery, and Forms	100	
Travel	1,043	
Other Contracted Services	157	
Office Supplies	650	
Other Charges	<u>977</u>	
Total Administration		\$ 193,838

Highway and Bridge Maintenance

Equipment Operators	\$ 311,094
Truck Drivers	12,600
Social Security	27,000
State Retirement	18,341

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Medical Insurance	\$	154,000	
Dental Insurance		6,212	
Other Contracted Services		219,806	
Asphalt - Hot Mix		1,000	
Asphalt - Liquid		241,722	
General Construction Materials		23	
Other Road Supplies		10	
Pipe - Concrete		33,805	
Pipe - Metal		325	
Road Signs		2,500	
Salt		1,500	
Small Tools		600	
Structural Steel		1,000	
Wood Products		300	
Other Supplies and Materials		392	
Total Highway and Bridge Maintenance			\$ 1,032,230

Operation and Maintenance of Equipment

Mechanic(s)	\$	53,951	
Social Security		4,203	
State Retirement		400	
Medical Insurance		27,636	
Dental Insurance		953	
Laundry Service		3,432	
Maintenance & Repair Services - Equipment		4,500	
Tow-in Services		100	
Other Contracted Services		500	
Diesel Fuel		64,170	
Equipment and Machinery Parts		58,931	
Garage Supplies		326	
Gasoline		12,000	
Lubricants		2,500	
Small Tools		300	
Tires and Tubes		9,170	
Other Supplies and Materials		3,000	
Total Operation and Maintenance of Equipment			246,072

Quarry Operations

Equipment Operators	\$	15,718
Social Security		1,237

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

State Retirement	\$	1,228	
Medical Insurance		13,280	
Dental Insurance		504	
Crushed Stone		180,177	
Diesel Fuel		6,000	
Equipment and Machinery Parts		1,269	
Other Charges		2,633	
Total Quarry Operations			\$ 222,046

Other Charges

Unemployment Compensation	\$	2,630	
Communication		3,005	
Electricity		4,500	
Natural Gas		1,739	
Water and Sewer		357	
Liability Insurance		35,570	
Trustee's Commission		19,726	
Workers' Compensation Insurance		74,869	
Other Charges		300	
Total Other Charges			142,696

Capital Outlay

Highway Equipment	\$	114,979	
Motor Vehicles		147,762	
Total Capital Outlay			262,741

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	48,380	
Total Highways and Streets			48,380

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,601	
Total Highways and Streets			1,601

Total Highway/Public Works Fund			\$ 2,149,604
---------------------------------	--	--	--------------

(Continued)

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	395,000	
Principal on Notes		109,000	
Principal on Other Loans		375,300	
Total General Government			\$ 879,300

Interest on Debt

General Government

Interest on Bonds	\$	116,100	
Interest on Notes		21,521	
Interest on Other Loans		396,868	
Total General Government			534,489

Other Debt Service

General Government

Bank Charges	\$	2,597	
Refunds		150,000	
Trustee's Commission		30,626	
Other Debt Service		11,909	
Total General Government			<u>195,132</u>

Total General Debt Service Fund \$ 1,608,921

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	250,000	
Principal on Notes		143,304	
Principal on Other Loans		260,000	
Total Education			\$ 653,304

Interest on Debt

Education

Interest on Bonds	\$	141,951	
Interest on Notes		24,079	
Interest on Other Loans		18,275	
Total Education			184,305

Other Debt Service

Education

Trustee's Commission	\$	12,789	
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(Continued)

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

Rural Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education (Cont.)

Other Debt Service	\$ 641	
Total Education		\$ 13,430

Total Rural Debt Service Fund \$ 851,039

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 110,000	
Total Education		\$ 110,000

Interest on Debt

Education

Interest on Bonds	\$ 184,269	
Total Education		184,269

Other Debt Service

General Government

Trustee's Commission	\$ 6,792	
Other Debt Service	944	
Total General Government		<u>7,736</u>

Total Education Debt Service Fund 302,005

General Capital Projects Fund

Capital Projects

General Administration Projects

Other Capital Outlay	\$ 9,951	
Total General Administration Projects		\$ 9,951

Public Safety Projects

Heating and Air Conditioning Equipment	\$ 101,344	
Other Equipment	<u>1,477</u>	
Total Public Safety Projects		102,821

Public Health and Welfare Projects

Building Improvements	\$ 279,126	
Total Public Health and Welfare Projects		279,126

(Continued)

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Utility Projects

Other Capital Outlay

\$ 591,117

Total Public Utility Projects

\$ 591,117

Total General Capital Projects Fund

\$ 983,015

Other Capital Projects Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Drugs and Medical Supplies

\$ 28,269

Trustee's Commission

898

Building Construction

18,740

Communication Equipment

6,833

Motor Vehicles

85,381

Total Ambulance/Emergency Medical Services

\$ 140,121

Total Other Capital Projects Fund

140,121

Total Governmental Funds - Primary Government

\$ 21,485,278

Exhibit H-7

Coffee County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund	City School ADA- Tulahoma Fund	City School ADA- Manchester Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 3,272,751	\$ 1,247,096	\$ 4,519,847
Trustee's Collections - Prior Years	0	94,855	35,447	130,302
Trustee's Collections - Bankruptcy	0	1,345	512	1,857
Circuit/Clerk and Master Collections - Prior Years	0	31,548	12,021	43,569
Interest and Penalty	0	28,528	10,870	39,398
Payments in Lieu of Taxes - TVA	0	449	127	576
Payments in Lieu of Taxes - Local	0	4,340	1,654	5,994
Payments in Lieu of Taxes - Other	0	834	1,289	2,123
Interstate Telecommunications Tax	0	3,062	1,167	4,229
Local Option Sales Tax	8,162,893	0	932,561	9,095,454
Marriage Licenses	0	1,257	479	1,736
Alcoholic Beverage Tax	0	3,085	1,176	4,261
Total Cash Receipts	\$ 8,162,893	\$ 3,442,054	\$ 2,244,399	\$ 13,849,346
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 8,080,656	\$ 3,421,231	\$ 2,195,676	\$ 13,697,563
Trustee's Commission	82,237	70,236	36,317	188,790
Total Cash Disbursements	\$ 8,162,893	\$ 3,491,467	\$ 2,231,993	\$ 13,886,353
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (49,413)	\$ 12,406	\$ (37,007)
Cash Balance, July 1, 2005	0	14,188	23,188	37,376
Cash Balance, June 30, 2006	\$ 0	\$ (35,225)	\$ 35,594	\$ 369

ANNUAL FINANCIAL REPORT
COFFEE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF COFFEE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

JAMES D. HODGES, CFE
AMY HEWITT
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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

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

Annual Financial Report
Coffee County School Department
For the Year Ended June 30, 2006

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Coffee County School Department as of and for the year ended June 30, 2006.

Results

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

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

Findings

The following are summaries of the audit findings:

COFFEE COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ School officials maintained inventory records of assets owned by the School Department; however, these assets were not verified by personnel independent of maintaining the inventory records.
- ◆ The extended school program did not deposit funds within three days of collection, and bank statements were not reconciled to the general ledger during the year.
- ◆ County officials had not adopted a central system of accounting and budgeting.
- ◆ Duties were not segregated adequately in the Office of Director of Schools.
- ◆ A portion of sales tax collected outside municipalities was not apportioned with city school systems.

INTRODUCTORY SECTION

Coffee County School Officials
June 30, 2006

Official

Daniel Brigman, Director of Schools

Board of Education

Tommy Allen, Chairman
Ricky Milburn
Kathy Norton
Jimmy Sain
Esther Sims
Paul Thornton
Dr. Linda Walden

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 12, 2006

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

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Coffee County School Department, a component unit of Coffee County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 31, which collectively comprise a portion of the Coffee County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Coffee County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Coffee County School Department as of June 30, 2006, 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 the major fund and the aggregate remaining fund information of the Coffee County School Department as of June 30, 2006, 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.

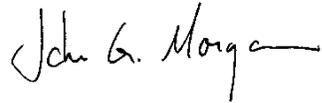
In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2006, on our consideration of the Coffee County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 35 through 37 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coffee County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and miscellaneous schedules are presented for purposes of additional analysis and are not a

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Coffee County, Tennessee
Balance Sheet - Governmental Funds
Coffee County School Department
June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	General Purpose School	Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 1,423	\$ 1,825	\$ 3,248
Equity in Pooled Cash and Investments	3,258,424	669,105	3,927,529
Accounts Receivable	16,982	27	17,009
Due from Other Governments	1,031,662	272,472	1,304,134
Property Taxes Receivable	5,507,122	0	5,507,122
Allowance for Uncollectible Property Taxes	(144,540)	0	(144,540)
Total Assets	<u>\$ 9,671,073</u>	<u>\$ 943,429</u>	<u>\$ 10,614,502</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 13,090	\$ 35,873	\$ 48,963
Accrued Payroll	1,701,374	156,788	1,858,162
Payroll Deductions Payable	742,223	54,461	796,684
Claims and Judgements Payable	59,656	266	59,922
Deferred Revenue - Current Property Taxes	5,235,004	0	5,235,004
Deferred Revenue - Delinquent Property Taxes	93,842	0	93,842
Other Deferred Revenues	366,761	0	366,761
Total Liabilities	<u>\$ 8,211,950</u>	<u>\$ 247,388</u>	<u>\$ 8,459,338</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 66,891	\$ 37,255	\$ 104,146
Other Local Education Reserves	64,867	0	64,867
Unreserved, Reported In:			
General Fund	1,327,365	0	1,327,365
Special Revenue Funds	0	658,786	658,786
Total Fund Balances	<u>\$ 1,459,123</u>	<u>\$ 696,041</u>	<u>\$ 2,155,164</u>
Total Liabilities and Fund Balances	<u>\$ 9,671,073</u>	<u>\$ 943,429</u>	<u>\$ 10,614,502</u>

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

Exhibit B

Coffee County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Coffee County School Department
For the Year Ended June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 9,236,601	\$ 0	\$ 9,236,601
Licenses and Permits	1,779	0	1,779
Fines, Forfeitures, and Penalties	98	0	98
Charges for Current Services	185,892	851,515	1,037,407
Other Local Revenues	39,548	9,404	48,952
State of Tennessee	15,120,003	24,237	15,144,240
Federal Government	124,908	2,664,538	2,789,446
Total Revenues	<u>\$ 24,708,829</u>	<u>\$ 3,549,694</u>	<u>\$ 28,258,523</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,425,022	\$ 1,471,096	\$ 16,896,118
Support Services	8,555,782	322,226	8,878,008
Operation of Non-Instructional Services	495,642	1,716,176	2,211,818
Capital Outlay	71,802	0	71,802
Capital Projects	0	232,804	232,804
Total Expenditures	<u>\$ 24,548,248</u>	<u>\$ 3,742,302</u>	<u>\$ 28,290,550</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 160,581</u>	<u>\$ (192,608)</u>	<u>\$ (32,027)</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 372,000	\$ 0	\$ 372,000
Transfers In	16,174	0	16,174
Transfers Out	0	(16,174)	(16,174)
Total Other Financing Sources (Uses)	<u>\$ 388,174</u>	<u>\$ (16,174)</u>	<u>\$ 372,000</u>
Net Change in Fund Balances	\$ 548,755	\$ (208,782)	\$ 339,973
Fund Balance, July 1, 2005	910,368	904,823	1,815,191
Fund Balance, June 30, 2006	<u>\$ 1,459,123</u>	<u>\$ 696,041</u>	<u>\$ 2,155,164</u>

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

COFFEE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF COFFEE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

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

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

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

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

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

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

The School Department reports the following major governmental fund:

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

Additionally, the School Department reports the following fund types:

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

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

C. Assets, Liabilities, and Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.63 percent of total taxes levied.

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

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

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

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

Claims and judgments payable on the balance sheets of the General Purpose School Fund (\$59,656) and the nonmajor special revenue funds (\$266) represent unpaid claims of the School Department's self-insured dental and vision plan at June 30, 2006.

3. Capital Assets

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

School Department does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, the School Department does not present government-wide statements.

4. Compensated Absences

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

5. Long-term Obligations

Only the matured portion (the portion that has come due for payment) of long-term indebtedness is recognized as a liability and expenditure in the governmental fund financial statements.

6. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. All annual appropriations lapse at fiscal year end.

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

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

categories. During the year, several supplementary appropriations were necessary.

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

B. Expenditures and Encumbrances Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount</u>
General Purpose School Fund:	
Board of Education	\$ 6,611
School Federal Projects Fund:	
Instruction - Special Education Program	1,441

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts

are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Coffee County, the School Department’s primary government, is 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, 2006, Coffee 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 Coffee 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>\$ 484,381</u>
Total		<u><u>\$ 484,381</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. Coffee 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 insurer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Coffee County has no investment policy that would further limit its investment choices. As of June 30, 2006, the Coffee County's investment in the State Treasurer's Investment Pool was unrated.

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2006, consisted of the following amount:

	Transfers In
	General Purpose School Fund
Transfers Out	
Nonmajor governmental funds	\$ 16,174
Total	\$ 16,174

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. Long-term Debt

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

Capital Outlay Notes

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

The School Department's capital outlay note is a direct obligation and pledges the full faith and credit of the government. The capital outlay note outstanding was issued for an original term of five years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The capital outlay

note outstanding at June 30, 2006, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2006, is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Note	4.07 %	\$ 372,000	\$ 372,000

The annual requirements to amortize the capital outlay note outstanding as of June 30, 2006, including interest, are presented in the following table:

Year Ending June 30	Capital Outlay Note	
	Principal	Interest
2007	\$ 68,513	\$ 15,351
2008	71,340	12,523
2009	74,258	9,606
2010	77,348	6,515
2011	80,541	3,324
Total	<u>\$ 372,000</u>	<u>\$ 47,319</u>

Debt per capita for the School Department totaled \$8, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Notes
Balance, July 1, 2005	\$ 0
Additions	372,000
Balance, June 30, 2006	<u>\$ 372,000</u>

D. Short-term Debt

The county issued revenue anticipation notes in advance of collections and deposited the proceeds in the School Federal Projects Fund and the Central Cafeteria Fund. These notes were necessary because funds were not available to meet fund obligations coming due before current revenue collections. Short-term debt activity for the year ended June 30, 2006, was as follows:

	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
School Federal Projects	\$ 0	\$ 180,000	\$ (180,000)	\$ 0
Central Cafeteria	0	150,000	(150,000)	0

IV. OTHER INFORMATION

A. Risk Management

The School Department's risk of loss relating to general liability, property, casualty, and workers' compensation are covered by their participation in the Tennessee Schools Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. Annual premiums are paid to the pool for the risk coverage noted above. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

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

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

claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	End of Fiscal Year Liability
2004-05	\$ 18,215	\$ 300,488	\$ 282,198	\$ 36,505
2005-06	36,505	317,942	294,525	59,922

B. Accounting Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Coffee County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Coffee County will

prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. The School Department had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that the School Department will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. The School Department was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that the School Department will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Event

Director of Schools, Daniel Brigman, resigned October 20, 2006, and was succeeded by Kenny Casteel effective November 9, 2006.

D. Contingent Liabilities

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

E. Jointly Governed Organization

The Coffee County School Department is a member of the Volunteer State Cooperative (VOLCO). The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Manchester City, Maury County, Stewart County, and Sumner County. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by

combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Bedford County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, including one representative from each of the member districts, and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee. The cooperative began operations in July 1998.

F. Retirement Commitments

Plan Description

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

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

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

SCHOOL TEACHERS

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$762,250, \$700,253, and \$439,536, respectively, equal to the required contributions for each year.

G. Other Post-employment Benefits

The School Department provides post-retirement health care benefits, in accordance with board policy and contract provisions, to all employees who have been covered under the county group medical plan for one full year prior to retirement and retire from the county on or after age 60 with at least 15 years of service, or retire after age 60 with a minimum of 25 years of vested service with the Tennessee Consolidated Retirement System and 15 years of service with the School Department. During the year, 42 school retirees met those eligibility requirements. The School Department pays 55 percent of medical premiums for retirees until they reach the age of 65. During the year, expenditures totaling \$104,673 were recognized for post-employment health care.

H. Purchasing Law

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C

Coffee County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Coffee County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,236,601	\$ 0	\$ 0	\$ 9,236,601	\$ 8,604,998	\$ 8,604,998	\$ 631,603
Licenses and Permits	1,779	0	0	1,779	1,600	1,600	179
Fines, Forfeitures, and Penalties	98	0	0	98	400	400	(302)
Charges for Current Services	185,892	0	0	185,892	215,000	218,000	(32,108)
Other Local Revenues	39,548	0	0	39,548	19,100	46,100	(6,552)
State of Tennessee	15,120,003	0	0	15,120,003	14,901,642	15,047,666	72,337
Federal Government	124,908	0	0	124,908	52,000	159,522	(34,614)
Total Revenues	\$ 24,708,829	\$ 0	\$ 0	\$ 24,708,829	\$ 23,794,740	\$ 24,078,286	\$ 630,543
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,344,273	\$ (2,371)	\$ 24,057	\$ 12,365,959	\$ 12,135,670	\$ 12,398,542	\$ 32,583
Special Education Program	2,085,381	0	0	2,085,381	2,058,395	2,086,467	1,086
Vocational Education Program	969,843	0	160	970,003	980,522	980,522	10,519
Student Body Education Program	25,525	0	0	25,525	26,828	26,828	1,303
<u>Support Services</u>							
Attendance	75,084	0	129	75,213	80,341	80,341	5,128
Health Services	252,906	0	0	252,906	256,992	256,992	4,086
Other Student Support	631,350	0	4,479	635,829	630,521	637,513	1,684
Regular Instruction Program	1,000,016	(20)	0	999,996	980,708	1,005,156	5,160
Special Education Program	180,103	0	0	180,103	180,166	180,166	63
Vocational Education Program	108,674	0	0	108,674	112,852	109,852	1,178
Board of Education	829,617	0	0	829,617	791,506	823,006	(6,611)
Director of Schools	235,232	0	0	235,232	238,883	238,883	3,651
Office of the Principal	1,281,589	0	0	1,281,589	1,287,012	1,281,822	233
Fiscal Services	227,976	(900)	0	227,076	229,986	229,986	2,910

(Continued)

Exhibit C

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,421,877	\$ (4,332)	\$ 0	\$ 1,417,545	\$ 1,382,166	\$ 1,418,166	\$ 621
Maintenance of Plant	413,647	(1,374)	2,000	414,273	407,315	426,867	12,594
Transportation	1,897,711	(200)	6,000	1,903,511	1,871,238	1,910,038	6,527
<u>Operation of Non-Instructional Services</u>							
Community Services	288,335	(1,040)	563	287,858	300,031	312,031	24,173
Early Childhood Education	207,307	0	1,503	208,810	208,815	208,815	5
<u>Capital Outlay</u>							
Regular Capital Outlay	71,802	0	28,000	99,802	100,000	100,000	198
<u>Principal on Debt</u>							
Education	0	0	0	0	75,000	0	0
Total Expenditures	\$ 24,548,248	\$ (10,237)	\$ 66,891	\$ 24,604,902	\$ 24,334,947	\$ 24,711,993	\$ 107,091
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 160,581	\$ 10,237	\$ (66,891)	\$ 103,927	\$ (540,207)	\$ (633,707)	\$ 737,634
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 372,000	\$ 0	\$ 0	\$ 372,000	\$ 372,000	\$ 372,000	\$ 0
Transfers In	16,174	0	0	16,174	10,000	10,000	6,174
Total Other Financing Sources (Uses)	\$ 388,174	\$ 0	\$ 0	\$ 388,174	\$ 382,000	\$ 382,000	\$ 6,174
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 548,755	\$ 10,237	\$ (66,891)	\$ 492,101	\$ (158,207)	\$ (251,707)	\$ 743,808
	910,368	(10,237)	0	900,131	825,618	825,618	74,513
Fund Balance, June 30, 2006							
	\$ 1,459,123	\$ 0	\$ (66,891)	\$ 1,392,232	\$ 667,411	\$ 573,911	\$ 818,321

**COFFEE COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF COFFEE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006**

A. BUDGETARY INFORMATION

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

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

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

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 \$6,611. Such overexpenditure is a violation of state statutes. This overexpenditure was funded by available fund balance.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Fund

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

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

Exhibit D-1

Coffee County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Coffee County School Department
June 30, 2006

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,825	\$ 1,825
Equity in Pooled Cash and Investments	15,008	654,097	669,105
Accounts Receivable	0	27	27
Due from Other Governments	175,528	96,944	272,472
Total Assets	<u>\$ 190,536</u>	<u>\$ 752,893</u>	<u>\$ 943,429</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 35,873	\$ 0	\$ 35,873
Accrued Payroll	101,684	55,104	156,788
Payroll Deductions Payable	36,077	18,384	54,461
Claims and Judgments Payable	0	266	266
Total Liabilities	<u>\$ 173,634</u>	<u>\$ 73,754</u>	<u>\$ 247,388</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 16,902	\$ 20,353	\$ 37,255
Unreserved	0	658,786	658,786
Total Fund Balances	<u>\$ 16,902</u>	<u>\$ 679,139</u>	<u>\$ 696,041</u>
Total Liabilities and Fund Balances	<u>\$ 190,536</u>	<u>\$ 752,893</u>	<u>\$ 943,429</u>

Exhibit D-2

Coffee County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Coffee County School Department
For the Year Ended June 30, 2006

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 851,515	\$ 851,515	\$ 0	\$ 851,515
Other Local Revenues	0	9,404	9,404	0	9,404
State of Tennessee	0	24,237	24,237	0	24,237
Federal Government	1,667,837	996,701	2,664,538	0	2,664,538
Total Revenues	<u>\$ 1,667,837</u>	<u>\$ 1,881,857</u>	<u>\$ 3,549,694</u>	<u>\$ 0</u>	<u>\$ 3,549,694</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,471,096	\$ 0	\$ 1,471,096	\$ 0	\$ 1,471,096
Support Services	322,226	0	322,226	0	322,226
Operation of Non-Instructional Services	0	1,716,176	1,716,176	0	1,716,176
Capital Projects	0	0	0	232,804	232,804
Total Expenditures	<u>\$ 1,793,322</u>	<u>\$ 1,716,176</u>	<u>\$ 3,509,498</u>	<u>\$ 232,804</u>	<u>\$ 3,742,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (125,485)</u>	<u>\$ 165,681</u>	<u>\$ 40,196</u>	<u>\$ (232,804)</u>	<u>\$ (192,608)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (16,174)	\$ 0	\$ (16,174)	\$ 0	\$ (16,174)
Total Other Financing Sources (Uses)	<u>\$ (16,174)</u>	<u>\$ 0</u>	<u>\$ (16,174)</u>	<u>\$ 0</u>	<u>\$ (16,174)</u>
Net Change in Fund Balances	\$ (141,659)	\$ 165,681	\$ 24,022	\$ (232,804)	\$ (208,782)
Fund Balance, July 1, 2005	158,561	513,458	672,019	232,804	904,823
Fund Balance, June 30, 2006	<u>\$ 16,902</u>	<u>\$ 679,139</u>	<u>\$ 696,041</u>	<u>\$ 0</u>	<u>\$ 696,041</u>

Exhibit D-3

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,667,837	\$ 0	\$ 0	\$ 1,667,837	\$ 1,751,425	\$ 1,751,425	\$ (83,588)
Total Revenues	\$ 1,667,837	\$ 0	\$ 0	\$ 1,667,837	\$ 1,751,425	\$ 1,751,425	\$ (83,588)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 581,283	\$ 0	\$ 2,306	\$ 583,589	\$ 684,808	\$ 624,552	\$ 40,963
Special Education Program	775,121	(11,491)	0	763,630	760,738	762,189	(1,441)
Vocational Education Program	114,692	(6,746)	6,121	114,067	114,067	114,067	0
<u>Support Services</u>							
Other Student Support	42,199	0	0	42,199	45,598	42,669	470
Regular Instruction Program	181,533	(17,775)	8,475	172,233	155,025	215,280	43,047
Special Education Program	89,352	(511)	0	88,841	88,505	89,872	1,031
Vocational Education Program	6,500	0	0	6,500	6,500	6,500	0
Office of the Principal	2,642	0	0	2,642	3,051	3,051	409
Total Expenditures	\$ 1,793,322	\$ (36,523)	\$ 16,902	\$ 1,773,701	\$ 1,858,292	\$ 1,858,180	\$ 84,479
Excess (Deficiency) of Revenues Over Expenditures	\$ (125,485)	\$ 36,523	\$ (16,902)	\$ (105,864)	\$ (106,867)	\$ (106,755)	\$ 891
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (16,174)	\$ 0	\$ 0	\$ (16,174)	\$ (17,679)	\$ (17,791)	\$ 1,617
Total Other Financing Sources (Uses)	\$ (16,174)	\$ 0	\$ 0	\$ (16,174)	\$ (17,679)	\$ (17,791)	\$ 1,617
Net Change in Fund Balance	\$ (141,659)	\$ 36,523	\$ (16,902)	\$ (122,038)	\$ (124,546)	\$ (124,546)	\$ 2,508
Fund Balance, July 1, 2005	158,561	(36,523)	0	122,038	124,546	124,546	(2,508)
Fund Balance, June 30, 2006	\$ 16,902	\$ 0	\$ (16,902)	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit D-4

Coffee County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Coffee County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 851,515	\$ 0	\$ 851,515	\$ 906,150	\$ 906,150	\$ (54,635)
Other Local Revenues	9,404	0	9,404	3,500	5,439	3,965
State of Tennessee	24,237	0	24,237	25,000	25,000	(763)
Federal Government	996,701	0	996,701	915,000	915,000	81,701
Total Revenues	<u>\$ 1,881,857</u>	<u>\$ 0</u>	<u>\$ 1,881,857</u>	<u>\$ 1,849,650</u>	<u>\$ 1,851,589</u>	<u>\$ 30,268</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,716,176	\$ 20,353	\$ 1,736,529	\$ 1,738,480	\$ 1,740,419	\$ 3,890
Total Expenditures	<u>\$ 1,716,176</u>	<u>\$ 20,353</u>	<u>\$ 1,736,529</u>	<u>\$ 1,738,480</u>	<u>\$ 1,740,419</u>	<u>\$ 3,890</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 165,681</u>	<u>\$ (20,353)</u>	<u>\$ 145,328</u>	<u>\$ 111,170</u>	<u>\$ 111,170</u>	<u>\$ 34,158</u>
Net Change in Fund Balance	\$ 165,681	\$ (20,353)	\$ 145,328	\$ 111,170	\$ 111,170	\$ 34,158
Fund Balance, July 1, 2005	513,458	0	513,458	513,458	513,458	0
Fund Balance, June 30, 2006	<u>\$ 679,139</u>	<u>\$ (20,353)</u>	<u>\$ 658,786</u>	<u>\$ 624,628</u>	<u>\$ 624,628</u>	<u>\$ 34,158</u>

MISCELLANEOUS SCHEDULES

Exhibit E-1

Coffee County, Tennessee
Schedule of Changes in Long-term Notes
Coffee County School Department
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Outstanding 6-30-06
<u>NOTES PAYABLE</u>							
Payable through General Purpose School Fund: School Buses	\$ 372,000	4.07 %	10-24-05	10-24-10	\$ 0	\$ 372,000	\$ 372,000

Exhibit E-2

Coffee County, Tennessee
Schedule of Transfers
Coffee County School Department
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 16,174</u>
Total Transfers			<u><u>\$ 16,174</u></u>

Exhibit E-3

Coffee County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Coffee County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and Coffee County Board of Education	\$ 93,051 (1) \$	(2)	
Employee Dishonesty Bond Coverage: School Employees			150,000	Tennessee School Boards Risk Management Trust

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

Exhibit E-4

Coffee County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Coffee County School Department
 For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,721,825	\$ 0	\$ 0	\$ 4,721,825
Trustee's Collections - Prior Year	133,497	0	0	133,497
Trustee's Collections - Bankruptcy	1,668	0	0	1,668
Circuit/Clerk & Master Collections - Prior Years	47,168	0	0	47,168
Interest and Penalty	45,231	0	0	45,231
Payments in-Lieu-of Taxes - T.V.A.	476	0	0	476
Payments in-Lieu-of Taxes - Local Utilities	6,217	0	0	6,217
Payments in-Lieu-of Taxes - Other	1,195	0	0	1,195
<u>County Local Option Taxes</u>				
Local Option Sales Tax	4,274,941	0	0	4,274,941
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	4,383	0	0	4,383
Total Local Taxes	\$ 9,236,601	\$ 0	\$ 0	\$ 9,236,601
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,779	\$ 0	\$ 0	\$ 1,779
Total Licenses and Permits	\$ 1,779	\$ 0	\$ 0	\$ 1,779
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 98	\$ 0	\$ 0	\$ 98
Total Fines, Forfeitures, and Penalties	\$ 98	\$ 0	\$ 0	\$ 98
<u>Charges for Current Services</u>				
<u>Fees</u>				
Recreation Fees	\$ 3,904	\$ 0	\$ 0	\$ 3,904
<u>Education Charges</u>				
Tuition - Summer School	17,840	0	0	17,840
Lunch Payments - Children	0	0	499,245	499,245
Lunch Payments - Adults	0	0	52,398	52,398
Income from Breakfast	0	0	64,584	64,584
A la carte Sales	0	0	233,870	233,870
Receipts from Individual Schools	44,268	0	1,078	45,346
Community Service Fees - Children	106,735	0	0	106,735
<u>Other Charges for Services</u>				
Other Charges for Services	13,145	0	340	13,485
Total Charges for Current Services	\$ 185,892	\$ 0	\$ 851,515	\$ 1,037,407
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 7,466	\$ 7,466
Lease/Rentals	346	0	0	346
Refund of Telecommunication & Internet Fees	10,981	0	0	10,981
Miscellaneous Refunds	1,055	0	0	1,055
<u>Nonrecurring Items</u>				
Sale of Equipment	84	0	0	84

(Continued)

Exhibit E-4

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items (Cont.)</u>				
Sale of Property	\$ 308	\$ 0	\$ 0	\$ 308
Damages Recovered from Individuals	21,944	0	1,938	23,882
Contributions & Gifts	4,830	0	0	4,830
Total Other Local Revenues	\$ 39,548	\$ 0	\$ 9,404	\$ 48,952
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 13,813,229	\$ 0	\$ 0	\$ 13,813,229
Early Childhood Education	264,371	0	0	264,371
School Food Service	0	0	24,237	24,237
Driver Education	16,180	0	0	16,180
Career Ladder Program	185,489	0	0	185,489
Career Ladder - Extended Contract	105,058	0	0	105,058
<u>Other State Revenues</u>				
Alcoholic Beverage Tax	4,570	0	0	4,570
State Revenue Sharing - T.V.A.	568,074	0	0	568,074
Other State Grants	163,032	0	0	163,032
Total State of Tennessee	\$ 15,120,003	\$ 0	\$ 24,237	\$ 15,144,240
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 741,672	\$ 741,672
Breakfast	0	0	255,029	255,029
Vocational Education - Basic Grants to States	0	121,010	0	121,010
Title I Grants to Local Education Agencies	0	452,726	0	452,726
Innovative Education Program Strategies	0	11,905	0	11,905
Special Education - Grants to States	28,612	825,492	0	854,104
Special Education Preschool Grants	0	25,169	0	25,169
Eisenhower Professional Development State Grants	0	183,710	0	183,710
Other Federal through State	54,862	47,825	0	102,687
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	41,434	0	0	41,434
Total Federal Government	\$ 124,908	\$ 1,667,837	\$ 996,701	\$ 2,789,446
Total	\$ 24,708,829	\$ 1,667,837	\$ 1,881,857	\$ 28,258,523

Exhibit E-5

Coffee County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Coffee County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,705,247	
Career Ladder Program	142,211	
Career Ladder Extended Contracts	66,000	
Homebound Teachers	21,016	
Instructional Computer Personnel	51,320	
Educational Assistants	173,096	
Other Salaries & Wages	11,121	
Certified Substitute Teachers	36,198	
Non-certified Substitute Teachers	97,799	
Social Security	536,932	
State Retirement	489,294	
Life Insurance	40,584	
Medical Insurance	1,209,223	
Dental Insurance	67,227	
Employer Medicare	129,517	
Communication	36,893	
Maintenance & Repair Services - Equipment	13,388	
Other Contracted Services	21,671	
Instructional Supplies and Materials	145,218	
Textbooks	222,780	
Other Supplies and Materials	31,036	
Other Charges	32,095	
Furniture and Fixtures	3,881	
Regular Instruction Equipment	60,526	
Total Regular Instruction Program		\$ 12,344,273

Special Education Program

Teachers	\$ 1,199,694
Career Ladder Program	21,637
Homebound Teachers	26,565
Educational Assistants	100,473
Speech Pathologist	189,115
Certified Substitute Teachers	1,745
Non-certified Substitute Teachers	9,140
Social Security	88,127
State Retirement	82,479
Life Insurance	9,189
Medical Insurance	270,261
Dental Insurance	21,861

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	21,028	
Travel		30	
Other Contracted Services		33,172	
Instructional Supplies and Materials		8,604	
Other Supplies and Materials		1,678	
Other Charges		583	
Total Special Education Program			\$ 2,085,381

Vocational Education Program

Teachers	\$	720,164	
Career Ladder Program		6,500	
Educational Assistants		10,683	
Certified Substitute Teachers		3,690	
Non-certified Substitute Teachers		12,278	
Social Security		45,041	
State Retirement		39,951	
Life Insurance		3,409	
Medical Insurance		92,634	
Dental Insurance		5,160	
Employer Medicare		10,534	
Instructional Supplies and Materials		19,799	
Total Vocational Education Program			969,843

Student Body Education Program

Other Salaries & Wages	\$	22,447	
Social Security		1,190	
State Retirement		1,570	
Employer Medicare		318	
Total Student Body Education Program			25,525

Support Services

Attendance

Supervisor/Director	\$	57,598	
Career Ladder Program		1,000	
Social Security		3,544	
State Retirement		3,223	
Life Insurance		180	
Medical Insurance		4,859	
Dental Insurance		272	

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Employer Medicare	\$	830	
Travel		248	
Other Supplies and Materials		467	
Attendance Equipment		2,863	
Total Attendance			\$ 75,084

Health Services

Medical Personnel	\$	183,550	
Other Salaries & Wages		7,470	
Social Security		11,232	
State Retirement		9,920	
Life Insurance		786	
Medical Insurance		28,655	
Dental Insurance		1,086	
Employer Medicare		2,627	
Travel		2,947	
Other Supplies and Materials		3,144	
Other Charges		1,489	
Total Health Services			252,906

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		419,894	
Career Ladder Extended Contracts		4,000	
Social Workers		24,252	
Secretary(ies)		14,417	
Other Salaries & Wages		2,741	
Social Security		28,315	
State Retirement		26,110	
Life Insurance		1,971	
Medical Insurance		64,464	
Dental Insurance		2,987	
Employer Medicare		6,622	
Communication		200	
Evaluation and Testing		25,216	
Travel		817	
Other Contracted Services		2,344	
Total Other Student Support			631,350

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	272,746	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		14,848	
Librarians		340,060	
Secretary(ies)		47,870	
Other Salaries & Wages		43,896	
Social Security		42,300	
State Retirement		40,115	
Life Insurance		2,888	
Medical Insurance		91,496	
Dental Insurance		5,160	
Employer Medicare		9,976	
Travel		13,572	
Library Books/Media		28,635	
In Service/Staff Development		18,770	
Other Charges		7,656	
Other Equipment		8,028	
Total Regular Instruction Program			\$ 1,000,016

Special Education Program

Supervisor/Director	\$	54,360	
Career Ladder Program		1,000	
Psychological Personnel		52,883	
Secretary(ies)		17,060	
Other Salaries & Wages		1,174	
Social Security		6,731	
State Retirement		7,328	
Life Insurance		347	
Medical Insurance		17,272	
Dental Insurance		1,358	
Employer Medicare		1,574	
Travel		10,382	
Other Contracted Services		8,560	
Other Supplies and Materials		34	
Other Charges		40	
Total Special Education Program			180,103

Vocational Education Program

Supervisor/Director	\$	29,233	
---------------------	----	--------	--

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	1,500	
Secretary(ies)		23,644	
Clerical Personnel		23,780	
Social Security		4,407	
State Retirement		5,197	
Life Insurance		406	
Medical Insurance		15,818	
Dental Insurance		815	
Employer Medicare		1,030	
Communication		2,006	
Travel		838	
Total Vocational Education Program			\$ 108,674

Board of Education

Secretary to Board	\$	1,345	
Board and Committee Members Fees		8,270	
Social Security		585	
State Retirement		104	
Life Insurance		624	
Medical Insurance		104,673	
Dental Insurance		3,125	
Unemployment Compensation		1,264	
Employer Medicare		137	
Audit Services		4,200	
Bank Charges		657	
Dues and Memberships		5,432	
Legal Services		28,848	
Travel		1,963	
Liability Insurance		231,772	
Trustee's Commission		186,070	
Workers' Compensation Insurance		179,556	
In Service/Staff Development		8,548	
Criminal Investigation of Applicants - TBI		4,128	
Other Charges		58,316	
Total Board of Education			829,617

Director of Schools

County Official/Administrative Officer	\$	92,051
Career Ladder Program		1,000

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Secretary(ies)	\$	28,378	
Clerical Personnel		20,314	
Social Security		8,412	
State Retirement		8,804	
Life Insurance		541	
Medical Insurance		18,389	
Dental Insurance		815	
Employer Medicare		1,967	
Communication		7,238	
Dues and Memberships		1,846	
Maintenance & Repair Services - Equipment		13,454	
Postal Charges		1,162	
Travel		2,630	
Office Supplies		8,162	
Utilities		15,470	
In Service/Staff Development		3,700	
Administration Equipment		899	
Total Director of Schools			\$ 235,232

Office of the Principal

Principals	\$	475,232	
Career Ladder Program		14,000	
Accountants/Bookkeepers		45,559	
Career Ladder Extended Contracts		7,000	
Assistant Principals		234,650	
Secretary(ies)		204,796	
Social Security		58,867	
State Retirement		58,808	
Life Insurance		4,041	
Medical Insurance		135,602	
Dental Insurance		6,246	
Employer Medicare		13,768	
Communication		15,343	
Travel		2,227	
Office Supplies		4,656	
Administration Equipment		794	
Total Office of the Principal			1,281,589

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	38,957	
Accountants/Bookkeepers		117,869	
Social Security		9,290	
State Retirement		11,872	
Life Insurance		902	
Medical Insurance		29,341	
Dental Insurance		1,358	
Employer Medicare		2,173	
Travel		200	
Other Contracted Services		11,254	
In Service/Staff Development		344	
Administration Equipment		4,416	
Total Fiscal Services			\$ 227,976

Operation of Plant

Custodial Personnel	\$	412,538	
Social Security		22,904	
State Retirement		29,386	
Life Insurance		3,383	
Medical Insurance		108,570	
Dental Insurance		5,974	
Employer Medicare		5,629	
Laundry Service		2,338	
Electricity		627,342	
Natural Gas		112,583	
Propane Gas		8,143	
Water and Sewer		47,748	
Other Supplies and Materials		35,339	
Total Operation of Plant			1,421,877

Maintenance of Plant

Supervisor/Director	\$	38,753
Maintenance Personnel		132,542
Other Salaries & Wages		14,996
Social Security		11,432
State Retirement		10,749
Life Insurance		934
Medical Insurance		24,447
Dental Insurance		1,358

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Employer Medicare	\$	2,674	
Communication		3,230	
Maintenance & Repair Services - Buildings		9,837	
Maintenance & Repair Services - Equipment		31,019	
Travel		143	
Other Supplies and Materials		122,382	
In Service/Staff Development		859	
Other Charges		375	
Maintenance Equipment		7,917	
Total Maintenance of Plant			\$ 413,647

Transportation

Supervisor/Director	\$	52,966	
Mechanic(s)		71,442	
Bus Drivers		518,934	
Clerical Personnel		20,783	
Other Salaries & Wages		100,051	
Social Security		44,476	
State Retirement		51,841	
Life Insurance		10,755	
Medical Insurance		287,812	
Dental Insurance		13,306	
Employer Medicare		10,416	
Communication		1,935	
Contracts with Public Carriers		3,085	
Laundry Service		2,613	
Maintenance & Repair Services - Equipment		275	
Travel		771	
Diesel Fuel		145,349	
Gasoline		11,660	
Tires and Tubes		11,992	
Utilities		13,251	
Vehicle Parts		52,797	
Other Charges		4,850	
Administration Equipment		7,087	
Transportation Equipment		459,264	
Total Transportation			1,897,711

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Teachers	\$	88,290	
Other Salaries & Wages		121,730	
Social Security		12,959	
State Retirement		6,692	
Life Insurance		38	
Dental Insurance		2,172	
Employer Medicare		2,956	
Communication		888	
Travel		2,927	
Other Contracted Services		3,756	
Food Supplies		10,896	
Instructional Supplies and Materials		378	
Other Supplies and Materials		7,802	
In Service/Staff Development		404	
Other Charges		22,148	
Other Equipment		4,299	
Total Community Services			\$ 288,335

Early Childhood Education

Teachers	\$	98,650	
Educational Assistants		29,387	
Other Salaries & Wages		2,671	
Certified Substitute Teachers		1,405	
Social Security		8,013	
State Retirement		7,442	
Life Insurance		1,083	
Medical Insurance		35,418	
Employer Medicare		1,877	
Communication		1,722	
Travel		530	
Instructional Supplies and Materials		7,511	
Other Supplies and Materials		716	
Other Charges		354	
Regular Instruction Equipment		8,442	
Other Equipment		2,086	
Total Early Childhood Education			207,307

(Continued)

Exhibit E-5

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	6,354	
Administration Equipment		9,434	
Maintenance Equipment		5,200	
Other Capital Outlay		50,814	
Total Regular Capital Outlay			\$ 71,802

Total General Purpose School Fund \$ 24,548,248

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	360,688	
Educational Assistants		28,477	
Certified Substitute Teachers		5,233	
Non-certified Substitute Teachers		4,662	
Social Security		23,377	
State Retirement		21,680	
Life Insurance		2,217	
Medical Insurance		70,038	
Employer Medicare		5,467	
Other Contracted Services		23,397	
Instructional Supplies and Materials		36,047	
Total Regular Instruction Program			\$ 581,283

Special Education Program

Teachers	\$	64,308	
Educational Assistants		341,083	
Certified Substitute Teachers		1,300	
Non-certified Substitute Teachers		9,050	
Social Security		24,307	
State Retirement		26,662	
Life Insurance		5,820	
Medical Insurance		169,158	
Employer Medicare		5,686	
Maintenance & Repair Services - Equipment		819	
Other Contracted Services		79,591	
Instructional Supplies and Materials		24,635	
Textbooks		6,728	
Other Supplies and Materials		7,057	

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Charges	\$	4,199	
Special Education Equipment		4,718	
Total Special Education Program			\$ 775,121

Vocational Education Program

Teachers	\$	17,600	
Social Security		1,124	
State Retirement		968	
Life Insurance		65	
Medical Insurance		2,236	
Employer Medicare		263	
Travel		9,777	
Instructional Supplies and Materials		1,677	
In Service/Staff Development		749	
Other Charges		381	
Vocational Instruction Equipment		79,852	
Total Vocational Education Program			114,692

Support Services

Other Student Support

Social Workers	\$	13,296	
Other Salaries & Wages		18,187	
Social Security		1,952	
State Retirement		2,108	
Life Insurance		180	
Medical Insurance		4,879	
Employer Medicare		456	
Evaluation and Testing		1,141	
Total Other Student Support			42,199

Regular Instruction Program

Supervisor/Director	\$	27,500	
Secretary(ies)		33,000	
Other Salaries & Wages		4,999	
Social Security		3,713	
State Retirement		4,481	
Life Insurance		206	
Medical Insurance		11,932	
Employer Medicare		868	

(Continued)

Exhibit E-5

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	5,846	
Instructional Supplies and Materials		86	
Other Supplies and Materials		3,795	
In Service/Staff Development		84,124	
Other Charges		983	
Total Regular Instruction Program			\$ 181,533

Special Education Program

Psychological Personnel	\$	42,980	
Secretary(ies)		17,060	
Social Security		3,689	
State Retirement		3,468	
Life Insurance		271	
Medical Insurance		7,718	
Employer Medicare		863	
Travel		691	
Other Supplies and Materials		3,692	
In Service/Staff Development		5,576	
Other Charges		3,344	
Total Special Education Program			89,352

Vocational Education Program

In Service/Staff Development	\$	6,500	
Total Vocational Education Program			6,500

Office of the Principal

Communication	\$	2,642	
Total Office of the Principal			2,642

Total School Federal Projects Fund \$ 1,793,322

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	47,491
Accountants/Bookkeepers		28,262
Cafeteria Personnel		519,412
Other Salaries & Wages		19,852
In-Service Training		2,143

(Continued)

Exhibit E-5

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	36,155	
State Retirement		40,461	
Life Insurance		6,488	
Medical Insurance		178,273	
Dental Insurance		9,776	
Employer Medicare		8,456	
Accounting Services		465	
Communication		3,578	
Maintenance & Repair Services - Equipment		6,548	
Travel		8,459	
Other Contracted Services		13,253	
Food Preparation Supplies		62,773	
Food Supplies		680,789	
Office Supplies		2,427	
Other Supplies and Materials		225	
Liability Insurance		429	
In Service/Staff Development		4,517	
Other Charges		5,031	
Food Service Equipment		30,913	
Total Food Service			\$ 1,716,176
Total Central Cafeteria Fund			\$ 1,716,176

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	232,804	
Total Education Capital Projects			\$ 232,804
Total Education Capital Projects Fund			232,804

Total Governmental Funds - Coffee County School Department \$ 28,290,550

SINGLE AUDIT REPORT
COFFEE COUNTY, TENNESSEE
AND
COFFEE COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

CARL LOWE, CGFM
Audit Manager

STEVE REEDER, CPA, CGFM, CFE
Auditor 4

JAMES D. HODGES, CFE
AMY HEWITT
KELLEY J. McNEAL, CPA, CGFM
State Auditors

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

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

December 12, 2006

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, and the Coffee County School Department as of and for the year ended June 30, 2006, which collectively comprise a portion of Coffee County's and the Coffee County School Department's basic financial statements and have issued our reports thereon dated December 12, 2006. Our reports on the financial statements of Coffee County, Tennessee, and the Coffee County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

operation of the internal control over financial reporting that, in our judgment, could adversely affect Coffee County's and the Coffee County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.03(C,D,E,F,G), 06.04, 06.05(B), 06.06, and 06.07.

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 none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coffee County's and the Coffee County School Department's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01, 06.02, 06.03(A,B), 06.05(A), and 06.08.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
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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

December 12, 2006

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

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

Compliance

We have audited the compliance of Coffee County and the Coffee County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2006. Coffee County's and the Coffee County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Coffee County's and the Coffee County School Department's management. Our responsibility is to express an opinion on Coffee County's and the Coffee County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a

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

In our opinion, Coffee County and the Coffee County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Coffee County's and the Coffee County School Department's ability to administer major federal programs in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.07 and 06.09.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Coffee County, Tennessee, and the Coffee County School Department as of and for the year ended June 30, 2006, and have issued our reports thereon dated December 12, 2006. Our reports on the financial statements of Coffee County and the Coffee County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting

Standards Board Statement No. 34. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

Coffee County, Tennessee, and the Coffee County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 167,466
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	255,029
National School Lunch Program	10.555	N/A	741,672
Total U.S. Department of Agriculture			\$ 1,164,167
U.S. Department of Housing And Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-05-11790-00	\$ 451,494
U.S. Department of Justice:			
Passed-through State Department of Children's Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	GG-06-11942-00	\$ 83,333
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 544,067
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	878,416
Special Education - Preschool Grants	84.173	N/A	27,453
Vocational Education - Basic Grants to States	84.048	N/A	121,634
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	63,783
State Grants for Innovative Programs	84.298	N/A	20,237
Education Technology State Grants	84.318	(2)	8,400
English Language Acquisition Grants	84.365	N/A	40,107
Improving Teacher Quality State Grants	84.367	N/A	178,973
Hurricane Education Recovery	84.938	N/A	9,900
Total U.S. Department of Education			\$ 1,892,970
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022430-01	\$ 22,206
Homeland Security Grant Program	97.067	(3)	92,537
Total U.S. Department of Homeland Security			\$ 114,743
Total Expenditures of Federal Awards			\$ 3,706,707

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Childcare Assistance - State Department of Human Services	N/A	(2)	\$ 17,729
Early Childhood Education - State Department of Education	N/A	(2)	185,559
Family Resource - State Department of Health	N/A	(2)	116,830
Litter Program - State Department of Transportation	N/A	(2)	48,787
Rural Dispatcher Grant - State Emergency Communications Board	N/A	(2)	3,000
Rural Local Health Services - State Department of Health	N/A	Z-05-020529-00	501,114
Safe Schools Act 2000 - State Department of Education	N/A	(2)	23,473
Star Student Management System User Group - State Department of Education	N/A	GG-06-11931-00	5,000
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	17,692
Voluntary PreK for Tennessee - State Department of Education	N/A	(2)	78,812
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	<u>39,958</u>
Total State Grants			<u>\$ 1,037,954</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-04-020082-02: \$1,477; Z-05-025145-00: \$91,060

Coffee County, Tennessee, and the Coffee County School Department
Schedule of Audit Findings Not Corrected
June 30, 2006

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Coffee County, Tennessee, and the Coffee County School Department for the year ended June 30, 2005, which have not been corrected.

COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICES OF COUNTY MAYOR AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.07	15	The office made improper contributions from the Drug Control Fund

COFFEE COUNTY LIBRARY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.08	16	The Coffee County Library audit report prepared by an accounting firm disclosed deficiencies

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.09	19	Inventory records were not verified by personnel independent of maintaining the records

OTHER FINDINGS

Finding Number	Page Number	Subject
05.10	19	A central system of accounting and budgeting had not been adopted
05.11	20	Duties were not segregated adequately in the Offices of County Mayor, Director of Schools, Trustee, County Clerk, Clerk and Master, Register, and Sheriff
05.12	20	A portion of sales tax collected outside municipalities was not apportioned with city school systems

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Coffee County and the Coffee County School Department.
2. The audit of the financial statements of Coffee County and the Coffee County School Department disclosed reportable conditions in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed two instances of noncompliance that were material to the financial statements of Coffee County and the Coffee County School Department.
4. The audit disclosed one reportable condition in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Development Block Grants/State's Program (CFDA No. 14.228), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Coffee County and the Coffee County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor and the director of schools are quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report. The finding and recommendation for the Coffee County Library is paraphrased from the auditor's report for the year ended June 30, 2005.

COFFEE COUNTY AND COFFEE COUNTY SCHOOL DEPARTMENT

FINDING 06.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing Standards)

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

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

RECOMMENDATION

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

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 06.02 **THE OFFICES MADE IMPROPER CONTRIBUTIONS FROM THE DRUG CONTROL FUND (Noncompliance under Government Auditing Standards)**

During the year, contributions totaling \$21,892 from the Drug Control Fund were made to benefit the Coffee County Central High School as follows:

- A. The athletic foundation's building fund received \$5,000.
- B. The driver's education program received an automobile purchased with drug control funds of \$11,392.
- C. An athletic booster club received \$3,500 to assist with the purchase of a lawn mower.
- D. The school received \$2,000 to assist three students who were entering criminal justice programs.

Section 39-17-420, Tennessee Code Annotated, provides that drug control funds can only be expended for: (1) the local drug enforcement program, (2) the local drug education program, (3) the local drug treatment program, and (4) nonrecurring general law enforcement expenditures. Expenditures such as those noted above do not meet any of the four criteria for the expenditure of drug funds.

RECOMMENDATION

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

COFFEE COUNTY LIBRARY

FINDING 06.03 **THE COFFEE COUNTY LIBRARY AUDIT REPORT PREPARED BY AN ACCOUNTING FIRM DISCLOSED DEFICIENCIES (A. and B. Noncompliance Under Government Auditing Standards; C., D., E., F., and G. Internal Control – Reportable Condition Under Government Auditing Standards)**

The financial statements of the Coffee County Library (a special revenue fund of the primary government) for the year ended June 30, 2006, were not available from the library's auditor in time for inclusion in this report. For the year ended June 30, 2005, the audit of the library was not available for inclusion in the county's report for that year. However, the library's audit report for the year ended June 30, 2005, is now available, and lists the following instances of noncompliance and internal control weaknesses:

A. Expenditures Exceeded Appropriations

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

B. Funds Were Not Deposited Within Three Days of Collection

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

C. Expenditures and Reimbursements Were Not Documented Adequately

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

D. The Library Had Payroll Deficiencies

During the review of payroll expenditures, discrepancies were found between the vacation/sick pay ledger and individual employee time sheets. In several instances, time sheets did not reflect a calculation of actual hours worked.

E. Purchasing Deficiencies Were Noted

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

F. Receipting Deficiencies Were Noted

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

G. Deficiencies Were Noted in the Issuance of Checks

Checks for petty cash were written to the library instead of to a responsible individual such as the director of the library or bookkeeper. Checks and a debit card used by the library only require one signature for purchases.

RECOMMENDATION

The audit recommended the following:

- A. All expenditures should be authorized either in the original budget or as an amendment to the budget.
- B. State statute requires officials to deposit funds within three days after collection. To safeguard public monies, the county should deposit all money promptly.
- C. Invoices, signed receiving reports, and other documents should be obtained for all purchases, including reimbursements. They should be attached together and filed in such a way that they can be easily found for future reference and audit. Each invoice should be stamped paid when each check is written along with the date and amount of the payment. Statements should be reconciled with invoices when multiple payments are made.
- D. Precise maintenance and centralized control of payroll records is essential because of social and labor legislation and the complex accounting and reporting problems involved. Procedures should be implemented to ensure that records are maintained accurately. A cumulative employee leave record should clearly show all leave of any type earned and taken for each pay period, all paid and unpaid absences, and the current leave balances. It is imperative that records reflect the payments recorded in the time sheets accurately. Hours paid should agree to time cards and other labor records that are processed by inserting and extending pay rates. Time cards should be maintained for all employees to eliminate unauthorized pay and repeated tardiness. All monies paid to an employee for services performed should be processed in the payroll records.
- E. The governing body should establish a purchasing policy which includes the use of prenumbered purchase orders for purchases over a pre-determined amount, approval of purchase orders, and competitive bids over a stated amount. The use of a purchase order system allows control of expenditures within budget guidelines and ensures the expenditure is in accordance with the purpose of the appropriation. Board approval of expenditures before the actual purchase allows the board to maintain control over remaining funds to be spent. Adequate documentation should be maintained to substantiate bid and quotation requests.
- F. Pre-numbered receipts should be issued for each revenue source as required by Section 9-2-103, TCA. Receipts should be in duplicate form so that one copy is retained for auditors during the auditing process. All unused or voided receipts should be accounted for through this process. When custody of money changes from one employee to another (such as from the library director to the library bookkeeper) the money should be counted by both employees, a receipt should be issued by the recipient of the funds, and both employees should sign the document indicating concurrence with amount transferred. Each daily report should be dated, and the date should agree with the total of the corresponding deposit slip. If totals do not agree, a cash over or cash short amount should be included to balance totals. The daily report should be signed.

- G. Checks for petty cash should be written to a responsible individual such as the director of the library or bookkeeper to establish responsibility with that individual and maintain a paper trail. Checks should not be written to and signed by the same person. Dual signatures ensure a review of disbursements and additional examination of invoices being paid.
-

LIBRARY BOARD'S COMMENTS

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 06.04 **INVENTORY RECORDS WERE NOT VERIFIED BY PERSONNEL INDEPENDENT OF MAINTAINING THE RECORDS**
(Internal Control – Reportable Condition Under Governmental Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Corrective action will be taken to ensure that inventory records are verified periodically.

FINDING 06.05 **DEFICIENCIES WERE NOTED IN THE ADMINISTRATION OF THE EXTENDED SCHOOL PROGRAM**

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

Our examination of the extended school program noted the following deficiencies:

- A. In some instances, collections were not deposited to the program's bank account within three days of collection, as required by Section 5-8-207, Tennessee Code Annotated.
- B. Program officials did not reconcile the bank statements with the general ledger during the year examined. Auditors performed additional testing of receipts and disbursements to verify cash transactions and the balance in the program's bank account at year-end. At June 30, 2006, the cash balance reflected in the general ledger was overstated by \$18,372. An adjustment has been presented to school officials for approval and posting to properly reflect the cash balance presented in the financial statements.

RECOMMENDATION

School officials should deposit funds within three days of collection as required by state statute. Also, bank statements should be reconciled with the general ledger monthly, and any errors should be corrected promptly.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Corrective action will be taken to ensure that deposits are made within three days of collection. Also, bank statements will be reconciled monthly.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.06 A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING HAD NOT BEEN ADOPTED
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 06.07 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Reportable Condition Under Government Auditing Standards and OMB Circular A-133)

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Director of Schools, Trustee, County 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR (DIRECT QUOTE)

I appreciate the Division of County Audit bringing this potential problem to my attention. However, due to limited resources in the Office of County Mayor, we will be unable to correct the segregation of duties finding at this time.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Due to limited resources and personnel, management is not able to properly segregate duties among employees.

FINDING 06.08 A PORTION OF SALES TAX COLLECTED OUTSIDE MUNICIPALITIES WAS NOT APPORTIONED WITH CITY SCHOOL SYSTEMS
(Material Noncompliance Under Government Auditing Standards)

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

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

RECOMMENDATION

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

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS
For the Year Ended June 30, 2006**

Federal/Pass-through Agencies	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed-through State Department of Education:	06.09		Circular A-133, Section 500 (c)(3)	Reportable Condition in Internal Control See Finding 06.07 - Duties were not adequately segregated in the Offices of County Mayor and Director of Schools	\$ 0
Child Nutrition Cluster:					
School Breakfast Program		10.553			
School Lunch Program		10.555			
U.S. Department of Housing and Urban Development:					
Passed-through State Department of Economic and Community Development:					
Community Development Block Grant/ State's Program		14.228			
U.S. Department of Education: Passed-through State Department of Education:					
Title 1 Grant to Local Educational Agencies		84.010			
Special Education Cluster:					
Special Education - Grants to States		84.027			
Special Education - Preschool Grants		84.173			

**COFFEE COUNTY, TENNESSEE, AND THE
COFFEE COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006**

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

Office of County Mayor – Corrective Action Plan for Current Year Findings

FINDINGS 06.07 and 06.09

Contact Person: David Pennington (Current County Mayor)

Corrective Action Planned: Due to limited resources and personnel, management is not able to properly segregate duties among employees.

Anticipated completion date: None

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

FINDINGS 06.07 and 06.09

Contact Person: Kenny Casteel (Current Director of Schools)

Corrective Action Planned: Due to limited resources and personnel, management is not able to properly segregate duties among employees.

Anticipated completion date: None