

**ANNUAL FINANCIAL REPORT
OF
CROCKETT COUNTY, TENNESSEE
AND
CROCKETT 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
CROCKETT COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

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

CROCKETT COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Crockett 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 Crockett County as of and for the year ended June 30, 2006.

Results

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

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

Findings

The following are summaries of the audit findings:

CROCKETT COUNTY

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

OFFICE OF COUNTY MAYOR

- ◆ A formal purchase order system had not been established.
- ◆ The General Capital Projects Fund had a fund deficit of \$1,711, and the Community Development/Industrial Park Fund had a cash overdraft of \$3,132 at June 30, 2006.

OFFICE OF ROAD SUPERVISOR

- ◆ Purchase orders were not issued for some purchases.
-

OFFICE OF SHERIFF

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

OFFICE OF ASSESSOR

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

OTHER FINDINGS

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

INTRODUCTORY SECTION

Crockett County Officials
June 30, 2006

Officials

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

Board of County Commissioners

Larry Griffin, Chairman	Carolyn Nance
Alpha Worrell, Chairman ProTem	Harold Park
John Antwine	Donald Prescott
Pat Branch	John Schwerdt
Nixon Brasfield	Jane Smith
Tony Cole	Edwin Tritt
Harold Craig	Gaylon Turnage
Nancy Haynes	Ronnie Turner
Leatha Johnson	Richard Walker
Melvin Lawson	Charles Paul Ward
Sam Lewis	Jimmy Webb
Jerrel Little	Cartha Williams
	Gary Williams

Road Commission

Terrell Brasfield, Chairman
Paul North, Secretary
Thomas Haynes

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

August 24, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Crockett County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 36 which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Crockett County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Crockett County, Tennessee, as of June 30, 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 each major fund and the aggregate remaining fund information of Crockett 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 August 24, 2006, on our consideration of Crockett County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 39 through 43 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crockett County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, 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 cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Crockett 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	\$ 0	\$ 0	\$ 0	726	\$ 726
Equity in Pooled Cash and Investments	647,642	713,233	1,424,158	237,220	3,022,253
Accounts Receivable	16,416	27	0	3,088	19,531
Due from Other Governments	56,984	233,255	78,622	49,708	418,569
Due from Other Funds	726	0	0	0	726
Property Taxes Receivable	2,325,387	0	992,432	0	3,317,819
Allowance for Uncollectible Property Taxes	(73,764)	0	(31,480)	0	(105,244)
Total Assets	\$ 2,973,391	\$ 946,515	\$ 2,463,732	\$ 290,742	\$ 6,674,380
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Payroll Deductions Payable	\$ 3,010	\$ 0	\$ 0	\$ 0	3,010
Cash Overdraft	0	0	0	3,132	3,132
Contracts Payable	0	0	0	23,846	23,846
Retainage Payable	0	0	0	34,099	34,099
Due to Other Funds	0	0	0	726	726
Deferred Revenue - Current Property Taxes	2,074,235	0	885,247	0	2,959,482
Deferred Revenue - Delinquent Property Taxes	168,540	0	71,930	0	240,470
Other Deferred Revenues	7,913	116,593	42,791	16,422	183,719
Total Liabilities	\$ 2,253,698	\$ 116,593	\$ 999,968	\$ 78,225	\$ 3,448,484
<u>Fund Balances</u>					
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	\$ 28,006	\$ 0	\$ 0	\$ 0	28,006
Reserved for Drug Court	688	0	0	0	688
Reserved for Sexual Offender Registration	1,880	0	0	0	1,880
Reserved for Computer System - Register	24,132	0	0	0	24,132
Reserved for Automation Purposes - General Sessions Court	5,072	0	0	0	5,072
Reserved for Automation Purposes - Chancery Court	3,474	0	0	0	3,474
Reserved for Automation Purposes - Sheriff	1,737	0	0	0	1,737
Reserved for State Reappraisal Grant	2,310	0	0	0	2,310
Reserved for Capital Outlay	3,759	0	0	0	3,759
Unreserved, Reported In:					
General Fund	648,635	0	0	0	648,635
Special Revenue Funds	0	829,922	0	214,228	1,044,150
Debt Service Fund	0	0	1,463,764	0	1,463,764
Capital Projects Funds (Deficit)	0	0	0	(1,711)	(1,711)
Total Fund Balances	\$ 719,693	\$ 829,922	\$ 1,463,764	\$ 212,517	\$ 3,225,896
Total Liabilities and Fund Balances	\$ 2,973,391	\$ 946,515	\$ 2,463,732	\$ 290,742	\$ 6,674,380

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

Exhibit B

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,263,969	\$ 345,107	\$ 1,572,174	\$ 170,014	\$ 4,351,264
Licenses and Permits	5,647	0	0	0	5,647
Fines, Forfeitures, and Penalties	72,876	0	0	26,358	99,234
Charges for Current Services	592,097	0	0	900	592,997
Other Local Revenues	49,040	10,948	180,190	665	240,843
Fees Received from County Officials	557,959	0	0	0	557,959
State of Tennessee	666,352	1,752,861	0	125,504	2,544,717
Federal Government	183,695	0	0	669,261	852,956
Other Governments and Citizens Groups	69,961	6,267	150,000	1,000	227,228
Total Revenues	\$ 4,461,596	\$ 2,115,183	\$ 1,902,364	\$ 993,702	\$ 9,472,845
<u>Expenditures</u>					
Current:					
General Government	\$ 491,707	\$ 0	\$ 0	\$ 0	\$ 491,707
Finance	358,167	0	0	0	358,167
Administration of Justice	389,003	0	0	880	389,883
Public Safety	1,568,655	0	0	29,398	1,598,053
Public Health and Welfare	797,731	0	0	226,726	1,024,457
Social, Cultural, and Recreational Services	238,659	0	0	0	238,659
Agricultural and Natural Resources	136,199	0	0	0	136,199
Other Operations	776,354	0	0	0	776,354
Highways	0	2,189,566	0	0	2,189,566
Debt Service:					
Principal on Debt	0	0	1,009,578	0	1,009,578
Interest on Debt	0	0	838,886	0	838,886
Other Debt Service	0	0	71,328	0	71,328
Capital Projects	0	0	0	1,143,185	1,143,185
Total Expenditures	\$ 4,756,475	\$ 2,189,566	\$ 1,919,792	\$ 1,400,189	\$ 10,266,022
Excess (Deficiency) of Revenues Over Expenditures	\$ (294,879)	\$ (74,383)	\$ (17,428)	\$ (406,487)	\$ (793,177)
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 6,735,000	\$ 0	\$ 6,735,000
Transfers In	0	0	16,257	0	16,257
Transfers Out	(16,257)	0	0	0	(16,257)
Payments to Refunded Debt Escrow Agent	0	0	(6,695,279)	0	(6,695,279)
Total Other Financing Sources (Uses)	\$ (16,257)	\$ 0	\$ 55,978	\$ 0	\$ 39,721
Net Change in Fund Balances	\$ (311,136)	\$ (74,383)	\$ 38,550	\$ (406,487)	\$ (753,456)
Fund Balance, July 1, 2005	1,030,829	904,305	1,425,214	619,004	3,979,352
Fund Balance, June 30, 2006	\$ 719,693	\$ 829,922	\$ 1,463,764	\$ 212,517	\$ 3,225,896

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

Exhibit C

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 2,456
Cash	403,850
Investments	100,228
Due from Other Governments	79,755
Taxes Receivable	496,522
Allowance for Uncollectible Taxes	(15,811)
Notes Receivable - Long-Term	<u>7,428</u>
Total Assets	<u>\$ 1,074,428</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 562,922
Due to Litigants, Heirs, and Others	<u>511,506</u>
Total Liabilities	<u>\$ 1,074,428</u>

The accompanying notes are an intergral part of this statement.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

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

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

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

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

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

Administrative Office:

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

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

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

and fiduciary. However, the county does not have any 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. The fiduciary funds in total are reported in a single column.

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

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

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.

Crockett County reports the following major governmental funds:

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

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

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

Additionally, Crockett County reports the following fund types:

Capital Projects Funds – These funds account for transactions 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 Crockett County, and the city school systems' share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

1. **Deposits and Investments**

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

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

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

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.74 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 primary government's nonmajor General Capital Projects Fund represents amounts withheld from payments made on a construction contract pending completion of the health department construction project. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental fund.

3. Capital Assets

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

4. Compensated Absences

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

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

5. Long-term Obligations

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

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

6. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The County Commission has designated \$72,807 from the General Fund for library building construction.

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

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

The 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 statement.

B. Fund Deficit

The General Capital Projects Fund had a fund deficit of \$1,711 at June 30, 2006. This fund deficit resulted from expenditures exceeding available funds. The deficit will be liquidated from an appropriation from the county's General Fund.

C. Cash Overdraft

The Community Development/Industrial Park Fund had a cash overdraft of \$3,132 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded cash on the deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30 when grant proceeds were received.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Custodial credit risk is the risk that in the event of a bank failure, Crockett County's deposits may not be returned to it. Crockett County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Crockett County and the discretely presented Crockett County School Department since both pool their deposits and investments through the county trustee. As of June 30, 2006, bank balances of \$12,065 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$12,065</u>
Total	<u>\$12,065</u>

The \$12,065 exposed to custodial credit risk was in the pooled bank balances. Uninsured and uncollateralized deposits are a violation of state statutes. The trustee corrected this deficiency in July 2006.

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, Crockett County had the following investments carried at fair value or cost. Except for the investments in the Constitutional Officers – Agency Fund, all investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Crockett County and the discretely presented Crockett County School Department since both pool their deposits and investments through the county trustee.

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

Investment	Maturity	Cost
County Trustee's Investment Pool:		
State Treasurer's Investment Pool	Daily	\$ 529,110
Constitutional Officers – Agency Fund:		
Goldman Sachs Government Money Market	On Demand	546
Fidelity Institutional Short Intermediate Government Mutual Fund	On Demand	4,036
Vanguard Bond Index Mutual Fund	On Demand	31,536
Vanguard Intermediate Term Treasury Mutual Fund	On Demand	4,088
ABN AMRO/MONTAG & CALDWELL		
Growth CLI Mutual Fund	On Demand	7,500
Fidelity Low Price Stock Mutual Fund	On Demand	4,073
Longleaf Partners Mutual Fund	On Demand	5,931
T. Rowe Price Growth Stock Mutual Fund	On Demand	7,684
T. Rowe Price Equity Income Mutual Fund	On Demand	14,764
T. Rowe Price Mid Cap Growth Mutual Fund	On Demand	6,206
Vanguard International Growth Mutual Fund	On Demand	5,833
Vanguard Explorer FD 24 Mutual Fund	On Demand	2,048
Vanguard Index S&P 500 Mutual Fund	On Demand	<u>5,983</u>
 Total		 <u><u>\$ 629,338</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. Crockett County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Crockett County has no investment policy that would further limit its investment choices. As of June 30, 2006, Crockett County's investment in the State Treasurer's Investment Pool was unrated. The investments in the Constitutional Officers – Agency Fund are by court order and at the request of a litigant. These investments do not expose the county to any credit risk.

B. Notes Receivable

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

C. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 726

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

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u>
	General
	Debt
	Service
	Fund
General Fund	\$ 16,257
Total	<u>\$ 16,257</u>

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

D. Capital Leases

On May 20, 2005, Crockett County entered into a two-year lease agreement for two patrol cars. The terms of the agreement require total lease payments of \$44,022 plus interest payments of five percent. Title to the patrol cars transfers to Crockett County at the end of the lease period. The General Fund is making the lease payments.

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

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2007	\$ 15,374
Total Minimum Lease Payments	\$ 15,374
Amounts Representing Interest	(711)
Present Value of Minimum Lease Payments	<u>\$ 14,663</u>

E. Long-term Debt

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

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-06</u>
General Obligation Bonds	4.5 to 5%	\$ 16,435,000	\$ 8,742,542
General Obligation Bonds - Refunding	2.5 to 5	13,040,000	10,830,000
Capital Outlay Notes	3.95 to 5.1	820,000	486,292
Capital Lease	5	44,022	14,663

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

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 871,164	\$ 888,172	\$ 68,616	\$ 20,876
2008	962,470	848,394	71,714	17,778
2009	1,028,843	804,006	74,954	14,537
2010	1,120,286	755,976	77,595	11,148
2011	1,196,800	702,000	40,445	7,641
2012-2016	6,157,861	2,681,399	152,968	15,370
2017-2021	7,967,742	1,074,042	0	0
2022-2026	57,175	61,405	0	0
2027-2031	72,972	45,608	0	0
2032-2036	93,131	25,449	0	0
2037-2038	44,098	3,334	0	0
Total	<u>\$ 19,572,542</u>	<u>\$ 7,889,785</u>	<u>\$ 486,292</u>	<u>\$ 87,350</u>

There is \$1,463,764 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$1,347, based on the 2000 federal census. Total debt per capita, including bonds, notes, and capital leases amounted to \$1,381, 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	\$ 20,080,406	\$ 553,006	\$ 45,248
Additions	6,735,000	0	0
Deductions	(7,242,864)	(66,714)	(30,585)
Balance, June 30, 2006	<u>\$ 19,572,542</u>	<u>\$ 486,292</u>	<u>\$ 14,663</u>
Balance Due Within One Year	<u>\$ 871,164</u>	<u>\$ 68,616</u>	<u>\$ 14,663</u>

Current Refunding

On September 1, 2005, Crockett County refunded \$6,300,000 in general obligation bonds with a separate general obligation refunding bond. The county issued \$6,735,000 of general obligation refunding bonds to provide

resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the refunding, total debt service payments over the next 15 years will be reduced by \$325,904, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$243,154 was obtained.

IV. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

Crockett County joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school boards. Crockett County pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting 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 Crockett 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 Crockett 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. Crockett County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Crockett 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. Crockett County was not offering any termination benefits to employees as of June 30, 2006. But it is

reasonably expected that Crockett County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Contingent Liabilities

The county attorney advised of only one lawsuit involving Crockett County. A local industry has filed an appeal involving several years worth of real estate taxes owed to Crockett County. There will be no liability to the county except for attorney fees incurred in defending the matter.

D. Retirement Commitments

Plan Description

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

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

Funding Policy

Crockett County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially

determined rate; the rate for the fiscal year ended June 30, 2006, was 5.3 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Crockett County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Crockett County’s annual pension cost of \$204,890 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Crockett County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$204,890	100%	\$0
6-30-05	196,189	100	0
6-30-04	164,975	100	0

Required Supplementary Information

Schedule of Funding Progress for Crockett County

(Dollar amounts in thousands)

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

E. Purchasing Laws

Office of County Mayor

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

Office of Road Supervisor

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,263,969	\$ 2,323,051	\$ 2,323,051	\$ (59,082)
Licenses and Permits	5,647	5,700	5,700	(53)
Fines, Forfeitures, and Penalties	72,876	74,300	74,300	(1,424)
Charges for Current Services	592,097	636,150	636,150	(44,053)
Other Local Revenues	49,040	52,500	52,500	(3,460)
Fees Received from County Officials	557,959	553,000	553,000	4,959
State of Tennessee	666,352	599,033	628,790	37,562
Federal Government	183,695	20,106	190,953	(7,258)
Other Governments and Citizens Groups	69,961	0	67,020	2,941
Total Revenues	\$ 4,461,596	\$ 4,263,840	\$ 4,531,464	\$ (69,868)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 13,098	\$ 13,448	\$ 13,448	\$ 350
Board of Equalization	260	500	500	240
Beer Board	300	800	800	500
County Mayor/Executive	127,170	131,116	130,971	3,801
County Attorney	1,374	3,000	3,000	1,626
Election Commission	77,164	80,573	82,322	5,158
Register of Deeds	82,049	86,926	86,926	4,877
County Buildings	190,292	208,315	208,315	18,023
<u>Finance</u>				
Accounting and Budgeting	7,452	5,800	7,452	0
Property Assessor's Office	109,307	110,114	110,114	807
Reappraisal Program	5,460	5,761	5,761	301
County Trustee's Office	108,856	110,552	112,192	3,336
County Clerk's Office	127,092	129,916	129,916	2,824
<u>Administration of Justice</u>				
Circuit Court	178,433	185,076	185,076	6,643
General Sessions Judge	71,142	73,200	73,200	2,058
Drug Court	4,325	5,000	5,000	675
Chancery Court	77,715	82,495	82,495	4,780
Juvenile Court	48,639	54,634	54,634	5,995
Other Administration of Justice	8,749	9,000	9,000	251
<u>Public Safety</u>				
Sheriff's Department	687,080	670,165	713,366	26,286
Jail	693,863	653,379	712,882	19,019
Fire Prevention and Control	52,680	53,050	53,050	370
Civil Defense	37,729	40,637	40,637	2,908
Rescue Squad	7,000	7,000	7,000	0
Other Emergency Management	84,794	0	84,795	1
County Coroner/Medical Examiner	2,586	7,000	7,000	4,414
Other Public Safety	2,923	2,987	2,987	64

(Continued)

Exhibit D-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 48,637	\$ 44,985	\$ 51,462	\$ 2,825
Rabies and Animal Control	33,995	31,012	35,912	1,917
Ambulance/Emergency Medical Services	581,905	574,132	595,000	13,095
Maternal and Child Health Services	4,000	4,000	4,000	0
Alcohol and Drug Programs	15,165	15,165	15,165	0
Crippled Children Services	1,650	1,650	1,650	0
Other Local Health Services	2,000	2,000	2,000	0
Appropriation to State	53,920	53,920	53,920	0
Other Local Welfare Services	919	2,000	2,000	1,081
Waste Pickup	28,837	29,731	29,731	894
Other Public Health and Welfare	26,703	50,100	50,100	23,397
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	174,661	175,016	177,266	2,605
Libraries	54,084	61,883	61,883	7,799
Parks and Fair Boards	9,914	10,000	10,000	86
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	49,468	51,429	51,429	1,961
Soil Conservation	79,231	79,236	79,236	5
Flood Control	7,500	7,500	7,500	0
<u>Other Operations</u>				
Industrial Development	10,758	9,604	10,759	1
Veterans' Services	15,973	16,109	16,109	136
Other Charges	223,544	182,197	223,416	(128)
Contributions to Other Agencies	32,000	32,000	32,000	0
Employee Benefits	469,927	500,420	500,420	30,493
Miscellaneous	24,152	42,000	42,000	17,848
Total Expenditures	\$ 4,756,475	\$ 4,706,533	\$ 4,975,797	\$ 219,322
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (294,879)	\$ (442,693)	\$ (444,333)	\$ 149,454
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (16,257)	\$ (20,000)	\$ (20,000)	\$ 3,743
Total Other Financing Sources (Uses)	\$ (16,257)	\$ (20,000)	\$ (20,000)	\$ 3,743
Net Change in Fund Balance				
Fund Balance, July 1, 2005	\$ (311,136)	\$ (462,693)	\$ (464,333)	\$ 153,197
	1,030,829	1,113,194	1,113,194	(82,365)
Fund Balance, June 30, 2006				
	\$ 719,693	\$ 650,501	\$ 648,861	\$ 70,832

Exhibit D-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 345,107	\$ 328,388	\$ 328,388	\$ 16,719
Other Local Revenues	10,948	250	250	10,698
State of Tennessee	1,752,861	1,974,636	1,974,636	(221,775)
Other Governments and Citizens Groups	6,267	0	0	6,267
Total Revenues	<u>\$ 2,115,183</u>	<u>\$ 2,303,274</u>	<u>\$ 2,303,274</u>	<u>\$ (188,091)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 137,259	\$ 153,244	\$ 153,244	\$ 15,985
Highway and Bridge Maintenance	1,012,242	1,202,258	1,202,258	190,016
Operation and Maintenance of Equipment	285,368	303,144	303,144	17,776
Other Charges	96,082	102,971	102,971	6,889
Employee Benefits	197,057	218,663	218,663	21,606
Capital Outlay	461,558	846,489	846,489	384,931
Total Expenditures	<u>\$ 2,189,566</u>	<u>\$ 2,826,769</u>	<u>\$ 2,826,769</u>	<u>\$ 637,203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (74,383)</u>	<u>\$ (523,495)</u>	<u>\$ (523,495)</u>	<u>\$ 449,112</u>
Net Change in Fund Balance	\$ (74,383)	\$ (523,495)	\$ (523,495)	\$ 449,112
Fund Balance, July 1, 2005	<u>904,305</u>	<u>714,007</u>	<u>714,007</u>	<u>190,298</u>
Fund Balance, June 30, 2006	<u>\$ 829,922</u>	<u>\$ 190,512</u>	<u>\$ 190,512</u>	<u>\$ 639,410</u>

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

Exhibit E-1

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 726	\$ 726	\$ 0	\$ 0	\$ 0	726
Equity in Pooled Cash and Investments	185,481	17,645	0	203,126	34,094	0	34,094	237,220
Accounts Receivable	0	0	0	0	0	3,088	3,088	3,088
Due from Other Governments	27,524	0	0	27,524	22,140	44	22,184	49,708
Total Assets	\$ 213,005	\$ 17,645	\$ 726	\$ 231,376	\$ 56,234	\$ 3,132	\$ 59,366	\$ 290,742
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,132	\$ 3,132	3,132
Contracts Payable	0	0	0	0	23,846	0	23,846	23,846
Retainage Payable	0	0	0	0	34,099	0	34,099	34,099
Due to Other Funds	0	0	726	726	0	0	0	726
Other Deferred Revenues	16,422	0	0	16,422	0	0	0	16,422
Total Liabilities	\$ 16,422	\$ 0	\$ 726	\$ 17,148	\$ 57,945	\$ 3,132	\$ 61,077	\$ 78,225
<u>Fund Balances</u>								
Unreserved (Deficit)	\$ 196,583	\$ 17,645	\$ 0	\$ 214,228	\$ (1,711)	\$ 0	\$ (1,711)	212,517
Total Fund Balances	\$ 196,583	\$ 17,645	\$ 0	\$ 214,228	\$ (1,711)	\$ 0	\$ (1,711)	212,517
Total Liabilities and Fund Balances	\$ 213,005	\$ 17,645	\$ 726	\$ 231,376	\$ 56,234	\$ 3,132	\$ 59,366	\$ 290,742

Exhibit E-2

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<u>Revenues</u>								
Local Taxes	\$ 170,014	\$ 0	\$ 0	\$ 170,014	\$ 0	\$ 0	\$ 0	\$ 170,014
Fines, Forfeitures, and Penalties	0	26,358	0	26,358	0	0	0	26,358
Charges for Current Services	0	0	900	900	0	0	0	900
Other Local Revenues	50	0	0	50	615	0	615	665
State of Tennessee	47,522	0	0	47,522	77,982	0	77,982	125,504
Federal Government	0	0	0	0	297,060	372,201	669,261	669,261
Other Governments and Citizens Groups	0	0	0	0	0	1,000	1,000	1,000
Total Revenues	\$ 217,586	\$ 26,358	\$ 900	\$ 244,844	\$ 375,657	\$ 373,201	\$ 748,858	\$ 993,702
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 880	\$ 880	\$ 0	\$ 0	\$ 0	\$ 880
Public Safety	0	29,378	20	29,398	0	0	0	29,398
Public Health and Welfare	226,726	0	0	226,726	0	0	0	226,726
Capital Projects	0	0	0	0	757,484	385,701	1,143,185	1,143,185
Total Expenditures	\$ 226,726	\$ 29,378	\$ 900	\$ 257,004	\$ 757,484	\$ 385,701	\$ 1,143,185	\$ 1,400,189
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,140)	\$ (3,020)	\$ 0	\$ (12,160)	\$ (381,827)	\$ (12,500)	\$ (394,327)	\$ (406,487)
Net Change in Fund Balances	\$ (9,140)	\$ (3,020)	\$ 0	\$ (12,160)	\$ (381,827)	\$ (12,500)	\$ (394,327)	\$ (406,487)
Fund Balance, July 1, 2005	205,723	20,665	0	226,388	380,116	12,500	392,616	619,004
Fund Balance, June 30, 2006	\$ 196,583	\$ 17,645	\$ 0	\$ 214,228	\$ (1,711)	\$ 0	\$ (1,711)	\$ 212,517

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 170,014	\$ 150,700	\$ 150,700	\$ 19,314
Other Local Revenues	50	0	0	50
State of Tennessee	47,522	43,500	43,500	4,022
Total Revenues	<u>\$ 217,586</u>	<u>\$ 194,200</u>	<u>\$ 194,200</u>	<u>\$ 23,386</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 226,726	\$ 214,858	\$ 235,949	\$ 9,223
Total Expenditures	<u>\$ 226,726</u>	<u>\$ 214,858</u>	<u>\$ 235,949</u>	<u>\$ 9,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,140)</u>	<u>\$ (20,658)</u>	<u>\$ (41,749)</u>	<u>\$ 32,609</u>
Net Change in Fund Balance	\$ (9,140)	\$ (20,658)	\$ (41,749)	\$ 32,609
Fund Balance, July 1, 2005	<u>205,723</u>	<u>192,707</u>	<u>192,707</u>	<u>13,016</u>
Fund Balance, June 30, 2006	<u><u>\$ 196,583</u></u>	<u><u>\$ 172,049</u></u>	<u><u>\$ 150,958</u></u>	<u><u>\$ 45,625</u></u>

Exhibit E-4

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 26,358	\$ 10,000	\$ 10,000	\$ 16,358
Total Revenues	\$ 26,358	\$ 10,000	\$ 10,000	\$ 16,358
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 29,378	\$ 26,000	\$ 30,168	\$ 790
Total Expenditures	\$ 29,378	\$ 26,000	\$ 30,168	\$ 790
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,020)	\$ (16,000)	\$ (20,168)	\$ 17,148
Net Change in Fund Balance	\$ (3,020)	\$ (16,000)	\$ (20,168)	\$ 17,148
Fund Balance, July 1, 2005	20,665	24,063	24,063	(3,398)
Fund Balance, June 30, 2006	\$ 17,645	\$ 8,063	\$ 3,895	\$ 13,750

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

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,572,174	\$ 1,558,194	\$ 1,521,149	\$ 51,025
Other Local Revenues	180,190	145,000	152,000	28,190
Other Governments and Citizens Groups	150,000	150,000	150,000	0
Total Revenues	<u>\$ 1,902,364</u>	<u>\$ 1,853,194</u>	<u>\$ 1,823,149</u>	<u>\$ 79,215</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 52,961	\$ 184,938	\$ 52,970	\$ 9
Education	956,617	685,572	956,626	9
<u>Interest on Debt</u>				
General Government	46,213	105,664	46,291	78
Education	792,673	882,270	792,684	11
<u>Other Debt Service</u>				
General Government	26,114	25,600	26,000	(114)
Education	45,214	1,030	45,221	7
Total Expenditures	<u>\$ 1,919,792</u>	<u>\$ 1,885,074</u>	<u>\$ 1,919,792</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,428)</u>	<u>\$ (31,880)</u>	<u>\$ (96,643)</u>	<u>\$ 79,215</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 6,735,000	0	\$ 6,735,000	0
Transfers In	16,257	20,000	20,000	(3,743)
Payments to Refunded Debt Escrow Agent	(6,695,279)	0	(6,695,279)	0
Total Other Financing Sources (Uses)	<u>\$ 55,978</u>	<u>\$ 20,000</u>	<u>\$ 59,721</u>	<u>\$ (3,743)</u>
Net Change in Fund Balance	\$ 38,550	\$ (11,880)	\$ (36,922)	\$ 75,472
Fund Balance, July 1, 2005	<u>1,425,214</u>	<u>1,423,327</u>	<u>1,423,327</u>	<u>1,887</u>
Fund Balance, June 30, 2006	<u>\$ 1,463,764</u>	<u>\$ 1,411,447</u>	<u>\$ 1,386,405</u>	<u>\$ 77,359</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 - Alamo Fund and City School ADA - Bells Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

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

Exhibit G-1

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

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Alamo	City School ADA - Bells	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 0	\$ 1,382	\$ 1,074	\$ 0	\$ 2,456
Cash	0	0	0	403,850	403,850
Investments	0	0	0	100,228	100,228
Due from Other Governments	55,444	13,672	10,639	0	79,755
Taxes Receivable	0	279,235	217,287	0	496,522
Allowance for Uncollectible Taxes	0	(8,892)	(6,919)	0	(15,811)
Notes Receivable - Long-Term	0	0	0	7,428	7,428
Total Assets	<u>\$ 55,444</u>	<u>\$ 285,397</u>	<u>\$ 222,081</u>	<u>\$ 511,506</u>	<u>\$ 1,074,428</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 55,444	\$ 285,397	\$ 222,081	\$ 0	\$ 562,922
Due to Litigants, Heirs, and Others	0	0	0	511,506	511,506
Total Liabilities	<u>\$ 55,444</u>	<u>\$ 285,397</u>	<u>\$ 222,081</u>	<u>\$ 511,506</u>	<u>\$ 1,074,428</u>

Exhibit G-2

Crockett 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	\$ 345,089	\$ 345,089	\$ 0
Due From Other Governments	62,200	55,444	62,200	55,444
Total Assets	\$ 62,200	\$ 400,533	\$ 407,289	\$ 55,444
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 62,200	\$ 400,533	\$ 407,289	\$ 55,444
Total Liabilities	\$ 62,200	\$ 400,533	\$ 407,289	\$ 55,444
<u>City School ADA - Alamo Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,054	\$ 334,785	\$ 335,457	\$ 1,382
Accounts Receivable	50	0	50	0
Due From Other Governments	14,000	13,672	14,000	13,672
Taxes Receivable	264,497	279,235	264,497	279,235
Allowance for Uncollectible Taxes	(9,001)	(8,892)	(9,001)	(8,892)
Total Assets	\$ 271,600	\$ 618,800	\$ 605,003	\$ 285,397
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 271,600	\$ 618,800	\$ 605,003	\$ 285,397
Total Liabilities	\$ 271,600	\$ 618,800	\$ 605,003	\$ 285,397
<u>City School ADA - Bells Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,690	\$ 260,431	\$ 261,047	\$ 1,074
Accounts Receivable	45	0	45	0
Due From Other Governments	22,930	10,639	22,930	10,639
Taxes Receivable	217,525	217,287	217,525	217,287
Allowance for Uncollectible Taxes	(7,402)	(6,919)	(7,402)	(6,919)
Total Assets	\$ 234,788	\$ 481,438	\$ 494,145	\$ 222,081
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 234,788	\$ 481,438	\$ 494,145	\$ 222,081
Total Liabilities	\$ 234,788	\$ 481,438	\$ 494,145	\$ 222,081

(Continued)

Exhibit G-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 401,131	\$ 2,594,249	\$ 2,591,530	\$ 403,850
Investments	100,228	0	0	100,228
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	<u>\$ 508,787</u>	<u>\$ 2,594,249</u>	<u>\$ 2,591,530</u>	<u>\$ 511,506</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 508,787	\$ 2,594,249	\$ 2,591,530	\$ 511,506
Total Liabilities	<u>\$ 508,787</u>	<u>\$ 2,594,249</u>	<u>\$ 2,591,530</u>	<u>\$ 511,506</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,744	\$ 940,305	\$ 941,593	\$ 2,456
Cash	401,131	2,594,249	2,591,530	403,850
Investments	100,228	0	0	100,228
Accounts Receivable	95	0	95	0
Due From Other Governments	99,130	79,755	99,130	79,755
Taxes Receivable	482,022	496,522	482,022	496,522
Allowance for Uncollectible Taxes	(16,403)	(15,811)	(16,403)	(15,811)
Notes Receivable - Long-Term	7,428	0	0	7,428
Total Assets	<u>\$ 1,077,375</u>	<u>\$ 4,095,020</u>	<u>\$ 4,097,967</u>	<u>\$ 1,074,428</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 568,588	\$ 1,500,771	\$ 1,506,437	\$ 562,922
Due to Litigants, Heirs, and Others	508,787	2,594,249	2,591,530	511,506
Total Liabilities	<u>\$ 1,077,375</u>	<u>\$ 4,095,020</u>	<u>\$ 4,097,967</u>	<u>\$ 1,074,428</u>

MISCELLANEOUS SCHEDULES

Exhibit H-1

Crockett County, Tennessee
Schedule of Changes in Long-Term Notes, Capital Leases, 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		Debt Refunded	Outstanding 6-30-06
						Issued During Period	Matured During Period		
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
School Classrooms and Fieldhouse	\$ 360,000	5.1%	6-22-1998	6-30-10	\$ 176,311	\$ 0	\$ 32,245	\$ 0	144,066
Trash Compactors and Site Preparation	60,000	3.974	Various	4-15-11	33,125	0	5,097	0	28,028
School Construction	400,000	3.95	3-6-03	12-15-14	343,570	0	29,372	0	314,198
Total Notes Payable					<u>\$ 553,006</u>	<u>\$ 0</u>	<u>\$ 66,714</u>	<u>\$ 0</u>	<u>486,292</u>
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through General Fund</u>									
Sheriff's Vehicle	28,000	5.05	3-17-04	5-12-06	\$ 9,326	\$ 0	\$ 9,326	\$ 0	0
Sheriff's Patrol Car	21,836	4.5	6-22-04	6-7-06	7,274	0	7,274	0	0
Sheriff's Patrol Cars	44,022	5	5-20-05	5-20-07	28,648	0	13,985	0	14,663
Total Capital Leases Payable					<u>\$ 45,248</u>	<u>\$ 0</u>	<u>\$ 30,585</u>	<u>\$ 0</u>	<u>14,663</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Courthouse and Library (General Motors Acceptance Corp.)	200,000	5	1-28-1976	1-1-16	\$ 97,076	\$ 0	\$ 6,278	\$ 0	90,798
Courthouse and Library (General Motors Acceptance Corp.)	50,000	5	12-30-1976	12-1-16	24,223	0	1,583	0	22,640
Nursing Home (General Motors Acceptance Corp.)	300,000	5	10-26-1977	1-1-17	155,602	0	8,975	0	146,627
Nursing Home (General Motors Acceptance Corp.)	50,000	5	2-9-1979	1-1-19	29,039	0	1,338	0	27,701
Nursing Home (General Motors Acceptance Corp.)	500,000	5	8-9-1982	1-1-11	170,000	0	25,000	0	145,000
School Refunding 1997 Series	3,595,000	4 to 5	11-1-1997	4-1-12	3,390,000	0	425,000	0	2,965,000
Courthouse and Senior Citizens' Buildings Renovations	400,000	5	10-14-1999	10-14-37	379,466	0	4,690	0	374,776
General Obligation School	9,850,000	4.5 to 5	8-9-01	4-1-21	9,650,000	0	100,000	6,300,000	3,250,000
General Obligation School Refunding	2,710,000	2.5 to 4.875	4-17-02	4-1-14	1,400,000	0	130,000	0	1,270,000
General Obligation School	5,085,000	4.55 to 5	4-17-02	4-1-17	4,785,000	0	100,000	0	4,685,000
General Obligation School Refunding	6,735,000	4.15	9-1-05	4-1-21	0	6,735,000	140,000	0	6,595,000
Total Bonds Payable					<u>\$ 20,080,406</u>	<u>\$ 6,735,000</u>	<u>\$ 942,864</u>	<u>\$ 6,300,000</u>	<u>19,572,542</u>

Exhibit H-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	General Motors Acceptance Corporation		Total Requirements
			Bond Requirements	Interest Requirements	
2007	\$ 824,979	\$ 866,534	\$ 46,185	\$ 21,638	\$ 1,759,336
2008	910,226	829,065	52,244	19,329	1,810,864
2009	975,487	787,289	53,356	16,717	1,832,849
2010	1,065,762	741,927	54,524	14,049	1,876,262
2011	1,141,050	690,677	55,750	11,323	1,898,800
2012	1,201,352	635,785	27,038	8,535	1,872,710
2013	1,006,669	578,612	28,390	7,184	1,620,855
2014	1,077,003	532,929	29,809	5,764	1,645,505
2015	1,282,354	483,075	31,299	4,274	1,801,002
2016	1,442,721	422,532	31,226	2,709	1,899,188
2017	1,558,107	353,859	17,691	1,147	1,930,804
2018	1,588,513	278,728	2,702	263	1,870,206
2019	1,578,938	212,732	2,552	128	1,794,350
2020	1,614,385	147,131	0	0	1,761,516
2021	1,604,854	80,054	0	0	1,684,908
2022	10,347	13,369	0	0	23,716
2023	10,865	12,851	0	0	23,716
2024	11,408	12,308	0	0	23,716
2025	11,978	11,738	0	0	23,716
2026	12,577	11,139	0	0	23,716
2027	13,206	10,510	0	0	23,716
2028	13,866	9,850	0	0	23,716
2029	14,560	9,156	0	0	23,716
2030	15,288	8,428	0	0	23,716
2031	16,052	7,664	0	0	23,716
2032	16,854	6,862	0	0	23,716
2033	17,697	6,019	0	0	23,716
2034	18,582	5,134	0	0	23,716
2035	19,511	4,205	0	0	23,716
2036	20,487	3,229	0	0	23,716
2037	21,511	2,205	0	0	23,716
2038	22,587	1,129	0	0	23,716
Total	\$ 19,139,776	\$ 7,776,725	\$ 432,766	\$ 113,060	\$ 27,462,327

Exhibit H-3

Crockett County, Tennessee
Schedule of Investments
June 30, 2006

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

Exhibit H-4

Crockett County, Tennessee
Schedule of Notes Receivable
June 30, 2006

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

Exhibit H-5

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Debt Service	Litigation tax for debt retirement	<u>\$ 16,257</u>
Total Transfers			<u><u>\$ 16,257</u></u>

Exhibit H-6

Crockett 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>	\$ 57,804	\$ 50,000	Auto Owners Insurance Company
Road Supervisor	Section 8-24-102, <u>TCA</u>	55,052	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	50,048	410,700	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	50,048	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	50,048	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	50,048	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	50,928 (1)	30,000	"
Register	Section 8-24-102, <u>TCA</u>	50,048	15,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	55,652 (2)	25,000	"
Employee Bonds:				
General Fund Employees			150,000	Tennessee School Boards Risk Management Trust
Road Supervisor's Bookkeeper			10,000	Western Surety Company

(1) Includes special commissioner fees of \$880.

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

Exhibit H-7

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,905,092	\$ 0	\$ 0	\$ 0	\$ 0	\$ 812,894	\$ 0	\$ 0	\$ 2,717,986
Discount on Property Taxes	(13,681)	0	0	0	0	(5,837)	0	0	(19,518)
Trustee's Collections - Prior Year	86,586	0	0	0	0	29,557	0	0	116,143
Trustee's Collections - Bankruptcy	2,830	0	0	0	0	730	0	0	3,560
Circuit/Clerk & Master Collections - Prior Years	32,593	0	0	0	0	11,129	0	0	43,722
Interest and Penalty	17,035	0	0	0	0	5,901	0	0	22,936
Payments in-Lieu-of Taxes - T.V.A.	96	0	0	0	0	7	0	0	103
Payments in-Lieu-of Taxes - Other	2,376	0	0	0	0	0	0	0	2,376
<u>County Local Option Taxes</u>									
Local Option Sales Tax	50,000	51,963	0	0	0	442,786	0	0	544,749
Hotel/Motel Tax	10,967	0	0	0	0	0	0	0	10,967
Wheel Tax	0	0	0	0	345,107	275,007	0	0	620,114
Litigation Tax - General	48,256	0	0	0	0	0	0	0	48,256
Litigation Tax - Jail, Workhouse, or Courthouse	17,658	0	0	0	0	0	0	0	17,658
Business Tax	59,597	0	0	0	0	0	0	0	59,597
<u>Statutory Local Taxes</u>									
Bank Excise Tax	44,564	0	0	0	0	0	0	0	44,564
Wholesale Beer Tax	0	117,372	0	0	0	0	0	0	117,372
Interstate Telecommunications Tax	0	679	0	0	0	0	0	0	679
Total Local Taxes	\$ 2,263,969	\$ 170,014	\$ 0	\$ 0	\$ 345,107	\$ 1,572,174	\$ 0	\$ 0	\$ 4,351,264
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Vaccination	\$ 1,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,767
Cable TV Franchise	2,479	0	0	0	0	0	0	0	2,479
<u>Permits</u>									
Beer Permits	1,401	0	0	0	0	0	0	0	1,401
Total Licenses and Permits	\$ 5,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,647
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 1,193	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,193

Exhibit H-7

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Officers Costs	\$ 2,748	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,748
Drug Control Fines	0	0	3,013	0	0	0	0	0	3,013
Drug Court Fees	3,234	0	0	0	0	0	0	0	3,234
Jail Fees	186	0	0	0	0	0	0	0	186
DUI Treatment Fines	362	0	0	0	0	0	0	0	362
Data Entry Fee - Circuit Court	504	0	0	0	0	0	0	0	504
Courtroom Security Fee	56	0	0	0	0	0	0	0	56
<u>General Sessions Court</u>									
Fines	16,415	0	0	0	0	0	0	0	16,415
Officers Costs	18,886	0	0	0	0	0	0	0	18,886
Drug Control Fines	2,133	0	2,873	0	0	0	0	0	5,006
Drug Court Fees	1,779	0	0	0	0	0	0	0	1,779
Jail Fees	3,465	0	0	0	0	0	0	0	3,465
DUI Treatment Fines	6,015	0	0	0	0	0	0	0	6,015
Data Entry Fee - General Sessions Court	4,193	0	0	0	0	0	0	0	4,193
Courtroom Security Fee	848	0	0	0	0	0	0	0	848
<u>Juvenile Court</u>									
Fines	30	0	0	0	0	0	0	0	30
Officers Costs	6,539	0	0	0	0	0	0	0	6,539
<u>Chancery Court</u>									
Officers Costs	3,314	0	0	0	0	0	0	0	3,314
Data Entry Fee - Chancery Court	936	0	0	0	0	0	0	0	936
<u>Judicial District Drug Program</u>									
Courtroom Security Fee	40	0	0	0	0	0	0	0	40
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	20,472	0	0	0	0	0	20,472
Total Fines, Forfeitures, and Penalties	\$ 72,876	\$ 0	\$ 26,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,234
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 575,887	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 575,887

Exhibit H-7

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>									
<u>Fees</u>									
Library Fees	\$ 181	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 181
Telephone Commissions	6,574	0	0	0	0	0	0	0	6,574
Vending Machine Collections	544	0	0	0	0	0	0	0	544
Special Commissioner Fees/Special Master Fees	0	0	0	900	0	0	0	0	900
Data Processing Fee - Register	5,894	0	0	0	0	0	0	0	5,894
Data Processing Fee - Sheriff	1,737	0	0	0	0	0	0	0	1,737
Sexual Offender Registration Fees - Sheriff	1,280	0	0	0	0	0	0	0	1,280
Total Charges for Current Services	\$ 592,097	\$ 0	\$ 0	\$ 900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 592,997
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 2,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,002	\$ 615	\$ 0	\$ 83,362
Lease/Rentals	37,838	0	0	0	0	100,188	0	0	138,026
Sale of Materials and Supplies	0	0	0	0	1,444	0	0	0	1,444
Miscellaneous Refunds	4,880	50	0	0	4,108	0	0	0	9,038
<u>Nonrecurring Items</u>									
Insurance Recovery	3,577	0	0	0	5,396	0	0	0	8,973
Total Other Local Revenues	\$ 49,040	\$ 50	\$ 0	\$ 0	\$ 10,948	\$ 180,190	\$ 615	\$ 0	\$ 240,843
<u>Fees Received from County Officials</u>									
<u>Fees-In-Lieu of Salary</u>									
County Clerk	\$ 122,991	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,991
Circuit Court Clerk	20,031	0	0	0	0	0	0	0	20,031
General Sessions Court Clerk	89,398	0	0	0	0	0	0	0	89,398
Clerk and Master	60,422	0	0	0	0	0	0	0	60,422
Juvenile Court Clerk	27,765	0	0	0	0	0	0	0	27,765
Register	69,768	0	0	0	0	0	0	0	69,768
Sheriff	7,865	0	0	0	0	0	0	0	7,865
Trustee	159,719	0	0	0	0	0	0	0	159,719
Total Fees Received from County Officials	\$ 557,959	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 557,959

Exhibit H-7

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,500
Aging Programs	92,652	0	0	0	0	0	0	0	92,652
State Reappraisal Grant	5,761	0	0	0	0	0	0	0	5,761
Solid Waste Grants	0	8,785	0	0	0	0	0	0	8,785
<u>Public Safety Grants</u>									
Other Public Safety Grants	26,196	0	0	0	0	0	0	0	26,196
<u>Health and Welfare Grants</u>									
Health Department Programs	59,175	0	0	0	0	0	77,982	0	137,157
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	203,015	0	0	0	203,015
State Aid Program	0	0	0	0	150,728	0	0	0	150,728
Litter Program	28,342	0	0	0	0	0	0	0	28,342
<u>Other State Revenues</u>									
Income Tax	12,216	0	0	0	0	0	0	0	12,216
Beer Tax	0	17,212	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	21,525	0	0	0	0	0	0	21,525
Mixed Drink Tax	831	0	0	0	0	0	0	0	831
State Revenue Sharing - T.V.A.	165,819	0	0	0	0	0	0	0	165,819
Emergency Hospital - Prisoners	29,758	0	0	0	0	0	0	0	29,758
Contracted Prisoner Boarding	219,722	0	0	0	0	0	0	0	219,722
Gasoline and Motor Fuel Tax	0	0	0	0	1,387,428	0	0	0	1,387,428
Petroleum Special Tax	0	0	0	0	11,690	0	0	0	11,690
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Total State of Tennessee	\$ 666,352	\$ 47,522	\$ 0	\$ 0	\$ 1,752,861	\$ 0	\$ 77,982	\$ 0	\$ 2,544,717
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	297,060	\$ 372,201	\$ 669,261
Civil Defense Reimbursement	12,553	0	0	0	0	0	0	0	12,553
Homeland Security Grants	171,142	0	0	0	0	0	0	0	171,142
Total Federal Government	\$ 183,695	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	297,060	\$ 372,201	\$ 852,956

Exhibit H-7

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 69,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,926
Contributions	0	0	0	0	0	150,000	0	1,000	151,000
Contracted Services	0	0	0	0	6,267	0	0	0	6,267
<u>Citizens Groups</u>									
Donations	35	0	0	0	0	0	0	0	35
Total Other Governments and Citizens Groups	\$ 69,961	\$ 0	\$ 0	\$ 0	\$ 6,267	\$ 150,000	\$ 0	\$ 1,000	\$ 227,228
Total	\$ 4,461,596	\$ 217,586	\$ 26,358	\$ 900	\$ 2,115,183	\$ 1,902,364	\$ 375,657	\$ 373,201	\$ 9,472,845

Exhibit H-8

Crockett 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	\$ 11,948	
Dues and Memberships	<u>1,150</u>	
Total County Commission		\$ 13,098

Board of Equalization

Board and Committee Members Fees	\$ <u>260</u>	
Total Board of Equalization		260

Beer Board

Board and Committee Members Fees	\$ <u>300</u>	
Total Beer Board		300

County Mayor/Executive

County Official/Administrative Officer	\$ 57,804	
Accountants/Bookkeepers	26,879	
Secretary(ies)	22,333	
Longevity Pay	500	
Communication	30	
Contracts with Private Agencies	6,072	
Dues and Memberships	2,130	
Postal Charges	1,353	
Printing, Stationery, and Forms	1,103	
Travel	2,758	
Office Supplies	2,103	
Other Charges	8	
Office Equipment	<u>4,097</u>	
Total County Mayor/Executive		127,170

County Attorney

County Official/Administrative Officer	\$ <u>1,374</u>	
Total County Attorney		1,374

Election Commission

County Official/Administrative Officer	\$ 42,541	
Temporary Personnel	5,649	
Election Commission	3,920	
Election Workers	6,258	
Other Per Diem & Fees	3,960	
Contracts with Private Agencies	2,724	
Data Processing Services	3,591	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Dues and Memberships	\$	183	
Legal Notices, Recording, and Court Costs		1,568	
Postal Charges		772	
Printing, Stationery, and Forms		1,186	
Travel		1,194	
Office Supplies		2,118	
Office Equipment		1,500	
Total Election Commission			\$ 77,164

Register of Deeds

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		19,501	
Longevity Pay		50	
Data Processing Services		4,204	
Dues and Memberships		434	
Operating Lease Payments		477	
Postal Charges		256	
Travel		594	
Other Contracted Services		2,950	
Office Supplies		2,411	
Other Charges		20	
Office Equipment		1,104	
Total Register of Deeds			82,049

County Buildings

Custodial Personnel	\$	3,672	
Other Salaries & Wages		3,871	
Communication		27,463	
Maintenance & Repair Services - Buildings		87,395	
Maintenance & Repair Services - Equipment		2,100	
Pest Control		3,474	
Rentals		1,090	
Travel		617	
Other Contracted Services		445	
Custodial Supplies		11,413	
Electricity		18,454	
Natural Gas		9,021	
Water and Sewer		4,854	
Building and Contents Insurance		16,423	
Total County Buildings			190,292

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Finance

Accounting and Budgeting

Accounting Services	\$	568	
Audit Services		6,884	
Total Accounting and Budgeting			\$ 7,452

Property Assessor's Office

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		39,088	
Longevity Pay		50	
Contracts with Private Agencies		8,905	
Data Processing Services		4,963	
Dues and Memberships		1,014	
Legal Notices, Recording, and Court Costs		55	
Postal Charges		228	
Travel		2,224	
Office Supplies		268	
Office Equipment		2,198	
Other Equipment		266	
Total Property Assessor's Office			109,307

Reappraisal Program

Data Processing Personnel	\$	1,194	
In-Service Training		1,614	
Data Processing Services		1,806	
Travel		846	
Total Reappraisal Program			5,460

County Trustee's Office

County Official/Administrative Officer	\$	50,048	
Deputy(ies)		41,166	
Longevity Pay		1,150	
Data Processing Services		3,508	
Dues and Memberships		434	
Maintenance Agreements		3,140	
Maintenance & Repair Services - Office Equipment		19	
Postal Charges		2,695	
Printing, Stationery, and Forms		271	
Travel		1,035	
Other Contracted Services		2,161	
Office Supplies		1,333	
Office Equipment		256	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Other Equipment	\$ 1,640	
Total County Trustee's Office		\$ 108,856

County Clerk's Office

County Official/Administrative Officer	\$ 50,048	
Deputy(ies)	58,168	
Longevity Pay	850	
Dues and Memberships	334	
Postal Charges	2,715	
Printing, Stationery, and Forms	190	
Travel	1,436	
Office Supplies	3,743	
Office Equipment	9,608	
Total County Clerk's Office		127,092

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 50,048	
Deputy(ies)	101,099	
Longevity Pay	2,750	
Jury and Witness Fees	5,550	
Data Processing Services	7,322	
Dues and Memberships	399	
Postal Charges	2,334	
Printing, Stationery, and Forms	1,364	
Travel	300	
Office Supplies	7,072	
Other Charges	195	
Total Circuit Court		178,433

General Sessions Judge

Judge(s)	\$ 62,625	
Dues and Memberships	74	
Travel	835	
Other Contracted Services	7,229	
Office Supplies	379	
Total General Sessions Judge		71,142

Drug Court

Office Supplies	\$ 150	
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(Continued)

Exhibit H-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Other Supplies and Materials	\$ 3,475	
Other Charges	700	
Total Drug Court		\$ 4,325

Chancery Court

County Official/Administrative Officer	\$ 50,048	
Deputy(ies)	21,667	
Longevity Pay	700	
Data Processing Services	1,817	
Dues and Memberships	399	
Postal Charges	693	
Printing, Stationery, and Forms	521	
Travel	165	
Office Supplies	1,705	
Total Chancery Court		77,715

Juvenile Court

Supervisor/Director	\$ 25,526	
Probation Officer(s)	12,390	
Longevity Pay	800	
Communication	1,574	
Maintenance & Repair Services - Vehicles	93	
Travel	1,233	
Other Contracted Services	1,284	
Office Supplies	233	
Other Charges	5,506	
Total Juvenile Court		48,639

Other Administration of Justice

Other Salaries & Wages	\$ 7,578	
In-Service Training	440	
Communication	27	
Other Charges	704	
Total Other Administration of Justice		8,749

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 55,052
Assistant(s)	31,938
Deputy(ies)	328,541

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Salary Supplements	\$ 6,600	
Dispatchers/Radio Operators	10,923	
Guards	12,451	
Secretary(ies)	12,000	
Longevity Pay	4,000	
Other Salaries & Wages	29,083	
In-Service Training	6,575	
Communication	18,822	
Contracts with Private Agencies	10,121	
Data Processing Services	4,843	
Dues and Memberships	1,635	
Legal Notices, Recording, and Court Costs	124	
Maintenance & Repair Services - Vehicles	33,553	
Postal Charges	2,120	
Travel	716	
Other Contracted Services	1,315	
Gasoline	54,998	
Law Enforcement Supplies	1,346	
Office Supplies	6,025	
Tires and Tubes	5,599	
Uniforms	10,959	
Other Supplies and Materials	4,004	
Other Charges	423	
Principal on Capital Leases	30,585	
Interest on Capital Leases	2,189	
Law Enforcement Equipment	40	
Other Equipment	500	
Total Sheriff's Department		\$ 687,080

Jail

Dispatchers/Radio Operators	\$ 107,084
Guards	195,858
Cafeteria Personnel	15,677
Longevity Pay	4,150
Other Salaries & Wages	36,009
In-Service Training	188
Contracts with Public Carriers	1,109
Medical and Dental Services	92,113
Travel	38
Custodial Supplies	14,349

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$ 62,620	
Electricity	19,456	
Food Supplies	97,832	
Natural Gas	15,970	
Uniforms	10,494	
Water and Sewer	9,501	
Other Supplies and Materials	9,361	
Other Charges	138	
Office Equipment	1,916	
Total Jail		\$ 693,863

Fire Prevention and Control

Contributions	\$ 52,000	
Other Charges	680	
Total Fire Prevention and Control		52,680

Civil Defense

Assistant(s)	\$ 5,999	
Supervisor/Director	14,771	
Communication	2,536	
Maintenance & Repair Services - Equipment	489	
Travel	873	
Electricity	1,004	
Gasoline	1,634	
Office Supplies	1,525	
Uniforms	2,525	
Utilities	705	
Other Supplies and Materials	1,000	
Other Charges	945	
Motor Vehicles	2,456	
Office Equipment	250	
Other Equipment	1,017	
Total Civil Defense		37,729

Rescue Squad

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

Other Emergency Management

Other Supplies and Materials	\$ 22,174	
------------------------------	-----------	--

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Motor Vehicles	\$ 3,285	
Other Equipment	59,335	
Total Other Emergency Management		\$ 84,794

County Coroner/Medical Examiner

Other Per Diem & Fees	\$ 1,000	
Contracts with Government Agencies	1,586	
Total County Coroner/Medical Examiner		2,586

Other Public Safety

Other Salaries & Wages	\$ 2,923	
Total Other Public Safety		2,923

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 5,071	
Other Salaries & Wages	26,016	
Communication	3,203	
Postal Charges	1,126	
Printing, Stationery, and Forms	703	
Travel	387	
Drugs and Medical Supplies	1,349	
Office Supplies	2,402	
Utilities	7,278	
Other Charges	1,102	
Total Local Health Center		48,637

Rabies and Animal Control

Supervisor/Director	\$ 23,112	
Longevity Pay	800	
Communication	735	
Travel	4,990	
Other Contracted Services	1,935	
Other Supplies and Materials	2,423	
Total Rabies and Animal Control		33,995

Ambulance/Emergency Medical Services

Assistant(s)	\$ 1,882	
Supervisor/Director	43,709	
Medical Personnel	318,069	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Secretary(ies)	\$ 20,669	
Longevity Pay	4,900	
Other Salaries & Wages	50,248	
In-Service Training	5,443	
Communication	4,888	
Contracts with Private Agencies	10,572	
Dues and Memberships	140	
Evaluation and Testing	452	
Licenses	890	
Maintenance & Repair Services - Vehicles	13,334	
Postal Charges	651	
Travel	3,014	
Other Contracted Services	3,270	
Custodial Supplies	85	
Diesel Fuel	29,059	
Drugs and Medical Supplies	33,870	
Office Supplies	4,480	
Uniforms	2,331	
Other Supplies and Materials	3,856	
Other Charges	2,000	
Motor Vehicles	11,016	
Office Equipment	56	
Other Equipment	13,021	
Total Ambulance/Emergency Medical Services	<u> </u>	\$ 581,905

Maternal and Child Health Services

Contributions	\$ 4,000	
Total Maternal and Child Health Services	<u> </u>	4,000

Alcohol and Drug Programs

Contributions	\$ 15,165	
Total Alcohol and Drug Programs	<u> </u>	15,165

Crippled Children Services

Contributions	\$ 1,650	
Total Crippled Children Services	<u> </u>	1,650

Other Local Health Services

Contributions	\$ 2,000	
Total Other Local Health Services	<u> </u>	2,000

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contracts with Government Agencies	\$ 45,920	
Contracts with Other Public Agencies	6,000	
Contributions	2,000	
Total Appropriation to State		\$ 53,920

Other Local Welfare Services

Contributions	\$ 919	
Total Other Local Welfare Services		919

Waste Pickup

Other Salaries & Wages	\$ 16,396	
Equipment and Machinery Parts	640	
Gasoline	686	
Instructional Supplies and Materials	10,929	
Other Charges	186	
Total Waste Pickup		28,837

Other Public Health and Welfare

Assistant(s)	\$ 21,831	
Longevity Pay	300	
Communication	2,849	
Postal Charges	78	
Travel	507	
Office Supplies	963	
Other Charges	175	
Total Other Public Health and Welfare		26,703

Social, Cultural, and Recreational Services

Adult Activities

Assistant(s)	\$ 16,922
Supervisor/Director	30,336
Investigator(s)	11,809
Social Workers	15,578
Medical Personnel	15,361
Clerical Personnel	7,674
Educational Assistants	16,042
Cafeteria Personnel	10,237
Maintenance Personnel	12,018
Part-time Personnel	9,025
Longevity Pay	1,600

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Other Salaries & Wages	\$	1,820	
Communication		194	
Maintenance & Repair Services - Buildings		1,680	
Maintenance & Repair Services - Vehicles		2,132	
Postal Charges		312	
Travel		1,935	
Other Contracted Services		5,535	
Custodial Supplies		1,094	
Gasoline		1,717	
Office Supplies		956	
Utilities		8,886	
Office Equipment		1,798	
Total Adult Activities			\$ 174,661

Libraries

Librarians	\$	18,078	
Custodial Personnel		800	
Longevity Pay		50	
Other Salaries & Wages		22,143	
Communication		254	
Travel		500	
Library Books/Media		3,884	
Utilities		6,514	
Other Supplies and Materials		276	
Data Processing Equipment		813	
Office Equipment		772	
Total Libraries			54,084

Parks and Fair Boards

Contributions	\$	3,000	
Other Contracted Services		2,400	
Electricity		2,417	
Other Charges		2,097	
Total Parks and Fair Boards			9,914

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	13,810	
Assistant(s)		12,009	
Supervisor/Director		10,856	

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Clerical Personnel	\$ 4,154	
Communication	3,922	
Other Charges	1,972	
Maintenance Equipment	2,745	
Total Agriculture Extension Service		\$ 49,468

Soil Conservation

Supervisor/Director	\$ 29,422	
Secretary(ies)	22,179	
Longevity Pay	2,750	
Other Salaries & Wages	19,380	
Other Charges	5,500	
Total Soil Conservation		79,231

Flood Control

Dues and Memberships	\$ 7,500	
Total Flood Control		7,500

Other Operations

Industrial Development

Other Charges	\$ 9,604	
Site Development	1,154	
Total Industrial Development		10,758

Veterans' Services

Supervisor/Director	\$ 10,119	
Postal Charges	425	
Travel	187	
Office Supplies	209	
Other Charges	5,033	
Total Veterans' Services		15,973

Other Charges

Liability Insurance	\$ 44,000	
Trustee's Commission	53,129	
Vehicle and Equipment Insurance	24,773	
Workers' Compensation Insurance	59,974	
Liability Claims	41,668	
Total Other Charges		223,544

(Continued)

Exhibit H-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

Contributions	\$ 32,000	
Total Contributions to Other Agencies		\$ 32,000

Employee Benefits

Social Security	\$ 189,204	
State Retirement	118,365	
Employee and Dependent Insurance	368	
Medical Insurance	155,905	
Unemployment Compensation	6,085	
Total Employee Benefits		469,927

Miscellaneous

Contracts with Government Agencies	\$ 8,500	
Legal Notices, Recording, and Court Costs	654	
Pauper Burials	500	
Postal Charges	999	
Other Contracted Services	3,924	
Office Supplies	2,065	
Other Charges	7,006	
Office Equipment	504	
Total Miscellaneous		24,152

Total General Fund \$ 4,756,475

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Supervisor/Director	\$ 5,798	
Attendants	32,963	
Social Security	2,522	
Communication	1,664	
Contracts with Private Agencies	166,681	
Maintenance & Repair Services - Equipment	1,492	
Maintenance & Repair Services - Vehicles	1,226	
Other Contracted Services	8,774	
Utilities	2,881	
Trustee's Commission	2,570	
Other Charges	155	
Total Convenience Centers		\$ 226,726

Total Solid Waste/Sanitation Fund 226,726

(Continued)

Exhibit H-8

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

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	427	
Dues and Memberships		285	
Legal Notices, Recording, and Court Costs		78	
Maintenance & Repair Services - Vehicles		787	
Rentals		32	
Travel		375	
Veterinary Services		153	
Animal Food and Supplies		227	
Instructional Supplies and Materials		2,892	
Law Enforcement Supplies		375	
Uniforms		142	
Other Supplies and Materials		7	
Trustee's Commission		59	
Other Charges		<u>23,539</u>	
Total Drug Enforcement			<u>\$ 29,378</u>

Total Drug Control Fund \$ 29,378

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	<u>880</u>	
Total Chancery Court			\$ 880

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	<u>20</u>	
Total Sheriff's Department			<u>20</u>

Total Constitutional Officers - Fees Fund 900

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	55,052	
Accountants/Bookkeepers		46,592	
Board and Committee Members Fees		14,220	
Communication		2,744	
Data Processing Services		4,556	
Dues and Memberships		2,547	

(Continued)

Exhibit H-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	1,252	
Maintenance & Repair Services - Buildings		658	
Maintenance & Repair Services - Office Equipment		58	
Postal Charges		410	
Printing, Stationery, and Forms		101	
Travel		551	
Custodial Supplies		575	
Data Processing Supplies		241	
Drugs and Medical Supplies		243	
Electricity		1,284	
Natural Gas		1,215	
Office Supplies		625	
Water and Sewer		1,048	
Other Charges		3,287	
Total Administration			\$ 137,259

Highway and Bridge Maintenance

Foremen	\$	78,699	
Equipment Operators		97,123	
Truck Drivers		58,946	
Laborers		142,545	
Engineering Services		16,926	
Other Contracted Services		500	
Asphalt - Cold Mix		1,452	
Asphalt - Hot Mix		435,231	
Asphalt - Liquid		18,057	
Crushed Stone		98,554	
Fertilizer, Lime, and Seed		490	
Pipe		49,144	
Road Signs		2,713	
Wood Products		11,444	
Other Supplies and Materials		418	
Total Highway and Bridge Maintenance			1,012,242

Operation and Maintenance of Equipment

Mechanic(s)	\$	48,176
Laborers		47,374
Laundry Service		2,741
Maintenance & Repair Services - Equipment		17,848
Diesel Fuel		98,685

(Continued)

Exhibit H-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Equipment and Machinery Parts	\$ 42,999	
Garage Supplies	1,681	
Gasoline	5,468	
Lubricants	4,711	
Propane Gas	66	
Small Tools	619	
Tires and Tubes	14,802	
Other Supplies and Materials	198	
Total Operation and Maintenance of Equipment		\$ 285,368

Other Charges

Premiums on Corporate Surety Bonds	\$ 350	
Trustee's Commission	17,455	
Vehicle and Equipment Insurance	40,120	
Workers' Compensation Insurance	38,157	
Total Other Charges		96,082

Employee Benefits

Social Security	\$ 36,501	
State Retirement	29,085	
Employee and Dependent Insurance	117,642	
Unemployment Compensation	5,292	
Employer Medicare	8,537	
Total Employee Benefits		197,057

Capital Outlay

Bridge Construction	\$ 235,569	
Building Construction	8,081	
Communication Equipment	618	
Maintenance Equipment	13,500	
State Aid Projects	203,790	
Total Capital Outlay		461,558

Total Highway/Public Works Fund \$ 2,189,566

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 47,864	
Principal on Notes	5,097	
Total General Government		\$ 52,961

(Continued)

Exhibit H-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 895,000	
Principal on Notes	<u>61,617</u>	
Total Education		\$ 956,617

Interest on Debt

General Government

Interest on Bonds	\$ 44,925	
Interest on Notes	<u>1,288</u>	
Total General Government		46,213

Education

Interest on Bonds	\$ 771,183	
Interest on Notes	<u>21,490</u>	
Total Education		792,673

Other Debt Service

General Government

Trustee's Commission	\$ <u>26,114</u>	
Total General Government		26,114

Education

Fiscal Agent Charges	\$ <u>45,214</u>	
Total Education		<u>45,214</u>

Total General Debt Service Fund \$ 1,919,792

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Contracts with Government Agencies	\$ 18,400	
Trustee's Commission	3	
Building Construction	<u>739,081</u>	
Total Public Health and Welfare Projects		\$ <u>757,484</u>

Total General Capital Projects Fund 757,484

Community Development/Industrial Park Fund

Capital Projects

Public Health and Welfare Projects

Contracts with Private Agencies	\$ 30,796	
---------------------------------	-----------	--

(Continued)

Exhibit H-8

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

<u>Community Development/Industrial Park Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Public Health and Welfare Projects (Cont.)</u>		
Legal Notices, Recording, and Court Costs	\$	132
Other Contracted Services		<u>354,773</u>
Total Public Health and Welfare Projects		<u>\$ 385,701</u>
Total Community Development/Industrial Park Fund		<u>\$ 385,701</u>
Total Governmental Funds - Primary Government		<u>\$ 10,266,022</u>

Exhibit H-9

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

	Cities - Sales Tax Fund	City School ADA - Alamo Fund	City School ADA - Bells Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 228,672	\$ 177,946	\$ 406,618
Discount on Property Taxes	0	(1,650)	(1,284)	(2,934)
Trustee's Collections - Prior Years	0	11,137	8,668	19,805
Trustee's Collections - Bankruptcy	0	341	268	609
Circuit/Clerk and Master Collections - Prior Years	0	3,944	3,011	6,955
Interest and Penalty	0	2,015	1,570	3,585
Payments in Lieu of Taxes - T.V.A.	0	12	9	21
Local Option Sales Tax	345,089	79,715	62,030	486,834
Wheel Tax	0	9,641	7,468	17,109
Interstate Telecommunications Tax	0	571	445	1,016
Marriage Licenses	0	238	184	422
Mixed Drink Tax	0	149	116	265
Total Cash Receipts	\$ 345,089	\$ 334,785	\$ 260,431	\$ 940,305
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 341,638	\$ 329,668	\$ 256,542	\$ 927,848
Trustee's Commission	3,451	5,789	4,505	13,745
Total Cash Disbursements	\$ 345,089	\$ 335,457	\$ 261,047	\$ 941,593
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (672)	\$ (616)	\$ (1,288)
Cash Balance, July 1, 2005	0	2,054	1,690	3,744
Cash Balance, June 30, 2006	\$ 0	\$ 1,382	\$ 1,074	\$ 2,456

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

NORMAN R. NORMENT, CGFM
Audit Manager

NOLAN R. BRADFORD, CPA, CGFM
Auditor 4

B. KEITH RICE, CGFM
ELISHA CROWELL
State Auditors

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

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

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

Scope

We have audited the basic financial statements of the Crockett County School Department as of and for the year ended June 30, 2006.

Results

Our report on Crockett County School Department's financial statements is unqualified.

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

Findings

The following is a summary of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The director of schools and the assistant director of schools received payments from the General Purpose School Fund for their share of health insurance premiums. These payments were not made through the payroll system and were not subjected to payroll tax deductions or the required employer's match of Social Security and Medicare.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Crockett County School Officials
June 30, 2006

Official

Stan Black, Director of Schools

Board of Education

Jasper Taylor, IV, Chairman

David Bushart

David Eubanks

William Mark Faulkner

Frankie McCord

David Russell

Will Spence

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

August 24, 2006

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department, a component unit of Crockett County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise the Crockett County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Crockett County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2006, on our consideration of the Crockett County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management of the Crockett County School Department did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America.

The budgetary comparison information on pages 37 through 41 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Crockett County, Tennessee
Statement of Net Assets
Crockett County School Department
June 30, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 1,791,461
Accounts Receivable	17,692
Due from Other Governments	294,204
Property Taxes Receivable	1,297,552
Allowance for Uncollectible Property Taxes	(41,159)
Capital Assets:	
Assets Not Depreciated:	
Land	776,905
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	14,884,422
Infrastructure	411,915
Other Capital Assets	664,519
	<hr/>
Total Assets	\$ 20,097,511
<u>LIABILITIES</u>	
Accounts Payable	\$ 18,647
Contracts Payable	2,311
Retainage Payable	23,677
Deferred Revenue - Current Property Taxes	1,157,410
	<hr/>
Total Liabilities	\$ 1,202,045
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 16,737,761
Restricted for:	
Capital Projects	396
Central Cafeteria	211,157
Other Purposes	139,365
Unrestricted	1,806,787
	<hr/>
Total Net Assets	\$ 18,895,466
	<hr/> <hr/>

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

Exhibit B

Crockett County, Tennessee
Statement of Activities
Crockett County School Department
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,594,379	\$ 1,903	\$ 1,150,363	\$ 63	\$ (5,442,050)
Support Services	3,885,823	5,833	126,295	0	(3,753,695)
Operation of Noninstructional Services	1,056,452	364,949	524,656	0	(166,847)
Other Debt Service	150,000	0	0	0	(150,000)
Total Governmental Activities	\$ 11,686,654	\$ 372,685	\$ 1,801,314	\$ 63	\$ (9,512,592)
General Revenues:					
Taxes:					
Property taxes levied for general purposes					\$ 1,143,930
Local option sales tax					301,693
Other local taxes					119,871
Grants & Contributions not restricted for specific programs					7,579,457
Unrestricted Investment Income					61,436
Miscellaneous					106,332
Total General Revenues					\$ 9,312,719
Change in Net Assets					\$ (199,873)
Net Assets, July 1, 2005					19,095,339
Net Assets, June 30, 2006					\$ 18,895,466

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

Exhibit C-1

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Transportation	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,464,687	\$ 7,821	\$ 308,509	\$ 1,781,017
Accounts Receivable	17,682	0	10	17,692
Due from Other Governments	290,384	0	3,820	294,204
Due from Other Funds	10,444	0	0	10,444
Property Taxes Receivable	1,070,801	226,751	0	1,297,552
Allowance for Uncollectible Property Taxes	(33,967)	(7,192)	0	(41,159)
Total Assets	\$ 2,820,031	\$ 227,380	\$ 312,339	\$ 3,359,750
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 17,147	\$ 0	\$ 1,500	\$ 18,647
Contracts Payable	2,111	0	200	2,311
Retainage Payable	23,677	0	0	23,677
Deferred Revenue - Current Property Taxes	955,149	202,261	0	1,157,410
Deferred Revenue - Delinquent Property Taxes	77,610	16,463	0	94,073
Other Deferred Revenues	25,611	0	0	25,611
Total Liabilities	\$ 1,101,305	\$ 218,724	\$ 1,700	\$ 1,321,729
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 18,995	\$ 0	\$ 0	\$ 18,995
Reserved for Career Ladder - Extended Contract	15,160	0	0	15,160
Reserved for Title I Grants to Local Education Agencies	0	0	50,041	50,041
Reserved for Special Education - Grants to States	0	0	31,704	31,704
Other Federal Reserves	0	0	17,341	17,341
Unreserved, Reported In:				
General Fund	1,684,571	0	0	1,684,571
Special Revenue Funds	0	8,656	211,157	219,813
Capital Projects Funds	0	0	396	396
Total Fund Balances	\$ 1,718,726	\$ 8,656	\$ 310,639	\$ 2,038,021
Total Liabilities and Fund Balances	\$ 2,820,031	\$ 227,380	\$ 312,339	\$ 3,359,750

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

Exhibit C-2

Crockett County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Crockett County School Department
June 30, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	2,038,021
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	776,905	
Add: infrastructure net of accumulated depreciation		411,915	
Add: buildings and improvements net of accumulated depreciation		14,884,422	
Add: other capital assets net of accumulated depreciation		<u>664,519</u>	16,737,761
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>119,684</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>18,895,466</u></u>

Exhibit C-3

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Transpor - tation	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 1,276,289	\$ 278,866	\$ 0	\$ 1,555,155
Licenses and Permits	908	0	0	908
Charges for Current Services	45,019	0	327,666	372,685
Other Local Revenues	188,090	0	5,658	193,748
State of Tennessee	7,573,157	0	9,572	7,582,729
Federal Government	364,371	0	1,359,042	1,723,413
Total Revenues	<u>\$ 9,447,834</u>	<u>\$ 278,866</u>	<u>\$ 1,701,938</u>	<u>\$ 11,428,638</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 5,411,744	\$ 0	\$ 793,042	\$ 6,204,786
Support Services	3,787,813	4,756	90,206	3,882,775
Operation of Non-Instructional Services	125,714	0	826,029	951,743
Capital Outlay	286,453	0	0	286,453
Debt Service:				
Other Debt Service	150,000	0	0	150,000
Capital Projects	0	0	8,290	8,290
Total Expenditures	<u>\$ 9,761,724</u>	<u>\$ 4,756</u>	<u>\$ 1,717,567</u>	<u>\$ 11,484,047</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (313,890)</u>	<u>\$ 274,110</u>	<u>\$ (15,629)</u>	<u>\$ (55,409)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 285,490	\$ 0	\$ 0	\$ 285,490
Transfers Out	0	(273,502)	(11,988)	(285,490)
Total Other Financing Sources (Uses)	<u>\$ 285,490</u>	<u>\$ (273,502)</u>	<u>\$ (11,988)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (28,400)	\$ 608	\$ (27,617)	\$ (55,409)
Fund Balance, July 1, 2005	1,747,126	8,048	338,256	2,093,430
Fund Balance, June 30, 2006	<u>\$ 1,718,726</u>	<u>\$ 8,656</u>	<u>\$ 310,639</u>	<u>\$ 2,038,021</u>

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

Exhibit C-4

Crockett County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Crockett County School Department
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (55,409)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:</p>		
Add: Capital assets purchased in the current period	\$ 396,010	
Less: Current year depreciation expense	<u>(550,876)</u>	(154,866)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: Deferred delinquent property tax and other deferred June 30, 2006	\$ 119,684	
Less: Deferred delinquent property tax and other deferred June 30, 2005	<u>(109,282)</u>	<u>10,402</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (199,873)</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues.

Crockett County issues all debt for the School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2006.

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

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

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

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

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

The School Department reports the following major governmental funds:

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

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

Additionally, the School Department reports the following fund type:

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by Crockett County, the primary government, and all funds of the School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Debt Service Fund. Crockett County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's

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

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.74 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

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

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

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

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

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

4. Compensated Absences

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

5. Net Assets and Fund Equity

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

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

As of June 30, 2006, Crockett County had \$19,223,624 in outstanding debt for capital purposes for the School Department. This debt is a liability of Crockett County, but the capital assets acquired are reported in the financial statements of the School Department. The School Department received assets significantly increasing its unrestricted net assets with no corresponding increase in the School Department's liabilities.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net changes in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the capital projects fund, which adopts 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 Crockett County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The 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 GAAP basis is presented on the face of each budgetary statement.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that

participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Custodial credit risk is the risk that in the event of a bank failure, Crockett County's deposits may not be returned to it. Crockett County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits cannot be made for Crockett County and the School Department since both pool their deposits and investments through the county trustee. As of June 30, 2006, bank balances of \$12,065 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$12,065</u>
Total	<u>\$12,065</u>

The \$12,065 exposed to custodial credit risk was in the pooled bank balances. Uninsured and uncollateralized deposits are a violation of state statutes. The trustee corrected this deficiency in July 2006.

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

<u>Investment</u>	<u>Maturity</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 529,110</u>
Total		<u><u>\$ 529,110</u></u>

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

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

B. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 776,905	\$ 0	\$ 0	\$ 776,905
Total Capital Assets Not Depreciated	<u>\$ 776,905</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 776,905</u>

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,106,940	\$ 221,901	\$ 0	\$ 19,328,841
Infrastructure	497,553	0	0	497,553
Other Capital Assets	2,415,292	174,109	(129,743)	2,459,658
Total Capital Assets Depreciated	<u>\$ 22,019,785</u>	<u>\$ 396,010</u>	<u>\$ (129,743)</u>	<u>\$ 22,286,052</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 4,064,936	\$ 379,483	\$ 0	\$ 4,444,419
Infrastructure	60,761	24,877	0	85,638
Other Capital Assets	1,778,366	146,516	(129,743)	1,795,139
Total Accumulated Depreciation	<u>\$ 5,904,063</u>	<u>\$ 550,876</u>	<u>\$ (129,743)</u>	<u>\$ 6,325,196</u>
Total Capital Assets Depreciated, Net	<u>\$ 16,115,722</u>	<u>\$ (154,866)</u>	<u>\$ 0</u>	<u>\$ 15,960,856</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,892,627</u>	<u>\$ (154,866)</u>	<u>\$ 0</u>	<u>\$ 16,737,761</u>

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 355,130
Support Services	142,361
Operation of Non-Instructional Services	<u>53,385</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 550,876</u>

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 Purpose School	Nonmajor governmental	\$ 10,444

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

The receivable in the General Purpose School Fund (\$10,444) was in transit from the School Federal Projects Fund at June 30, 2006.

Interfund Transfers:

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

<u>Transfers Out</u>	<u>Transfers In</u>
	General Purpose School Fund
School Transportation Fund	\$ 273,502
Nonmajor governmental funds	11,988
Total	<u>\$ 285,490</u>

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

V. **OTHER INFORMATION**

A. **Risk Management**

Employee Health Insurance

The School Department participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of

providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Board Association, an association of member school boards. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Changes

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 Crockett 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 Crockett 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. Contingent Liabilities

The county attorney was not aware of any lawsuits involving the School Department.

D. Retirement Commitments

Plan Description

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

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

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

Since the School Department participates in Crockett 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.D. of the Annual Financial Report of Crockett County, Tennessee.

SCHOOL TEACHERS

Plan Description

The School Department contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members

joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the 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 \$289,746, \$287,002, and \$170,104, respectively, equal to the required contributions for each year.

E. Purchasing Laws

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Crockett County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 1,276,289	\$ 0	\$ 0	\$ 1,276,289	\$ 1,273,825	\$ 1,273,425	\$ 2,864
Licenses and Permits	908	0	0	908	800	800	108
Charges for Current Services	45,019	0	0	45,019	30,250	36,050	8,969
Other Local Revenues	188,090	0	0	188,090	79,280	161,940	26,150
State of Tennessee	7,573,157	0	0	7,573,157	7,449,755	7,541,725	31,432
Federal Government	364,371	0	0	364,371	321,480	348,610	15,761
Total Revenues	\$ 9,447,834	\$ 0	\$ 0	\$ 9,447,834	\$ 9,155,390	\$ 9,362,550	\$ 85,284
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,129,028	\$ (17,918)	\$ 18,091	\$ 4,129,201	\$ 4,300,425	\$ 4,306,075	\$ 176,874
Alternative Instruction Program	55,957	0	0	55,957	44,025	56,180	223
Special Education Program	469,623	0	0	469,623	448,765	477,765	8,142
Vocational Education Program	684,289	0	0	684,289	700,200	707,400	23,111
Adult Education Program	72,847	0	0	72,847	60,900	76,845	3,998
<u>Support Services</u>							
Attendance	74,716	0	0	74,716	75,085	75,085	369
Health Services	7,251	0	0	7,251	3,500	7,500	249
Other Student Support	328,245	0	142	328,387	343,415	362,665	34,278
Regular Instruction Program	351,551	0	0	351,551	355,330	363,330	11,779
Special Education Program	37,808	0	0	37,808	35,005	38,155	347
Vocational Education Program	6,715	0	0	6,715	5,500	7,500	785
Adult Programs	72,619	0	0	72,619	68,415	75,160	2,541
Board of Education	226,152	0	512	226,664	202,745	231,245	4,581
Director of Schools	169,650	0	0	169,650	164,725	173,925	4,275
Office of the Principal	735,307	0	0	735,307	764,485	769,085	33,778

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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>							
Fiscal Services	\$ 93,985	\$ 0	\$ 0	\$ 93,985	\$ 97,895	\$ 97,895	\$ 3,910
Operation of Plant	857,198	(3,200)	0	853,998	797,845	876,590	22,592
Maintenance of Plant	287,465	(20,379)	0	267,086	276,320	298,175	31,089
Transportation	539,151	0	0	539,151	554,215	570,565	31,414
<u>Operation of Non-Instructional Services</u>							
Community Services	40,684	0	0	40,684	0	51,970	11,286
Early Childhood Education	85,030	(135)	0	84,895	107,230	107,230	22,335
<u>Capital Outlay</u>							
Regular Capital Outlay	286,453	(4,485)	250	282,218	345,000	309,150	26,932
<u>Other Debt Service</u>							
Education	150,000	0	0	150,000	150,000	150,000	0
Total Expenditures	\$ 9,761,724	\$ (46,117)	\$ 18,995	\$ 9,734,602	\$ 9,901,025	\$ 10,189,490	\$ 454,888
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (313,890)	\$ 46,117	\$ (18,995)	\$ (286,768)	\$ (745,635)	\$ (826,940)	\$ 540,172
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 285,490	\$ 0	\$ 0	\$ 285,490	\$ 285,290	\$ 285,290	\$ 200
Total Other Financing Sources (Uses)	\$ 285,490	\$ 0	\$ 0	\$ 285,490	\$ 285,290	\$ 285,290	\$ 200
Net Change in Fund Balance	\$ (28,400)	\$ 46,117	\$ (18,995)	\$ (1,278)	\$ (460,345)	\$ (541,650)	\$ 540,372
Fund Balance, July 1, 2005	1,747,126	(46,117)	0	1,701,009	1,482,722	1,482,722	218,287
Fund Balance, June 30, 2006	\$ 1,718,726	\$ 0	\$ (18,995)	\$ 1,699,731	\$ 1,022,377	\$ 941,072	\$ 758,659

Exhibit D-2

Crockett County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Crockett County School Department
School Transportation Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 278,866	\$ 280,605	\$ 283,730	\$ (4,864)
Total Revenues	\$ 278,866	\$ 280,605	\$ 283,730	\$ (4,864)
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 4,756	\$ 4,815	\$ 4,815	\$ 59
Total Expenditures	\$ 4,756	\$ 4,815	\$ 4,815	\$ 59
Excess (Deficiency) of Revenues Over Expenditures	\$ 274,110	\$ 275,790	\$ 278,915	\$ (4,805)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (273,502)	\$ (275,790)	\$ (278,915)	\$ 5,413
Total Other Financing Sources (Uses)	\$ (273,502)	\$ (275,790)	\$ (278,915)	\$ 5,413
Net Change in Fund Balance	\$ 608	\$ 0	\$ 0	\$ 608
Fund Balance, July 1, 2005	8,048	8,676	8,676	(628)
Fund Balance, June 30, 2006	\$ 8,656	\$ 8,676	\$ 8,676	\$ (20)

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

BUDGETARY INFORMATION

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Funds

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

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

Exhibit E-1

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 99,286	\$ 207,327	\$ 306,613	\$ 1,896	\$ 308,509
Accounts Receivable	0	10	10	0	10
Due from Other Governments	0	3,820	3,820	0	3,820
Total Assets	\$ 99,286	\$ 211,157	\$ 310,443	\$ 1,896	\$ 312,339
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,500	\$ 1,500
Contracts Payable	200	0	200	0	200
Total Liabilities	\$ 200	\$ 0	\$ 200	\$ 1,500	\$ 1,700
<u>Fund Balances</u>					
Reserved for Title I Grants to Local Education Agencies	\$ 50,041	\$ 0	\$ 50,041	\$ 0	\$ 50,041
Reserved for Special Education - Grants to States	31,704	0	31,704	0	31,704
Other Federal Reserves	17,341	0	17,341	0	17,341
Unreserved	0	211,157	211,157	396	211,553
Total Fund Balances	\$ 99,086	\$ 211,157	\$ 310,243	\$ 396	\$ 310,639
Total Liabilities and Fund Balances	\$ 99,286	\$ 211,157	\$ 310,443	\$ 1,896	\$ 312,339

Exhibit E-2

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 327,666	\$ 327,666	\$ 0	\$ 327,666
Other Local Revenues	0	5,595	5,595	63	5,658
State of Tennessee	0	9,572	9,572	0	9,572
Federal Government	897,232	461,810	1,359,042	0	1,359,042
Total Revenues	<u>\$ 897,232</u>	<u>\$ 804,643</u>	<u>\$ 1,701,875</u>	<u>\$ 63</u>	<u>\$ 1,701,938</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 793,042	\$ 0	\$ 793,042	\$ 0	\$ 793,042
Support Services	90,205	0	90,205	1	90,206
Operation of Non-Instructional Services	0	826,029	826,029	0	826,029
Capital Projects	0	0	0	8,290	8,290
Total Expenditures	<u>\$ 883,247</u>	<u>\$ 826,029</u>	<u>\$ 1,709,276</u>	<u>\$ 8,291</u>	<u>\$ 1,717,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 13,985</u>	<u>\$ (21,386)</u>	<u>\$ (7,401)</u>	<u>\$ (8,228)</u>	<u>\$ (15,629)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (11,988)	\$ 0	\$ (11,988)	\$ 0	\$ (11,988)
Total Other Financing Sources (Uses)	<u>\$ (11,988)</u>	<u>\$ 0</u>	<u>\$ (11,988)</u>	<u>\$ 0</u>	<u>\$ (11,988)</u>
Net Change in Fund Balances	\$ 1,997	\$ (21,386)	\$ (19,389)	\$ (8,228)	\$ (27,617)
Fund Balance, July 1, 2005	<u>97,089</u>	<u>232,543</u>	<u>329,632</u>	<u>8,624</u>	<u>338,256</u>
Fund Balance, June 30, 2006	<u>\$ 99,086</u>	<u>\$ 211,157</u>	<u>\$ 310,243</u>	<u>\$ 396</u>	<u>\$ 310,639</u>

Exhibit E-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 897,232	\$ 897,120	\$ 897,232	\$ 0
Total Revenues	\$ 897,232	\$ 897,120	\$ 897,232	\$ 0
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 436,240	\$ 452,001	\$ 462,227	\$ 25,987
Alternative Instruction Program	0	5,429	5,429	5,429
Special Education Program	296,889	323,438	323,438	26,549
Vocational Education Program	59,913	59,638	59,914	1
<u>Support Services</u>				
Other Student Support	18,570	21,222	20,309	1,739
Regular Instruction Program	25,302	68,521	57,982	32,680
Special Education Program	24,126	29,128	29,128	5,002
Transportation	22,207	27,570	27,570	5,363
Total Expenditures	\$ 883,247	\$ 986,947	\$ 985,997	\$ 102,750
Excess (Deficiency) of Revenues Over Expenditures	\$ 13,985	\$ (89,827)	\$ (88,765)	\$ 102,750
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 5,430	\$ 0	\$ 0
Transfers Out	(11,988)	(17,904)	(13,537)	1,549
Total Other Financing Sources (Uses)	\$ (11,988)	\$ (12,474)	\$ (13,537)	\$ 1,549
Net Change in Fund Balance	\$ 1,997	\$ (102,301)	\$ (102,302)	\$ 104,299
Fund Balance, July 1, 2005	97,089	102,301	102,302	(5,213)
Fund Balance, June 30, 2006	\$ 99,086	\$ 0	\$ 0	\$ 99,086

Exhibit E-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 327,666	\$ 327,816	\$ 327,452	\$ 214
Other Local Revenues	5,595	2,060	4,913	682
State of Tennessee	9,572	9,701	9,572	0
Federal Government	461,810	451,058	459,490	2,320
Total Revenues	<u>\$ 804,643</u>	<u>\$ 790,635</u>	<u>\$ 801,427</u>	<u>\$ 3,216</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 826,029	\$ 772,287	\$ 837,120	\$ 11,091
Total Expenditures	<u>\$ 826,029</u>	<u>\$ 772,287</u>	<u>\$ 837,120</u>	<u>\$ 11,091</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,386)</u>	<u>\$ 18,348</u>	<u>\$ (35,693)</u>	<u>\$ 14,307</u>
Net Change in Fund Balance	\$ (21,386)	\$ 18,348	\$ (35,693)	\$ 14,307
Fund Balance, July 1, 2005	<u>232,543</u>	<u>132,828</u>	<u>132,828</u>	<u>99,715</u>
Fund Balance, June 30, 2006	<u>\$ 211,157</u>	<u>\$ 151,176</u>	<u>\$ 97,135</u>	<u>\$ 114,022</u>

MISCELLANEOUS SCHEDULES

Exhibit F-1

Crockett County, Tennessee
Schedule of Transfers
Crockett 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.	\$ 11,988
School Transportation	General Purpose School	To provide funds for school transportation.	<u>273,502</u>
Total Transfers			<u>\$ 285,490</u>

Exhibit F-2

Crockett County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Crockett 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 County Commission	\$ 87,390 (1)	\$ 50,000	Auto Owners Insurance Company
Employee Bonds:				
Director of School's Employees			150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer training supplement of \$1,000. Does not include county paid health insurance totaling \$5,457.

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 877,371	\$ 0	\$ 0	\$ 185,767	\$ 0	1,063,138
Discount on Property Taxes	(6,301)	0	0	(1,333)	0	(7,634)
Trustee's Collections - Prior Year	39,834	0	0	8,438	0	48,272
Trustee's Collections - Bankruptcy	1,301	0	0	276	0	1,577
Circuit/Clerk & Master Collections - Prior Years	15,038	0	0	3,180	0	18,218
Interest and Penalty	7,700	0	0	1,644	0	9,344
Payments in-Lieu-of Taxes - T.V.A.	46	0	0	10	0	56
<u>County Local Option Taxes</u>						
Local Option Sales Tax	302,310	0	0	0	0	302,310
Wheel Tax	36,813	0	0	80,884	0	117,697
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	2,177	0	0	0	0	2,177
Total Local Taxes	\$ 1,276,289	\$ 0	\$ 0	\$ 278,866	\$ 0	1,555,155
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 908	\$ 0	\$ 0	\$ 0	\$ 0	908
Total Licenses and Permits	\$ 908	\$ 0	\$ 0	\$ 0	\$ 0	908
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Adult Education	\$ 120	\$ 0	\$ 0	\$ 0	\$ 0	120
Lunch Payments - Children	0	0	144,217	0	0	144,217
Lunch Payments - Adults	0	0	15,799	0	0	15,799
Income from Breakfast	0	0	32,595	0	0	32,595
A la carte Sales	0	0	104,289	0	0	104,289
Transportation - Other State Systems	5,833	0	0	0	0	5,833
Receipts from Individual Schools	37,283	0	0	0	0	37,283
<u>Other Charges for Services</u>						
Other Charges for Services	1,783	0	30,766	0	0	32,549
Total Charges for Current Services	\$ 45,019	\$ 0	\$ 327,666	\$ 0	\$ 0	372,685
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 61,436	\$ 0	\$ 5,533	\$ 0	\$ 63	67,032

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 19,307	\$ 0	\$ 0	\$ 0	\$ 0	19,307
Sale of Materials and Supplies	286	0	0	0	0	286
Miscellaneous Refunds	32,460	0	62	0	0	32,522
<u>Nonrecurring Items</u>						
Insurance Recovery	48,444	0	0	0	0	48,444
Sale of Equipment	5,587	0	0	0	0	5,587
Contributions & Gifts	20,384	0	0	0	0	20,384
<u>Other Local Revenues</u>						
Other Local Revenues	186	0	0	0	0	186
Total Other Local Revenues	\$ 188,090	\$ 0	\$ 5,595	\$ 0	\$ 63	\$ 193,748
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 7,171,522	\$ 0	\$ 0	\$ 0	\$ 0	7,171,522
School Food Service	0	0	9,572	0	0	9,572
Driver Education	10,558	0	0	0	0	10,558
Other State Education Funds	79,309	0	0	0	0	79,309
Career Ladder Program	80,319	0	0	0	0	80,319
Career Ladder - Extended Contract	64,940	0	0	0	0	64,940
Other Vocational	31,935	0	0	0	0	31,935
<u>Other State Revenues</u>						
Mixed Drink Tax	567	0	0	0	0	567
State Revenue Sharing - T.V.A.	50,000	0	0	0	0	50,000
Other State Grants	84,007	0	0	0	0	84,007
Total State of Tennessee	\$ 7,573,157	\$ 0	\$ 9,572	\$ 0	\$ 0	\$ 7,582,729
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 324,848	\$ 0	\$ 0	324,848
Breakfast	0	0	133,402	0	0	133,402
USDA - Other	0	0	3,560	0	0	3,560
Adult Education State Grant Program	76,016	0	0	0	0	76,016
Vocational Education - Basic Grants to States	0	70,538	0	0	0	70,538
Title I Grants to Local Education Agencies	0	330,052	0	0	0	330,052
Innovative Education Program Strategies	0	5,961	0	0	0	5,961

Exhibit F-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Special Education - Grants to States	\$ 1,034	\$ 338,089	\$ 0	\$ 0	\$ 0	\$ 339,123
Special Education Preschool Grants	0	9,521	0	0	0	9,521
Eisenhower Professional Development State Grants	105,000	103,281	0	0	0	208,281
Other Federal through State	182,321	39,790	0	0	0	222,111
Total Federal Government	<u>\$ 364,371</u>	<u>\$ 897,232</u>	<u>\$ 461,810</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,723,413</u>
Total	<u>\$ 9,447,834</u>	<u>\$ 897,232</u>	<u>\$ 804,643</u>	<u>\$ 278,866</u>	<u>\$ 63</u>	<u>\$ 11,428,638</u>

Exhibit F-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	2,906,476	
Career Ladder Program		38,000	
Career Ladder Extended Contracts		36,000	
Homebound Teachers		6,838	
Educational Assistants		70,462	
Other Salaries & Wages		3,252	
Certified Substitute Teachers		17,598	
Non-certified Substitute Teachers		36,093	
Social Security		178,714	
State Retirement		166,648	
Medical Insurance		255,862	
Unemployment Compensation		4,608	
Employer Medicare		41,796	
Maintenance & Repair Services - Equipment		39,754	
Other Contracted Services		2,232	
Instructional Supplies and Materials		55,431	
Textbooks		117,333	
Other Charges		239	
Regular Instruction Equipment		151,692	
Total Regular Instruction Program			\$ 4,129,028

Alternative Instruction Program

Teachers	\$	37,860	
Career Ladder Program		1,000	
Educational Assistants		3,196	
Social Security		2,420	
State Retirement		2,279	
Medical Insurance		8,587	
Unemployment Compensation		49	
Employer Medicare		566	
Total Alternative Instruction Program			55,957

Special Education Program

Teachers	\$	317,753
Career Ladder Program		4,000
Career Ladder Extended Contracts		4,000
Homebound Teachers		3,525
Educational Assistants		26,134
Social Security		19,334

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	19,136	
Medical Insurance		53,604	
Unemployment Compensation		547	
Employer Medicare		4,570	
Other Contracted Services		16,405	
Other Supplies and Materials		192	
Other Charges		423	
Total Special Education Program			\$ 469,623

Vocational Education Program

Teachers	\$	532,156	
Career Ladder Program		7,000	
Clerical Personnel		10,375	
Certified Substitute Teachers		2,939	
Non-certified Substitute Teachers		2,767	
Social Security		31,877	
State Retirement		28,869	
Medical Insurance		40,775	
Unemployment Compensation		778	
Employer Medicare		7,455	
Maintenance & Repair Services - Equipment		1,222	
Instructional Supplies and Materials		14,188	
Other Supplies and Materials		2,088	
Other Charges		1,800	
Total Vocational Education Program			684,289

Adult Education Program

Teachers	\$	50,155	
Social Security		2,772	
State Retirement		2,201	
Medical Insurance		6,127	
Unemployment Compensation		120	
Employer Medicare		648	
Instructional Supplies and Materials		10,824	
Total Adult Education Program			72,847

Support Services

Attendance

Supervisor/Director	\$	58,790	
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(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	2,000	
Career Ladder Extended Contracts		2,000	
Social Security		3,726	
State Retirement		3,426	
Medical Insurance		2,678	
Unemployment Compensation		49	
Employer Medicare		872	
Travel		1,175	
Total Attendance			\$ 74,716

Health Services

Other Supplies and Materials	\$	464	
Other Charges		6,787	
Total Health Services			7,251

Other Student Support

Guidance Personnel	\$	101,626	
Career Ladder Extended Contracts		1,000	
Secretary(ies)		42,330	
School Resource Officer		3,445	
Other Salaries & Wages		65,650	
Social Security		12,193	
State Retirement		11,366	
Medical Insurance		20,855	
Unemployment Compensation		389	
Employer Medicare		2,852	
Evaluation and Testing		8,179	
Travel		1,175	
Other Contracted Services		14,432	
Other Supplies and Materials		14,262	
Other Charges		28,491	
Total Other Student Support			328,245

Regular Instruction Program

Supervisor/Director	\$	82,450	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		1,500	
Librarians		80,965	
Other Salaries & Wages		78,520	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	14,243	
State Retirement		13,397	
Medical Insurance		17,773	
Unemployment Compensation		269	
Employer Medicare		3,331	
Travel		9,530	
Library Books/Media		33,825	
In Service/Staff Development		11,748	
Total Regular Instruction Program			\$ 351,551

Special Education Program

Supervisor/Director	\$	27,340	
Career Ladder Program		500	
Social Security		1,557	
State Retirement		1,531	
Medical Insurance		3,342	
Unemployment Compensation		25	
Employer Medicare		364	
Other Charges		3,149	
Total Special Education Program			37,808

Vocational Education Program

Travel	\$	5,910	
In Service/Staff Development		805	
Total Vocational Education Program			6,715

Adult Programs

Supervisor/Director	\$	50,390	
Career Ladder Program		1,000	
Other Salaries & Wages		6,657	
Social Security		3,493	
State Retirement		2,829	
Unemployment Compensation		74	
Employer Medicare		817	
Travel		1,547	
In Service/Staff Development		5,812	
Total Adult Programs			72,619

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	2,885	
Social Security		179	
Unemployment Compensation		20	
Employer Medicare		42	
Audit Services		3,600	
Dues and Memberships		5,992	
Legal Services		35,893	
Travel		589	
Other Contracted Services		1,250	
Liability Insurance		19,601	
Premiums on Corporate Surety Bonds		140	
Trustee's Commission		41,832	
Workers' Compensation Insurance		83,466	
Refund to Applicant for Criminal Investigation		2,744	
Other Charges		27,919	
Total Board of Education			\$ 226,152

Director of Schools

County Official/Administrative Officer	\$	86,390	
Career Ladder Program		1,000	
Secretary(ies)		25,065	
Other Salaries & Wages		3,000	
Social Security		6,588	
State Retirement		6,135	
Medical Insurance		18,277	
Unemployment Compensation		98	
Employer Medicare		1,541	
Communication		4,971	
Postal Charges		1,594	
Travel		3,953	
Other Contracted Services		3,331	
Other Charges		146	
Administration Equipment		7,561	
Total Director of Schools			169,650

Office of the Principal

Principals	\$	296,750
Career Ladder Program		13,000
Career Ladder Extended Contracts		11,000

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Assistant Principals	\$	162,070	
Secretary(ies)		78,320	
Clerical Personnel		10,375	
Social Security		35,642	
State Retirement		31,140	
Medical Insurance		24,704	
Unemployment Compensation		667	
Employer Medicare		7,866	
Communication		32,516	
Dues and Memberships		1,930	
Postal Charges		3,749	
Other Contracted Services		20,287	
Office Supplies		5,291	
Total Office of the Principal			\$ 735,307

Fiscal Services

Accountants/Bookkeepers	\$	38,975	
Clerical Personnel		27,500	
Social Security		3,414	
State Retirement		3,523	
Medical Insurance		12,522	
Unemployment Compensation		98	
Employer Medicare		798	
Data Processing Services		3,831	
Office Supplies		3,204	
In Service/Staff Development		120	
Total Fiscal Services			93,985

Operation of Plant

Custodial Personnel	\$	143,785	
Social Security		7,798	
State Retirement		6,662	
Medical Insurance		20,122	
Unemployment Compensation		516	
Employer Medicare		1,824	
Travel		189	
Other Contracted Services		34,980	
Electricity		342,823	
Natural Gas		146,224	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	22,885	
Other Supplies and Materials		27,219	
Boiler Insurance		4,480	
Building and Contents Insurance		81,620	
Other Charges		8,196	
Plant Operation Equipment		7,875	
Total Operation of Plant			\$ 857,198

Maintenance of Plant

Maintenance Personnel	\$	102,910	
Social Security		5,779	
State Retirement		5,454	
Medical Insurance		17,270	
Unemployment Compensation		196	
Employer Medicare		1,352	
Communication		1,912	
Maintenance & Repair Services - Buildings		28,212	
Maintenance & Repair Services - Equipment		56,564	
Maintenance & Repair Services - Vehicles		1,570	
Travel		598	
Other Supplies and Materials		39,305	
Other Charges		9,017	
Maintenance Equipment		17,326	
Total Maintenance of Plant			287,465

Transportation

Supervisor/Director	\$	31,205	
Mechanic(s)		38,196	
Bus Drivers		158,185	
Other Salaries & Wages		1,277	
Social Security		13,851	
State Retirement		4,461	
Medical Insurance		12,809	
Unemployment Compensation		772	
Employer Medicare		3,239	
Communication		472	
Maintenance & Repair Services - Vehicles		2,828	
Medical and Dental Services		2,113	
Travel		456	

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Diesel Fuel	\$	73,156	
Gasoline		9,264	
Lubricants		3,567	
Tires and Tubes		6,813	
Vehicle Parts		10,706	
Other Supplies and Materials		478	
Vehicle and Equipment Insurance		25,200	
Other Charges		2,767	
Transportation Equipment		137,336	
Total Transportation			\$ 539,151

Operation of Non-Instructional Services

Community Services

Teachers	\$	19,514	
Clerical Personnel		700	
Educational Assistants		13,637	
Other Salaries & Wages		2,131	
Social Security		2,231	
State Retirement		1,798	
Unemployment Compensation		5	
Employer Medicare		522	
Travel		146	
Total Community Services			40,684

Early Childhood Education

Supervisor/Director	\$	32,890	
Teachers		32,390	
Social Security		3,790	
State Retirement		3,590	
Medical Insurance		4,738	
Unemployment Compensation		98	
Employer Medicare		886	
Travel		1,650	
Other Contracted Services		3,750	
Other Supplies and Materials		811	
Other Charges		437	
Total Early Childhood Education			85,030

(Continued)

Exhibit F-4

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	17,500	
Engineering Services		1,650	
Building Construction		262,818	
Building Improvements		4,485	
Total Regular Capital Outlay			\$ 286,453

Other Debt Service

Education

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

Total General Purpose School Fund \$ 9,761,724

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	265,205	
Educational Assistants		70,238	
Other Salaries & Wages		16,220	
Non-certified Substitute Teachers		1,601	
Social Security		19,738	
State Retirement		15,043	
Medical Insurance		26,254	
Unemployment Compensation		678	
Employer Medicare		4,616	
Instructional Supplies and Materials		16,647	
Total Regular Instruction Program			\$ 436,240

Special Education Program

Teachers	\$	108,072	
Educational Assistants		131,912	
Social Security		14,114	
State Retirement		10,359	
Unemployment Compensation		633	
Employer Medicare		3,301	
Maintenance & Repair Services - Equipment		60	
Other Contracted Services		19,397	
Instructional Supplies and Materials		7,391	
Special Education Equipment		1,650	
Total Special Education Program			296,889

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Educational Assistants	\$	2,346	
Social Security		145	
State Retirement		124	
Unemployment Compensation		9	
Employer Medicare		34	
Travel		3,760	
Instructional Supplies and Materials		12,793	
Vocational Instruction Equipment		40,702	
Total Vocational Education Program			\$ 59,913

Support Services

Other Student Support

Travel	\$	9,342	
Other Contracted Services		5,400	
In Service/Staff Development		1,283	
Other Charges		2,545	
Total Other Student Support			18,570

Regular Instruction Program

Supervisor/Director	\$	18,227	
Social Security		1,101	
Unemployment Compensation		49	
Employer Medicare		258	
Travel		1,724	
In Service/Staff Development		3,943	
Total Regular Instruction Program			25,302

Special Education Program

Travel	\$	4,324	
Other Contracted Services		13,408	
In Service/Staff Development		3,057	
Other Charges		3,337	
Total Special Education Program			24,126

Transportation

Bus Drivers	\$	15,383	
Social Security		912	
State Retirement		141	
Unemployment Compensation		91	

(Continued)

Exhibit F-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$	213	
Diesel Fuel		5,257	
Gasoline		210	
Total Transportation			\$ 22,207

Total School Federal Projects Fund \$ 883,247

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	38,975	
Accountants/Bookkeepers		32,066	
Cafeteria Personnel		216,344	
Social Security		17,180	
State Retirement		11,530	
Medical Insurance		7,875	
Unemployment Compensation		1,274	
Employer Medicare		4,018	
Communication		696	
Maintenance & Repair Services - Equipment		6,065	
Payments to Schools - Lunch		215	
Postal Charges		542	
Travel		3,726	
Other Contracted Services		6,584	
Food Supplies		331,423	
Office Supplies		3,632	
Uniforms		3,425	
Other Supplies and Materials		28,596	
Trustee's Commission		55	
In Service/Staff Development		40	
Other Charges		19,432	
Food Service Equipment		92,336	
Total Food Service			\$ 826,029

Total Central Cafeteria Fund 826,029

(Continued)

Exhibit F-4

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

<u>School Transportation Fund</u>			
<u>Support Services</u>			
<u>Board of Education</u>			
Trustee's Commission	\$	<u>4,756</u>	
Total Board of Education			\$ <u>4,756</u>
Total School Transportation Fund			\$ 4,756
<u>Education Capital Projects Fund</u>			
<u>Support Services</u>			
<u>Board of Education</u>			
Trustee's Commission	\$	<u>1</u>	
Total Board of Education			\$ 1
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Building Construction	\$	<u>8,290</u>	
Total Education Capital Projects			<u>8,290</u>
Total Education Capital Projects Fund			<u>8,291</u>
Total Governmental Funds - Crockett County School Department			<u>\$ 11,484,047</u>

SINGLE AUDIT REPORT
CROCKETT COUNTY, TENNESSEE
AND
CROCKETT 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

NORMAN R. NORMENT, CGFM
Audit Manager

NOLAN R. BRADFORD, CPA, CGFM
Auditor 4

B. KEITH RICE, CGFM
ELISHA CROWELL
State Auditors

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

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

August 24, 2006

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Crockett County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department as of and for the year ended June 30, 2006, which collectively comprise a portion of Crockett County's and the Crockett County School Department's basic financial statements and have issued our reports thereon dated August 24, 2006. Our report on the financial statements of Crockett County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement 34. Our report on the financial statements of the Crockett County School Department was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crockett County's and the Crockett County's School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial

reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Crockett County's and the Crockett County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, 06.04, 06.05, 06.08, and 06.09.

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

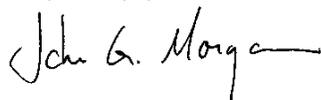
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crockett County's and the Crockett County School Department's statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01, 06.06, and 06.07.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



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

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

August 24, 2006

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

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

Compliance

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

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

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

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

Internal Control Over Compliance

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

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

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Crockett County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County School Department as of and for the year ended June 30, 2006, and have issued our reports thereon dated August 24, 2006. Our report on the financial statements of Crockett County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement 34. Our report on the financial statements of the Crockett County School Department was unqualified. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 47,741
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	133,402
National School Lunch Program	10.555	N/A	324,848
Total U.S. Department of Agriculture			<u>\$ 505,991</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11633-00	\$ 297,060
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-04-09	372,201
Total U.S. Department of Housing and Urban Development			<u>\$ 669,261</u>
U.S. Department of Justice:			
Passed through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-06-002583-00	\$ 9,500
Total U.S. Department of Justice			<u>\$ 9,500</u>
U.S. Department of Labor:			
Passed through Dyersburg State Community College:			
WIA Youth Activities	17.259	03-12-205-999-YOUTH	\$ 14,000
Total U.S. Department of Labor			<u>\$ 14,000</u>
U. S. Department of Education:			
Passed through University of Tennessee:			
Adult Education - State Grant Program	84.002	(2)	\$ 9,979 (3)
Passed through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-05-022209-00	14,243 (3)
Adult Education - State Grant Program	84.002	Z-06-027764-00	81,980 (3)
Adult Education - State Grant Program	84.002	(2)	24,948 (3)
Special Education - Grants to States	84.027	N/A	1,034 (4)
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	332,886
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	333,700 (4)
Special Education - Preschool Grants	84.173	N/A	9,521
Vocational Education - Basic Grants to States	84.048	N/A	70,538
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	6,229
Even Start - State Educational Agencies	84.213C	(2)	84,895
State Grants for Innovative Programs	84.298	N/A	8,660
Education Technology State Grants	84.318X	(2)	105,000
English Language Acquisition Grants	84.365A	N/A	30,562
Improving Teacher Quality State Grants	84.367A	N/A	103,139
Hurricane Education Recovery	84.938	N/A	18,700
Total U.S. Department of Education			<u>\$ 1,236,014</u>
U. S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 92,652
Passed through State Department of Education:			
Promoting Safe and Stable Families	93.556	06-120-12	33,300
Temporary Assistance for Needy Families	93.558	Z-06-027172-00	24,840
Total U. S. Department of Health and Human Services			<u>\$ 150,792</u>

(Continued)

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U. S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	GE-05	\$ 90,000 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022431-00	49,516 (5)
Emergency Management Performance Grants	97.042	Z-05-025405-00	2,102 (6)
Emergency Management Performance Grants	97.042	Z-06-032832-00	10,451 (6)
Homeland Security Grant Program	97.067	Z-05-025146-00	31,626
Total U.S. Department of Homeland Security			<u>\$ 183,695</u>
Total Expenditures of Federal Awards			<u>\$ 2,769,253</u>
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	Contract Number <u>(2)</u>	\$ 5,761
Waste Tire Options Grant - State Department of Environment and Conservation	N/A	Z-03-011310-02	8,785
Emergency Communications District - State Emergency Communications Board	N/A	DG-04-01861-03	26,196
Preventive Health and Human Services - State Department of Health	N/A	GG-06-11729-00	29,513
Preventive Health and Human Services - State Department of Health	N/A	Z-05-020513-00	4,750
Preventive Health and Human Services - State Department of Health	N/A	Z-06-026000-02	24,912
TennCare Safety Net - State Department of Health	N/A	N/A	60,000
Litter Grant - State Department of Transportation	N/A	Z-06-027947	28,342
Lottery of Education: Afterschool Program - State Department of Education	N/A	N/A	40,684
Safe Schools Act - State Department of Education	N/A	N/A	10,028
High Schools That Work - State Department of Education	N/A	GG-05-12-007-00	6,887
Crockett Academy - State Department of Children's Services	N/A	GG-06-11951-00	84,007
Northwest SSMS Regional User Group	N/A	GG-06-12105-00	4,998
Total State Grants			<u>\$ 334,863</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total Adult Education - State Grant Program (CFDA No. 84.002) from the U. S. Department of Education \$131,150.

(4) Total Special Education - Grants to States (CFDA No. 84.027) from the U. S. Department of Education \$334,734.

(5) Total State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) from the U. S. Department of Homeland Security \$139,516.

(6) Total Emergency Management Performance Grants (CFDA No. 97.042) from the U. S. Department of Homeland Security \$12,553.

Crockett County, Tennessee, and the Crockett 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 Crockett County, Tennessee, and the Crockett County School Department for the year ended June 30, 2005, which have not been corrected.

CROCKETT COUNTY

Finding Number	Page Number	Subject
05.01	16	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
05.02	17	Purchase orders were not issued

OFFICE OF ROAD SUPERVISOR

Finding Number	Page Number	Subject
05.04	17 & 18	Purchase orders were not properly issued

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
05.05	18	Receipts were not issued at the time of collection

OFFICE OF ASSESSOR OF PROPERTY

Finding Number	Page Number	Subject
05.06	18	Assessment records were changed during the year as property transfers were made

OTHER FINDINGS

Finding Number	Page Number	Subject
05.07	19	A central system of accounting, budgeting, and purchasing had not been adopted
05.08	19	Duties were not segregated adequately in the Offices of Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of Crockett County, and an unqualified opinion was issued on financial statements of the Crockett County School Department.
2. The audit of the financial statements of Crockett County and the Crockett County School Department disclosed reportable conditions in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Crockett County. The audit did not disclose any instances of noncompliance that were material to the financial statements of the Crockett County School Department.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), HOME Investment Partnerships Program (CFDA No. 14.239), 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. Crockett County and the Crockett County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We have reviewed these findings and recommendations with management to provide an opportunity for their response. The written response of the director of schools has been 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.

CROCKETT COUNTY

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

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

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

RECOMMENDATION

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

OFFICE OF COUNTY MAYOR

FINDING 06.02 A FORMAL PURCHASE ORDER SYSTEM HAD NOT BEEN ESTABLISHED
(Internal Control – Reportable Condition Under Government Auditing Standards)

The County Mayor’s Office had not established a formal purchase order system. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

The office should establish a formal purchase order system to improve internal controls over the purchasing process and to document purchasing commitments.

FINDING 06.03 THE OFFICE HAD A FUND DEFICIT AND A CASH OVERDRAFT
(Internal Control – Reportable Condition Under Government Auditing Standards)

At June 30, 2006, a fund deficit of \$1,711 existed in the General Capital Projects Fund, and a cash overdraft of \$3,132 existed in the Community Development/Industrial Park Fund. The fund deficit resulted from expenditures exceeding available funds, and the cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee.

RECOMMENDATION

County officials should take immediate steps to liquidate the fund deficit and provide sufficient operating fund balance. Warrants should not be issued in excess of cash on deposit with the county trustee. Steps should also be taken during the budgetary process to ensure that adequate funding is provided to prevent the recurrence of deficits and overdrafts.

OFFICE OF ROAD SUPERVISOR

FINDING 06.04 PURCHASE ORDERS WERE NOT ISSUED FOR SOME PURCHASES
(Internal Control – Reportable Condition Under Government Auditing Standards)

Purchase orders were not issued for some purchases. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 06.05 **SUPPLEMENTAL PAYMENTS TO EMPLOYEES WERE NOT MADE THROUGH THE PAYROLL SYSTEM**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The director of schools and the assistant director of schools had the employees' share of their health insurance paid by the General Purpose School Fund totaling \$5,457 and \$6,683, respectively. These payments were in addition to their regular salaries. These payments were not made through the payroll system; therefore, the benefits were not subjected to income tax, social security, and Medicare deductions. Also, the county did not report and pay the required matching social security and Medicare associated with these benefits.

RECOMMENDATION

All payroll related payments to employees should be made through the payroll system in order to reflect the employee's total salary. Also, all wages should be subjected to the proper employee payroll taxes, and the county should report and pay the appropriate employer's portion.

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

In response to Finding 06.05, beginning with the 1984-85 school year, the Crockett County Board of Education has paid full health insurance premiums for the Superintendent and Assistant Superintendent. The school system has followed the same accounting procedures for this period of time and was unaware of a noncompliance issue. Annual audits dating back to the inception of this policy revealed no finding.

REBUTTAL

Fringe benefits provided to the director and assistant director should be reported on the employee's Form W-2 in compliance with IRS regulations.

OFFICE OF SHERIFF

**FINDING 06.06 RECEIPTS WERE NOT ISSUED AT THE TIME OF
COLLECTION**
(Noncompliance Under Government Auditing Standards)

Receipts were issued for collections at the time bank deposits were prepared instead of at the time collections were received. Since receipts were not issued at the point of collection, we were unable to determine if funds were deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. The practice of issuing receipts subsequent to the actual collection increases the risks that funds will not be properly accounted.

RECOMMENDATION

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

OFFICE OF ASSESSOR OF PROPERTY

**FINDING 06.07 ASSESSMENT RECORDS WERE CHANGED DURING THE
YEAR AS PROPERTY TRANSFERS WERE MADE**
(Noncompliance Under Government Auditing Standards)

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

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.08 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 06.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

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

There were no findings and questioned costs for federal awards.

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

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