

ANNUAL FINANCIAL REPORT
LAWRENCE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

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

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

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Comptroller of the Treasury

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

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Audit Highlights
Annual Financial Report
Lawrence County, Tennessee
For the Year Ended June 30, 2006

Scope

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

Results

Our report on Lawrence County's financial statements is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The offices had deficiencies in the administration of federal grants.
 - ◆ Expenditures exceeded appropriations approved by the County Commission at the major category level of control (the legal level of control) in the General, Highway/Public Works, and Industrial/Economic Development Funds.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Retainage withheld from contractor payments had not been deposited into an escrow account in compliance with state statute.
-

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ The clerk did not prepare trial balances of execution docket cause balances for Circuit, General Sessions, and Juvenile Courts as required by state statute.
-

OFFICE OF SHERIFF

- ◆ Bank statements were not reconciled with cash journal controls, and the annual financial report was inaccurate.
-

OTHER FINDING

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

INTRODUCTORY SECTION

Lawrence County Officials

June 30, 2006

Officials:

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

Board of County Commissioners:

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

Board of Education:

Rodney Robinson, Chairman	Corinne Perry
Kevin Caruso	Michael Kilburn
Roberta Brazier	Jeff Clifton
Ricky Davenport	Ted Kimbrell
Monica Sanders	Brenda Jacobs

Budget and Finance Committee:

Ametra Bailey, Chairman
Bobby Clifton
Wayne Yocum
Jerry Dryden
Dennis Gillespie

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

February 7, 2007

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

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Lawrence County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lawrence County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented Lawrence County Emergency Communications District's financial statements, which represent two percent and two percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented Lawrence County Emergency Communications District, is based on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Tennessee, 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 February 7, 2007, on our consideration of Lawrence County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Lawrence County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements.

Also, as described in Note V.B., Lawrence County has implemented the provisions of GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.

The management of Lawrence County 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 States of America.

The budgetary comparison information on pages 65 through 72 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lawrence County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Lawrence County School Department (a discretely presented component unit), 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, combining and individual fund financial statements of the Lawrence County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us 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 by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rc

BASIC FINANCIAL STATEMENTS

Exhibit A

Lawrence County, Tennessee
Statement of Net Assets
June 30, 2006

	Primary	Component Units	
	Government	Lawrence	Emergency
	Governmental	County	Communica-
	Activities	School	tions
		Department	District
<u>ASSETS</u>			
Cash	\$ 132,111	\$ 1,279	\$ 355,436
Equity in Pooled Cash and Investments	20,020,165	7,723,086	0
Inventories	0	186,006	0
Accounts Receivable	1,162,339	6,406	63,682
Allowance for Uncollectibles	(518,005)	0	0
Due from Other Governments	873,460	979,789	0
Property Taxes Receivable	8,879,039	5,235,041	0
Allowance for Uncollectible Property Taxes	(175,234)	(103,317)	0
Prepaid Items	10,809	0	6,329
Deferred Charges - Debt Issuance Costs	80,387	0	3,611
Capital Assets:			
Assets Not Depreciated:			
Land	775,253	676,454	0
Construction in Progress	117,547	2,717,190	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	3,287,530	36,104,124	449,960
Infrastructure	45,606,258	0	0
Other Capital Assets	3,508,710	4,521,089	116,913
Total Assets	<u>\$ 83,760,369</u>	<u>\$ 58,047,147</u>	<u>\$ 995,931</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 421,839	\$ 73,101	\$ 49,499
Accrued Payroll	0	0	2,619
Payroll Deductions Payable	30	1,281,048	0
Contracts Payable	14,074	97,248	0
Retainage Payable	0	241,135	0
Accrued Interest Payable	377,409	0	0
Deferred Revenue - Current Property Taxes	8,396,432	4,950,498	0
Noncurrent Liabilities:			
Due Within One Year	4,063,155	46,864	55,963
Due in More Than One Year (net of unamortized discounts on debt)	49,284,002	0	432,350
Total Liabilities	<u>\$ 62,556,941</u>	<u>\$ 6,689,894</u>	<u>\$ 540,431</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 38,912,088	\$ 0	\$ 104,180
Invested in Capital Assets	0	44,018,857	0
Restricted for:			
Highway/Public Works	1,324,611	0	0
Solid Waste/Sanitation	1,688,326	0	0
Capital Projects	1,098,791	3,012,752	0
Debt Service	5,367,125	0	0
Other Purposes	903,524	1,161,763	0
Unrestricted	(28,091,037)	3,163,881	351,320
Total Net Assets	<u>\$ 21,203,428</u>	<u>\$ 51,357,253</u>	<u>\$ 455,500</u>

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

Exhibit B

Lawrence County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Lawrence County School Department	Emergency Communi- cations District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,118,768	\$ 345,856	\$ 60,604	\$ 0	\$ (712,308)	\$ 0	\$ 0
Finance	1,022,104	903,504	14,183	0	(104,417)	0	0
Administration of Justice	1,210,818	732,875	198,620	0	(279,323)	0	0
Public Safety	4,850,118	261,397	1,503	1,450,246	(3,136,972)	0	0
Public Health and Welfare	3,676,675	2,433,740	313,369	815,616	(113,950)	0	0
Social, Cultural, and Recreational Services	523,652	17,068	122,234	3,990	(380,360)	0	0
Agriculture and Natural Resources	149,733	0	0	0	(149,733)	0	0
Other Operations	541,201	0	8,480	0	(532,721)	0	0
Highways/Public Works	5,186,003	63,450	2,028,670	607,911	(2,485,972)	0	0
Interest on Long-term Debt	1,763,936	0	0	0	(1,763,936)	0	0
Other Debt Service	75,583	0	210,000	0	134,417	0	0
Total Primary Government	\$ 20,118,591	\$ 4,757,890	\$ 2,957,663	\$ 2,877,763	\$ (9,525,275)	\$ 0	\$ 0
Component Units:							
Lawrence County School Department	\$ 42,625,994	\$ 1,722,990	\$ 5,422,533	\$ 0	\$ 0	\$ (35,480,471)	\$ 0
Emergency Communications District	931,951	476,640	516,000	0	0	0	60,689
Total Component Units	\$ 43,557,945	\$ 2,199,630	\$ 5,938,533	\$ 0	\$ 0	\$ (35,480,471)	\$ 60,689

(Continued)

Exhibit B

Lawrence County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Total Governmental Activities	Lawrence County School Department	Emergency Communi- cations District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 6,639,178	\$ 5,049,753	\$ 0
Property Taxes Levied for Debt Service					1,928,096	0	0
Local Option Sales Tax					1,332,620	4,235,603	0
Other Local Taxes					1,613,676	6,915	0
Grants and Contributions Not Restricted for Specific Programs					903,410	26,346,665	0
Unrestricted Investment Earnings					933,602	0	2,432
Miscellaneous					87,865	49,836	0
Sale of Noncapital Assets					0	13,430	0
Insurance Recoveries					0	30,026	0
Total General Revenues					\$ 13,438,447	\$ 35,732,228	\$ 2,432
Change in Net Assets					\$ 3,913,172	\$ 251,757	\$ 63,121
Net Assets, July 1, 2005					17,290,256	51,105,496	392,379
Net Assets, June 30, 2006					\$ 21,203,428	\$ 51,357,253	\$ 455,500

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,111	\$ 132,111
Equity in Pooled Cash and Investments	2,572,733	849,410	5,429,173	7,730,218	3,438,631	20,020,165
Accounts Receivable	562,101	0	82,978	0	517,260	1,162,339
Allowance for Uncollectibles	(106,489)	0	0	0	(411,516)	(518,005)
Due from Other Governments	84,496	501,557	163,091	0	124,316	873,460
Due from Other Funds	82,615	0	0	0	0	82,615
Property Taxes Receivable	5,542,984	1,334,422	2,001,633	0	0	8,879,039
Allowance for Uncollectible Property Taxes	(109,395)	(26,335)	(39,504)	0	0	(175,234)
Prepaid Items	6,909	3,900	0	0	0	10,809
Total Assets	<u>\$ 8,635,954</u>	<u>\$ 2,662,954</u>	<u>\$ 7,637,371</u>	<u>\$ 7,730,218</u>	<u>\$ 3,800,802</u>	<u>\$ 30,467,299</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 41,970	\$ 73,427	\$ 0	\$ 0	\$ 306,442	\$ 421,839
Payroll Deductions Payable	30	0	0	0	0	30
Contracts Payable	0	0	0	14,074	0	14,074
Due to Other Funds	0	0	0	0	82,615	82,615
Deferred Revenue - Current Property Taxes	5,241,703	1,261,892	1,892,837	0	0	8,396,432
Deferred Revenue - Delinquent Property Taxes	152,380	36,684	55,026	0	0	244,090
Other Deferred Revenues	237,866	190,701	83,368	0	0	511,935
Total Liabilities	<u>\$ 5,673,949</u>	<u>\$ 1,562,704</u>	<u>\$ 2,031,231</u>	<u>\$ 14,074</u>	<u>\$ 389,057</u>	<u>\$ 9,671,015</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 42,534	\$ 242,762	\$ 0	\$ 161,325	\$ 202,586	\$ 649,207
Reserved for Alcohol and Drug Treatment	128,241	0	0	0	0	128,241
Reserved for Courthouse and Jail Maintenance	247,030	0	0	0	0	247,030
Reserved for Computer System - Register	8,526	0	0	0	0	8,526

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Automation Purposes - Circuit Court	\$ 3,759	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,759
Reserved for Automation Purposes - General Sessions Court	18,910	0	0	0	0	18,910
Reserved for Automation Purposes - Juvenile Court	804	0	0	0	0	804
Reserved for Automation Purposes - Chancery Court	4,146	0	0	0	0	4,146
Reserved for Capital Outlay	0	0	0	0	3,990	3,990
Reserved for Other General Purposes	0	0	0	0	4,472	4,472
Unreserved, Reported In:						
General Fund	2,508,055	0	0	0	0	2,508,055
Special Revenue Funds	0	857,488	0	0	2,278,986	3,136,474
Debt Service Funds	0	0	5,606,140	0	0	5,606,140
Capital Projects Funds	0	0	0	7,554,819	921,711	8,476,530
Total Fund Balances	<u>\$ 2,962,005</u>	<u>\$ 1,100,250</u>	<u>\$ 5,606,140</u>	<u>\$ 7,716,144</u>	<u>\$ 3,411,745</u>	<u>\$ 20,796,284</u>
Total Liabilities and Fund Balances	<u>\$ 8,635,954</u>	<u>\$ 2,662,954</u>	<u>\$ 7,637,371</u>	<u>\$ 7,730,218</u>	<u>\$ 3,800,802</u>	<u>\$ 30,467,299</u>

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

Exhibit C-2

Lawrence County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
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)		\$ 20,796,284
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 775,253	
Add: construction-in-progress	117,547	
Add: infrastructure net of accumulated depreciation	45,606,258	
Add: buildings and improvements net of accumulated depreciation	3,287,530	
Add: other capital assets net of accumulated depreciation	<u>3,508,710</u>	53,295,298
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (6,298,239)	
Less: bonds payable	(46,280,000)	
Add: deferred charges - debt issuance costs	80,387	
Add: deferred charges - discount on debt issues	93,498	
Less: compensated absences payable	(277,416)	
Less: landfill closure/postclosure care costs payable	(585,000)	
Less: accrued interest on bonds and notes	<u>(377,409)</u>	(53,644,179)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>756,025</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 21,203,428</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 6,438,469	\$ 1,439,795	\$ 4,418,505	\$ 0	\$ 10,957	\$ 12,307,726
Licenses and Permits	22,928	0	0	0	0	22,928
Fines, Forfeitures, and Penalties	189,436	0	0	0	150,122	339,558
Charges for Current Services	1,133,843	0	0	0	1,742,956	2,876,799
Other Local Revenues	679,953	69,170	431,372	0	147,822	1,328,317
Fees Received from County Officials	994,245	0	0	0	0	994,245
State of Tennessee	545,218	2,579,307	300,000	0	302,328	3,726,853
Federal Government	227,000	48,717	0	0	2,274,701	2,550,418
Other Governments and Citizens Groups	8,480	8,425	210,000	0	115,810	342,715
Total Revenues	\$ 10,239,572	\$ 4,145,414	\$ 5,359,877	\$ 0	\$ 4,744,696	\$ 24,489,559
<u>Expenditures</u>						
Current:						
General Government	\$ 955,243	\$ 0	\$ 0	\$ 0	\$ 226,399	\$ 1,181,642
Finance	464,515	0	0	0	403,756	868,271
Administration of Justice	982,818	0	0	0	35,111	1,017,929
Public Safety	3,966,945	0	0	0	285,983	4,252,928
Public Health and Welfare	1,557,689	0	0	0	1,400,204	2,957,893
Social, Cultural, and Recreational Services	108,645	0	0	0	295,121	403,766
Agricultural and Natural Resources	124,988	0	0	0	0	124,988
Other Operations	1,927,120	0	0	0	6,534	1,933,654
Highways	0	3,976,431	0	0	0	3,976,431
Debt Service:						
Principal on Debt	0	0	3,373,644	0	0	3,373,644
Interest on Debt	0	0	1,779,642	0	0	1,779,642
Other Debt Service	0	0	74,292	81,678	0	155,970
Capital Projects	0	0	0	244,599	3,558,262	3,802,861
Total Expenditures	\$ 10,087,963	\$ 3,976,431	\$ 5,227,578	\$ 326,277	\$ 6,211,370	\$ 25,829,619
Excess (Deficiency) of Revenues Over Expenditures	\$ 151,609	\$ 168,983	\$ 132,299	\$ (326,277)	\$ (1,466,674)	\$ (1,340,060)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 10,000,000	\$ 0	\$ 10,000,000
Insurance Recoveries	26,550	0	0	0	20,038	46,588

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 293,727	\$ 0	\$ 110,000	\$ 0	\$ 2,155,177	\$ 2,558,904
Transfers Out	(156,131)	(110,000)	0	(1,999,046)	(293,727)	(2,558,904)
Discounts on Debt Issued	0	0	0	(95,000)	0	(95,000)
Total Other Financing Sources (Uses)	\$ 164,146	\$ (110,000)	\$ 110,000	\$ 7,905,954	\$ 1,881,488	\$ 9,951,588
Net Change in Fund Balances	\$ 315,755	\$ 58,983	\$ 242,299	\$ 7,579,677	\$ 414,814	\$ 8,611,528
Fund Balance, July 1, 2005	2,646,250	1,041,267	5,363,841	136,467	2,996,931	12,184,756
Fund Balance, June 30, 2006	\$ 2,962,005	\$ 1,100,250	\$ 5,606,140	\$ 7,716,144	\$ 3,411,745	\$ 20,796,284

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

Exhibit C-4

Lawrence County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
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) \$ 8,611,528

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current period	\$ 5,494,020	
Less: current year depreciation expense	<u>(3,276,449)</u>	2,217,571

(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 756,025	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(1,199,557)</u>	(443,532)

(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Less: bond proceeds	\$ (10,000,000)	
Add: change in deferred debt issuance costs	80,387	
Add: change in deferred discount on debt issuance	93,498	
Add: principal payments on bonds	2,310,000	
Add: principal payments on notes	<u>1,063,644</u>	(6,452,471)

(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in accrued interest payable	\$ 2,944	
Change in compensated absences	(45,368)	
Change in landfill closure/postclosure care costs	<u>22,500</u>	(19,924)

Change in net assets of governmental activities (Exhibit B) \$ 3,913,172

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

Exhibit D-1

Lawrence County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust Fund	
	Library Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash	\$ 75,799	\$ 1,293,115
Equity in Pooled Cash and Investments	0	26,249
Due from Other Governments	0	657,086
Total Assets	<u>\$ 75,799</u>	<u>\$ 1,976,450</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 3,457
Due to Other Taxing Units	0	657,086
Due to Joint Ventures	0	25,092
Due to Litigants, Heirs, and Others	0	1,290,815
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,976,450</u>
<u>NET ASSETS</u>		
Held in Trust for Library	<u>\$ 75,799</u>	

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

Exhibit D-2

Lawrence County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2006

	<u>Private Purpose Trust Fund</u> <u>Library Trust Fund</u>
Change in Net Assets	\$ 0
Net Assets, July 1, 2005	<u>\$ 75,799</u>
Net Assets, June 30, 2006	<u><u>\$ 75,799</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lawrence County'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 Lawrence County:

A. Reporting Entity

Lawrence County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Lawrence County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

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

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

The Lawrence County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Lawrence County School Department are included in this report as listed in the table of contents. Complete financial statements of the Lawrence

County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. 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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Lawrence County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Lawrence County School Department component unit 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.

Lawrence County issues most debt for the discretely presented Lawrence County School Department. No debt was contributed by the county to the School Department during the year ended June 30, 2006.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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, as are the

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

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. 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. Lawrence County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are

recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Lawrence County reports the following major governmental funds:

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

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

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

General Capital Projects Fund – This fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, Lawrence County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Lawrence County. 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.

The discretely presented Lawrence County School Department reports the following major governmental funds:

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

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

Additionally, the Lawrence County School Department reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 available for use, it is the government's policy to use restricted revenues 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 all funds and the discretely presented Lawrence County 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 General and the General Debt Service Funds. Lawrence County and the discretely presented Lawrence County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment

company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two 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 School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Inventories and Prepaid Items

Inventories of the Lawrence County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. 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., roads, bridges, 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 \$10,000 (bridge infrastructure \$50,000) or more and an estimated useful life of more than two years. 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 primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Other Capital Assets	5-10
Infrastructure:	
Roads	10-25
Bridges	25

5. Compensated Absences

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

It is the policy of the discretely presented Lawrence County School Department to permit central office and bus/building maintenance employees to earn vacation at the rate of 12 to 18 days per year, depending upon length of service and length of contract. The policy provides for employees to carry forward to the next year any unused annual days not to exceed 20 days. All vacation pay is accrued when incurred in the government-wide financial statements for the School Department. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

7. 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, Lawrence County had \$30,305,000 in outstanding debt for capital purposes for the discretely presented Lawrence County School Department. The debt is a liability of Lawrence County, but the capital assets acquired are reported in the financial statements of the Lawrence County School Department. Therefore, Lawrence County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2006:

<u>Fund/Purpose</u>	<u>Amount</u>
General Purpose School:	
Knowledge Bowl	\$ 1,103
Materials Center	905
Childcare	19,827

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

Primary Government

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.

Discretely Presented Lawrence County School Department

Exhibit I-3 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

Primary Government

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

Discretely Presented Lawrence County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change 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

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the District Attorney General Fund (special revenue fund) and the Constitutional Officers – Fees Fund (special revenue fund) which are not budgeted, and the Education Capital Projects Fund, which adopts a project length budget. All annual appropriations lapse at fiscal year end.

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

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

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

B. Fund Deficit

The Homeland Security Capital Projects Fund had a fund deficit of \$16,264 at June 30, 2006. This fund deficit resulted from recognizing outstanding purchase orders for equipment totaling \$32,080 as encumbrances. This fund deficit was liquidated subsequent to June 30, 2006.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Catgory</u>	<u>Amount Overspent</u>
General Fund:	
Sheriff's Department	\$ 56,456
Highway/Public Works Fund:	
Operation and Maintenance of Equipment	26,252
Industrial/Economic Development Fund:	
Other General Administration	67,214

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues and by available fund balances.

D. The County Had Deposits That Were Exposed to Custodial Credit Risk

Lawrence County contracted with Morgan Keegan & Company, Inc., to invest certain idle county funds on deposit with the county trustee. At June 30, 2006, the county had investments with the Federal Home Loan Bank (\$1,072,529), and the Federal National Mortgage Association (Fannie Mae, \$544,203). These investments are authorized by Section 5-8-301, Tennessee Code Annotated (TCA), and are rated in the highest category by two nationally recognized rating services. However, these government sponsored enterprises are independent organizations that are not backed by the full faith and credit of the federal government and therefore are subject to credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations; therefore, if these enterprises were to fail the county could lose its investments. Lawrence County has no investment policy that would limit investment choices, no investment committee to assist officials in making investment policies, and no formal guidance to determine how much credit risk the county is willing to accept.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2006, Lawrence County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Lawrence County and the discretely presented Lawrence County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturity	Fair Value or Cost
Federal Home Loan Bank	7-24-06	\$ 498,905
Federal Home Loan Bank	7-28-06	498,905
Federal Home Loan Bank	8-21-06	<u>74,719</u>
Total Federal Home Loan Bank		<u>\$ 1,072,529</u>
Federal National Mortgage Association	7-9-06	\$ 49,969
Federal National Mortgage Association	9-28-06	<u>494,234</u>
Total Federal National Mortgage Association		<u>\$ 544,203</u>
Federal Mortgage Assistance Corporation	7-6-06	<u>\$ 89,975</u>
Total		<u><u>\$ 1,706,707</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. Lawrence County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Lawrence County has no investment policy that would further limit its investment choices. Lawrence County's investments with the Federal Home Loan Bank and Federal National Mortgage Association are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if these enterprises were to fail. These investments were rated Aaa by Moody's Investor's Service and AAA by Standard & Poors.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Lawrence County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Bank (63 percent) and the Federal Mortgage Assistance Corporation (32 percent).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Lawrence County does not have a formal policy that limits custodial credit risk for investments. The county's investment of \$1,706,707 in the investments listed in the above table

have a custodial credit risk exposure because the securities are uninsured, unregistered, and held by the county's financial agent which is also the counterparty for these investments.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Balance 6-30-06
Capital Assets Not Depreciated:			
Land	\$ 775,253	\$ 0	\$ 775,253
Construction in Progress	0	117,547	117,547
Total Capital Assets Not Depreciated	\$ 775,253	\$ 117,547	\$ 892,800
Capital Assets Depreciated:			
Buildings and Improvements	\$ 4,248,545	\$ 925,430	\$ 5,173,975
Infrastructure	66,956,785	2,557,672	69,514,457
Other Capital Assets	5,389,123	1,893,371	7,282,494
Total Capital Assets Depreciated	\$ 76,594,453	\$ 5,376,473	\$ 81,970,926
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,763,329	\$ 123,116	\$ 1,886,445
Infrastructure	21,238,438	2,669,761	23,908,199
Other Capital Assets	3,290,212	483,572	3,773,784
Total Accumulated Depreciation	\$ 26,291,979	\$ 3,276,449	\$ 29,568,428
Total Capital Assets Depreciated, Net	\$ 50,302,474	\$ 2,100,024	\$ 52,402,498
Governmental Activities Capital Assets, Net	\$ 51,077,727	\$ 2,217,571	\$ 53,295,298

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 51,199
Finance	17,788
Administration of Justice	4,876
Public Safety	246,323
Public Health and Welfare	126,189
Social, Cultural, and Recreational Services	34,574
Agriculture and Natural Resources	1,265
Other Operations	128
Highways	<u>2,794,107</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,276,449</u></u>

Discretely Presented Lawrence County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 676,454	\$ 0	\$ 0	\$ 676,454
Construction in Progress	1,490,329	2,412,883	(1,186,022)	2,717,190
Total Capital Assets Not Depreciated	<u>\$ 2,166,783</u>	<u>\$ 2,412,883</u>	<u>\$ (1,186,022)</u>	<u>\$ 3,393,644</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 50,114,004	\$ 1,186,022	\$ 0	\$ 51,300,026
Other Capital Assets	7,444,231	1,631,605	0	9,075,836
Total Capital Assets Depreciated	<u>\$ 57,558,235</u>	<u>\$ 2,817,627</u>	<u>\$ 0</u>	<u>\$ 60,375,862</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 14,077,442	\$ 1,118,460	\$ 0	\$ 15,195,902
Other Capital Assets	3,933,628	621,119	0	4,554,747
Total Accumulated Depreciation	<u>\$ 18,011,070</u>	<u>\$ 1,739,579</u>	<u>\$ 0</u>	<u>\$ 19,750,649</u>
Total Capital Assets Depreciated, Net	<u>\$ 39,547,165</u>	<u>\$ 1,078,048</u>	<u>\$ 0</u>	<u>\$ 40,625,213</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 41,713,948</u></u>	<u><u>\$ 3,490,931</u></u>	<u><u>\$ (1,186,022)</u></u>	<u><u>\$ 44,018,857</u></u>

Depreciation expense was charged to functions of the discretely presented Lawrence County School Department as follows:

Governmental Activities:

Instruction	\$ 992,544
Support Services	554,592
Operation of Noninstructional Services	<u>192,443</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,739,579</u>

C. Construction Commitments

At June 30, 2006, the county had uncompleted construction contracts of approximately \$161,325 for the renovation of the county jail. Funding has been received for these future expenditures.

At June 30, 2006, the discretely presented Lawrence County School Department had uncompleted construction contracts of approximately \$167,801 for geothermal construction projects. Funding has been received for these future expenditures.

D. 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>
Primary Government:		
General	Nonmajor governmental	\$ 82,615

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

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 156,131
Highway/Public Works Fund	0	110,000	0
General Capital Projects Fund	0	0	1,999,046
Nonmajor governmental funds	293,727	0	0
Total	\$ 293,727	\$ 110,000	\$ 2,155,177

Discretely Presented Lawrence County School Department

Transfers Out	Transfers In
	General Purpose School Fund
Nonmajor governmental fund	\$ 8,000
Total	\$ 8,000

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

E. Long-term Debt

Primary Government

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 25 years for bonds and 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 and capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	2.2 to 4.85 %	\$ 21,340,000	\$ 20,585,000
General Obligation Bonds - Refunding	2.599 to 5.05	37,850,000	25,695,000
Capital Outlay Notes	1.55 to 4.125	7,350,000	4,923,239
Capital Outlay Notes - Refunding	2.74	2,195,000	1,375,000

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	\$ 2,660,000	\$ 1,650,980	\$ 1,103,239	\$ 215,883
2008	2,835,000	1,558,447	810,000	179,792
2009	2,930,000	1,459,302	845,000	152,283
2010	3,020,000	1,356,753	870,000	123,354
2011	3,125,000	1,250,698	755,000	93,295
2012-2016	14,690,000	4,684,627	1,915,000	124,713
2017-2021	7,795,000	2,610,930	0	0
2022-2026	6,370,000	1,271,917	0	0
2027-2031	2,855,000	347,798	0	0
Total	\$ 46,280,000	\$ 16,191,452	\$ 6,298,239	\$ 889,320

There is \$5,606,140 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,159, based on the 2000

federal census. Debt per capita, including bonds and notes, totaled \$1,317, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2005	\$ 38,590,000	\$ 7,361,883
Additions	10,000,000	0
Deductions	<u>(2,310,000)</u>	<u>(1,063,644)</u>
Balance, June 30, 2006	<u>\$ 46,280,000</u>	<u>\$ 6,298,239</u>
Balance Due Within One Year	<u>\$ 2,660,000</u>	<u>\$ 1,103,239</u>

	<u>Compensated Absences</u>	<u>Closure/ Postclosure Costs</u>
Balance, July 1, 2005	\$ 215,558	\$ 607,500
Additions	430,997	0
Deductions	<u>(369,139)</u>	<u>(22,500)</u>
Balance, June 30, 2006	<u>\$ 277,416</u>	<u>\$ 585,000</u>
Balance Due Within One Year	<u>\$ 277,416</u>	<u>\$ 22,500</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 53,440,655
Less: Due Within One Year	(4,063,155)
Less: Unamortized Discount on Debt	<u>(93,498)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 49,284,002</u>

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

Defeasance of Prior Debt

In prior years, Lawrence County defeased certain outstanding general obligation refunding bonds by placing the proceeds of new bonds into an irrevocable trust to provide for a portion of the future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2006, the following outstanding bonds are considered defeased:

School Refunding Bonds, Series 2000	\$ 6,170,000
School Refunding Bonds, Series 2001	1,115,000

Discretely Presented Lawrence County School Department

Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to six years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2006, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Notes	0 %	\$ 32,770	\$ 1,770

The annual requirements to amortize all notes outstanding as of June 30, 2006, are presented in the following table:

Year Ending June 30	Principal
2007	\$ 1,770
Total	\$ 1,770

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Lawrence County School Department for the year ended June 30, 2006, was as follows:

Governmental Activities:

	<u>Notes</u>	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 3,770	\$ 42,925
Additions	0	3,939
Deductions	(2,000)	0
	<hr/>	<hr/>
Balance, June 30, 2006	\$ 1,770	\$ 46,864
	<hr/>	<hr/>
Balance Due Within One Year	\$ 1,770	\$ 46,864
	<hr/>	<hr/>

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

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

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

Lawrence County does not have a formal workers' compensation plan. The county is self-insured for risks associated with workers' compensation claims due to on-the-job injuries up to a limit of \$25,000 per claim, and has purchased an occupational accident commercial insurance policy to cover claims over \$25,000 per occurrence and up to \$1,000,000 per accident. This policy does not limit the county's liability should occupational-related lawsuits be filed. Each county department pays a prorated share of the commercial insurance policy premiums, as well as an amount equal to the specific medical claims and wages for employees of their respective

departments, from their appropriate funds. Settled claims have not exceeded the county's coverage in any of the past three fiscal years.

The county continues to carry commercial insurance for all other risks of loss, including employee health and accident. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Discretely Presented Lawrence County School Department

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

The School Department continues to carry commercial insurance for all other risks of loss, including employee health and accident. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Accounting Changes

At the beginning of the year, Lawrence County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, Lawrence County had only elected to implement the provisions of Statement 34 that related to the fund financial statements.

Also, Lawrence County has adopted the provisions of GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. The provisions of GASB Statement No. 42 became effective for the year ended June 30, 2006 and require 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.

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 Lawrence 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 Lawrence 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. Lawrence County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Lawrence 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. Lawrence County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Lawrence County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On August 31, 2006, Ametra Bailey left the Office of County Executive and was succeeded by Paul Rosson; Leon Clanton left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Debbie Riddle; and William Dorning left the Office of Sheriff and was succeeded by Kenny Taylor.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney has not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

E. Landfill Closure/Postclosure Care Costs

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

Effective March 5, 2001, Lawrence County contracted with Waste Services of Decatur, LLC, (WSD) to provide long-term disposal services, the operation of a solid waste transfer station, solid waste transportation services, and closure and postclosure costs of the county's landfill. Lawrence County has agreed to pay WSD \$22,500 per year for 30 years to cover any closure/postclosure costs. As a result, WSD is contractually liable for all actual closure/postclosure costs. The \$585,000 reported as the landfill closure/postclosure liability at June 30, 2006, represents the unpaid balance on this contract.

F. Joint Ventures

Lawrence County and the City of Lawrenceburg jointly operate the Lawrenceburg-Lawrence County Airport. A six-member board including three appointees from the county and three from the city governs the Lawrenceburg-Lawrence County Airport. Lawrence County has control over budgeting and financing the joint venture only to the extent of representation by the three members appointed. Lawrence County contributed \$60,000 to the operations of the joint venture during the year ended June 30, 2006.

The Lawrence County Joint Economic Development Board is a joint venture between Lawrence County, the City of Loretto, and the City of Lawrenceburg. The board comprises the county executive, the mayors of the cities of Loretto and Lawrenceburg, and 11 additional members representing county and city governments, private citizens, industry, and business. The purpose of the board is to foster communication and facilitate economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Lawrence County did not appropriate any funds to the Lawrence County Joint Economic Development Board during the year ended June 30, 2006.

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

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

Administrative Offices:

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

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

G. Jointly Governed Organization

Lawrence County, in conjunction with Giles and Maury Counties, created the Tennessee Southern Railroad Authority (TSRA). The TSRA's board includes the Lawrence County Executive and county executives of Giles and Maury Counties, a representative appointed by the respective County Commissions from each of the three counties, and a representative from the cities of Mt. Pleasant and Lawrenceburg. However, the counties and cities do not have any ongoing financial interest or responsibility for the entity. The majority of TSRA's funding is received from various grants from the Tennessee Department of Transportation. Lawrence County did not appropriate any funds to the authority for the year ended June 30, 2006.

H. Retirement Commitments

Plan Description

Employees of Lawrence County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years

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

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

Funding Policy

Lawrence County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 6.24 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lawrence County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Lawrence County's annual pension cost of \$679,063 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Lawrence County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$679,063	100%	\$0
6-30-05	658,497	100	0
6-30-04	451,614	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$21,414	\$22,176	\$762	96.56%	\$10,751	7.09%
6-30-03	19,110	19,937	827	95.85	9,608	8.61
6-30-01	16,805	17,795	990	94.44	9,178	10.79

SCHOOL TEACHERS

Plan Description

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

the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Lawrence County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Lawrence County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$1,172,970, \$1,169,208, and \$674,466, respectively, equal to the required contributions for each year.

I. Other Post-employment Benefits

In addition to the retirement commitments described above, the School Department provides post-retirement health care benefits, in accordance with contract provisions, to all employees who retire from the School Department on or after 30 years service (ten of the 30 with the Lawrence County School Department) or age 55 (or over) with at least 17 years service (ten of the 17 with the Lawrence County School Department). Currently, 43 retirees meet those eligibility requirements. The School Department pays the cost of individual coverage for accident and health insurance provided by the Tennessee Insurance System until the individual reaches the age of 65. During the year, expenditures totaled approximately \$9,680 per month.

J. Purchasing Laws

Offices of County Executive and Road Superintendent

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

\$10,000 for the Office of Road Superintendent. The County Commission requires three quotes for purchases estimated to be between \$2,500 and \$5,000.

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED LAWRENCE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

Lawrence County Emergency Communications District was created as a public corporation in perpetuity as authorized by Tennessee Code Annotated, Section 7-86-101. The district was organized subsequent to a public referendum held on March 8, 1988, as approved by the voters of Lawrence County, Tennessee. The district is a component unit of Lawrence County, Tennessee. The district encompasses the same boundaries as Lawrence County, Tennessee. The powers of the district are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the Lawrence County Executive. The board consists of eight members. The Lawrence County Commission has the ability to adjust the district's service charges. The district must obtain County Commission approval before the issuance of most debt. The district is considered a political subdivision and is exempt from federal and state income taxes.

2. Basis of Accounting

The accompanying financial statements of the district have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The district applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989, unless those pronouncements conflict with or

contradict GASB pronouncements. The district has elected not to apply FASB statements and interpretations issued after November 30, 1989.

3. Cash and Cash Equivalents

The district considers all highly liquid debt instruments purchased with maturities of 60 days or less to be cash equivalents.

4. Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

5. Capital Assets

Capital assets of the district are recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant, and equipment in service is from three to 15 years. The district does capitalize interest incurred on construction projects.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The district's annual budget is required by state law. The budget is adopted on a basis consistent with generally accepted accounting principles and is presented on the accrual basis. All budget appropriations lapse at year end.

B. Cash and Certificates of Deposit

The district is authorized to invest funds in financial institutions and direct obligations of the federal government. During the year, the district invested funds that were not immediately needed in deposit accounts. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the district and must total a minimum of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal

depository insurance. The district's deposits with financial institutions are fully insured or collateralized by securities held in the district's name.

C. Capital Assets

A summary of changes in capital assets in service is as follows:

	Balance 6-30-05	Additions	Balance 6-30-06
Communications Equipment	\$ 472,873	\$ 94,947	\$ 567,820
Buildings	400,000	71,708	471,708
Leasehold Improvements	23,111	0	23,111
Equipment and Furniture	11,484	0	11,484
	<u>\$ 907,468</u>	<u>\$ 166,655</u>	<u>\$ 1,074,123</u>
Less accumulated depreciation	<u>(460,372)</u>		<u>(507,250)</u>
Utility plant - net	<u>\$ 447,096</u>		<u>\$ 566,873</u>

Accumulated depreciation consists of communications equipment (\$456,649), furniture (\$5,742), buildings (\$26,667), and leaseholds (\$18,192). All assets are being depreciated.

D. Long-term Debt

The following is a summary of changes in long-term debt:

	Balance 6-30-05	Additions	Retirements	Balance 6-30-06
Series 2005	\$ 500,000	\$ 0	\$ 33,696	\$ 466,304

Future maturities of note principal and interest are as follows:

Year Ending June 30	Principal	Interest
2007	\$ 33,954	\$ 20,283
2008	35,430	18,807
2009	36,972	17,265
2010	38,580	15,657
2011	40,258	13,979
2012-2016	229,134	42,051
2017	<u>51,976</u>	<u>2,261</u>
Total	<u>\$ 466,304</u>	<u>\$ 130,303</u>

The building of the district is pledged as collateral on the bonded indebtedness until the existing principal and interest are paid in full.

E. Risk Management

The district is exposed to various risks of loss related to torts (theft of, damage to, and destruction of assets), errors and omissions, and natural disasters. The district purchases commercial financial bonded insurance for its officials. For all other risks, the district purchases commercial insurance. There have been no claims during the last four years.

F. Pension Plan

Plan Description

Certain employees of the district 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 the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district 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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 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

The district requires employees to contribute five percent of earned compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2006, was 6.03 percent of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2006, the district's annual pension cost of \$27,481 to TCRS was equal to the 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 per year compounded annually, (b) projected salary increases of 4.75 percent 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 equities over a five-year period. The district's unfunded actuarial accrued liability is being amortized at a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 11 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$ 27,481	100%	\$ 0
6-30-05	28,626	100	0
6-30-04	23,897	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	6-30-05	6-30-03	6-30-01
Actuarial Valuation Assets	\$ 303	\$ 180	\$ 93
Actuarial Accrued Liability	\$ 382	\$ 268	\$ 190
Unfunded AAL	\$ 79	\$ 88	\$ 97
Funded Ratio	79.32%	67.16%	48.95%
Covered Payroll	\$ 447	\$ 401	\$ 340
UAAL as Percentage of Payroll	28.53%	21.95%	28.53%

G. Liability for Compensated Absences

The district, at its inception, adopted a sick leave policy in which employees were allowed to accrue 12 sick leave days per year without limit for compensated absences. Accumulated sick leave had no value except for the purpose granted, and in the event of retirement or separation, all unused sick leave was forfeited. Since the employees accumulating rights to receive compensation for future absences were contingent upon the absences being caused by future illness and such amounts could not be reasonably estimated, a liability for unused sick leave was not recorded in the financial statements, in previous years. During 2001, the district adopted the State of Tennessee's sick leave without a cap on the amount of time employees can earn. Employees can also receive credit on their retirement for the unused sick leave which they earned. A liability was accrued at year-end for the expected sick leave to be used in the following year. The \$10,000 liability was calculated based on a historical ratio of sick leave used.

Employees shall begin accruing vacation time as of the date of their employment. However, employees are not eligible to use or receive compensation for vacation time until they have completed six months of continuous service. Part-time employees do not qualify for vacation leave. Vacation time may be accumulated and carried forward to the next year in an amount not to exceed one-half the employees' annual leave. Vacation time is accrued at a rate of eight hours per month for the first five years of service, ten hours per month for five-to-ten years of service, and 12 hours per month for years of service exceeding ten years. Employees who have fulfilled the six month requirement shall be paid for all accrued vacation leave upon termination or retirement. Therefore, a liability for unused vacation days is recorded in the financial statements for \$10,159 for the current period.

H. Commitments and Contingencies

1. Agreement with Bell South

The district and Bell South Business Services, Inc., entered into an agreement in 1990 that went into service in 1992 and has been in continuous service since that time. Bell South provides the premises equipment, which includes all voice and data circuits, at a monthly rental fee. There is also a monthly charge for the administration of the 911-customer base. The charges for both the equipment and the service are based on guidelines set by the General Subscriber Services Tariff. Payments to Bell South for the current year totaled \$38,928. Maintenance and repair responsibilities rest with Bell South.

2. **Agreement with Interact Computer Systems**

During the prior year, the district entered into a multi-year maintenance contract with Interact Computer Systems. The five-year agreement included the first year's expense in the purchase price of the equipment. By signing the multi-year agreement, the district received a three percent discount on the maintenance agreement. The annual payment due Interact Computer Systems for the current year was \$12,564.

3. **Federal and State Grants**

In the normal course of operations, the district receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities; the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise because of these audits, is not believed to be material.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 6,438,469	\$ 0	\$ 0	\$ 6,438,469	\$ 6,161,753	\$ 6,164,895	\$ 273,574
Licenses and Permits	22,928	0	0	22,928	22,800	22,800	128
Fines, Forfeitures, and Penalties	189,436	0	0	189,436	178,115	178,115	11,321
Charges for Current Services	1,133,843	0	0	1,133,843	1,476,776	1,476,776	(342,933)
Other Local Revenues	679,953	0	0	679,953	139,600	139,600	540,353
Fees Received from County Officials	994,245	0	0	994,245	941,205	941,205	53,040
State of Tennessee	545,218	0	0	545,218	561,379	562,533	(17,315)
Federal Government	227,000	0	0	227,000	195,621	197,021	29,979
Other Governments and Citizens Groups	8,480	0	0	8,480	2,070	2,070	6,410
Total Revenues	\$ 10,239,572	\$ 0	\$ 0	\$ 10,239,572	\$ 9,679,319	\$ 9,685,015	\$ 554,557
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 142,528	\$ (280)	\$ 0	\$ 142,248	\$ 157,050	\$ 177,050	\$ 34,802
County Mayor/Executive	124,473	(18)	300	124,755	128,575	128,576	3,821
County Attorney	6,000	0	0	6,000	6,000	6,000	0
Election Commission	154,672	(943)	619	154,348	205,400	219,668	65,320
Register of Deeds	61,497	(3,523)	490	58,464	39,900	77,090	18,626
County Buildings	403,806	(2,287)	3,214	404,733	425,961	455,961	51,228
Preservation of Records	62,267	0	0	62,267	60,524	64,824	2,557
<u>Finance</u>							
Accounting and Budgeting	116,029	0	0	116,029	120,399	119,699	3,670
Purchasing	93,972	(4,138)	0	89,834	127,828	127,828	37,994
Property Assessor's Office	201,979	0	168	202,147	215,642	215,642	13,495
County Trustee's Office	23,577	(336)	115	23,356	23,232	23,932	576
County Clerk's Office	28,958	(9)	19	28,968	33,900	33,900	4,932

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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>Administration of Justice</u>							
Circuit Court	\$ 315,233	\$ (302)	\$ 110	\$ 315,041	\$ 344,656	\$ 346,224	\$ 31,183
General Sessions Court	217,186	(58)	0	217,128	244,152	244,152	27,024
Drug Court	189,621	0	0	189,621	189,621	189,621	0
Chancery Court	174,368	(52)	132	174,448	182,496	182,496	8,048
Juvenile Court	50,429	0	0	50,429	37,659	58,659	8,230
District Attorney General	35,981	0	0	35,981	25,000	46,000	10,019
<u>Public Safety</u>							
Sheriff's Department	2,363,306	(4,517)	19,097	2,377,886	2,165,332	2,321,430	(56,456)
Jail	743,166	(500)	11,825	754,491	489,146	873,872	119,381
Workhouse	39,329	(762)	438	39,005	39,864	39,864	859
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Civil Defense	307,825	(294,108)	150	13,867	15,000	308,727	294,860
Rescue Squad	245,500	0	0	245,500	245,500	245,500	0
Other Emergency Management	253,500	0	0	253,500	253,500	253,500	0
County Coroner/Medical Examiner	6,500	0	0	6,500	6,500	6,500	0
Other Public Safety	5,819	0	0	5,819	6,000	6,000	181
<u>Public Health and Welfare</u>							
Local Health Center	74,357	(795)	0	73,562	72,793	80,793	7,231
Ambulance/Emergency Medical Services	1,286,079	(1,579)	5,503	1,290,003	1,352,205	1,380,603	90,600
Regional Mental Health Center	10,000	0	0	10,000	10,000	10,000	0
Appropriation to State	148,591	0	0	148,591	224,800	216,800	68,209
Aid to Dependent Children	8,383	0	0	8,383	8,500	8,500	117
Other Public Health and Welfare	30,279	0	0	30,279	30,279	30,279	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	14,000	0	0	14,000	14,000	14,000	0
Other Social, Cultural, and Recreational	94,645	0	0	94,645	95,000	95,000	355

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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>Agriculture & Natural Resources</u>							
Agriculture Extension Service	\$ 95,261	\$ (100)	\$ 100	\$ 95,261	\$ 97,705	\$ 97,705	\$ 2,444
Soil Conservation	29,727	(265)	0	29,462	29,766	29,766	304
<u>Other Operations</u>							
Tourism	60,490	0	0	60,490	56,000	60,500	10
Industrial Development	97,237	0	0	97,237	97,237	97,237	0
Airport	60,000	0	0	60,000	60,000	60,000	0
Veterans' Services	54,978	(757)	20	54,241	56,584	57,738	3,497
Other Charges	497,014	(75)	234	497,173	540,270	540,270	43,097
Employee Benefits	1,157,401	0	0	1,157,401	1,275,000	1,277,800	120,399
Total Expenditures	\$ 10,087,963	\$ (315,404)	\$ 42,534	\$ 9,815,093	\$ 9,810,976	\$ 10,831,706	\$ 1,016,613
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 151,609	\$ 315,404	\$ (42,534)	\$ 424,479	\$ (131,657)	\$ (1,146,691)	\$ 1,571,170
<u>Other Financing Sources (Uses)</u>							
Insurance Recoveries	\$ 26,550	\$ 0	\$ 0	\$ 26,550	\$ 0	\$ 39,846	\$ (13,296)
Transfers In	293,727	0	0	293,727	0	293,727	0
Transfers Out	(156,131)	0	0	(156,131)	(156,131)	(231,131)	75,000
Total Other Financing Sources (Uses)	\$ 164,146	\$ 0	\$ 0	\$ 164,146	\$ (156,131)	\$ 102,442	\$ 61,704
Net Change in Fund Balance	\$ 315,755	\$ 315,404	\$ (42,534)	\$ 588,625	\$ (287,788)	\$ (1,044,249)	\$ 1,632,874
Fund Balance, July 1, 2005	2,646,250	(315,404)	0	2,330,846	2,532,676	2,532,676	(201,830)
Fund Balance, June 30, 2006	\$ 2,962,005	\$ 0	\$ (42,534)	\$ 2,919,471	\$ 2,244,888	\$ 1,488,427	\$ 1,431,044

Exhibit E-2

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 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	\$ 1,439,795	\$ 0	\$ 0	\$ 1,439,795	\$ 1,346,672	\$ 1,346,672	\$ 93,123
Charges for Current Services	0	0	0	0	1,500	1,500	(1,500)
Other Local Revenues	69,170	0	0	69,170	2,500	53,647	15,523
State of Tennessee	2,579,307	0	0	2,579,307	2,649,076	2,608,179	(28,872)
Federal Government	48,717	0	0	48,717	0	39,536	9,181
Other Governments and Citizens Groups	8,425	0	0	8,425	0	17,725	(9,300)
Total Revenues	\$ 4,145,414	\$ 0	\$ 0	\$ 4,145,414	\$ 3,999,748	\$ 4,067,259	\$ 78,155
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 155,510	\$ (90)	\$ 50	\$ 155,470	\$ 180,152	\$ 180,152	\$ 24,682
Highway and Bridge Maintenance	1,806,999	(10,075)	178,148	1,975,072	1,872,000	1,980,408	5,336
Operation and Maintenance of Equipment	601,741	(8,203)	64,564	658,102	631,850	631,850	(26,252)
Other Charges	124,398	0	0	124,398	121,768	125,768	1,370
Employee Benefits	341,252	0	0	341,252	410,000	406,000	64,748
Capital Outlay	946,531	(10,000)	0	936,531	1,192,652	1,151,755	215,224
Total Expenditures	\$ 3,976,431	\$ (28,368)	\$ 242,762	\$ 4,190,825	\$ 4,408,422	\$ 4,475,933	\$ 285,108
Excess (Deficiency) of Revenues Over Expenditures	\$ 168,983	\$ 28,368	\$ (242,762)	\$ (45,411)	\$ (408,674)	\$ (408,674)	\$ 363,263
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (110,000)	\$ 0	\$ 0	\$ (110,000)	\$ (110,000)	\$ (110,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (110,000)	\$ 0	\$ 0	\$ (110,000)	\$ (110,000)	\$ (110,000)	\$ 0
Net Change in Fund Balance	\$ 58,983	\$ 28,368	\$ (242,762)	\$ (155,411)	\$ (518,674)	\$ (518,674)	\$ 363,263
Fund Balance, July 1, 2005	1,041,267	(28,368)	0	1,012,899	821,477	821,477	191,422
Fund Balance, June 30, 2006	\$ 1,100,250	\$ 0	\$ (242,762)	\$ 857,488	\$ 302,803	\$ 302,803	\$ 554,685

Exhibit E-3

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 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	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>							
<u>Other Debt Service</u>							
General Government	\$ 81,678	\$ 0	\$ 0	\$ 81,678	\$ 0	\$ 81,678	\$ 0
<u>Capital Projects</u>							
General Administration Projects	244,599	(98,013)	161,325	307,911	221,160	8,045,436	7,737,525
Total Expenditures	\$ 326,277	\$ (98,013)	\$ 161,325	\$ 389,589	\$ 221,160	\$ 8,127,114	\$ 7,737,525
Excess (Deficiency) of Revenues Over Expenditures	\$ (326,277)	\$ 98,013	\$ (161,325)	\$ (389,589)	\$ (221,160)	\$ (8,127,114)	\$ 7,737,525
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000	\$ 0	\$ 10,000,000	\$ 0
Transfers Out	(1,999,046)	0	0	(1,999,046)	0	(1,999,046)	0
Discounts on Debt Issued	(95,000)	0	0	(95,000)	0	(95,000)	0
Total Other Financing Sources (Uses)	\$ 7,905,954	\$ 0	\$ 0	\$ 7,905,954	\$ 0	\$ 7,905,954	\$ 0
Net Change in Fund Balance	\$ 7,579,677	\$ 98,013	\$ (161,325)	\$ 7,516,365	\$ (221,160)	\$ (221,160)	\$ 7,737,525
Fund Balance, July 1, 2005	136,467	(98,013)	0	38,454	221,160	221,160	(182,706)
Fund Balance, June 30, 2006	\$ 7,716,144	\$ 0	\$ (161,325)	\$ 7,554,819	\$ 0	\$ 0	\$ 7,554,819

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

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the major appropriation category (the legal level of control) of the following funds:

Fund/Catgory	Amount Overspent
General Fund:	
Sheriff's Department	\$ 56,456
Highway/Public Works Fund:	
Operation and Maintenance of Equipment	26,252

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues and by available fund balances.

C. THE COUNTY HAD DEPOSITS THAT WERE EXPOSED TO CUSTODIAL CREDIT RISK

Lawrence County contracted with Morgan Keegan & Company, Inc., to invest certain idle county funds on deposit with the county trustee. At June 30, 2006, the

county had investments with the Federal Home Loan Bank (\$1,072,529), and the Federal National Mortgage Association (Fannie Mae, \$544,203). These investments are authorized by Section 5-8-301, Tennessee Code Annotated and are rated in the highest category by two nationally recognized rating services. However, these government sponsored enterprises are independent organizations that are not backed by the full faith and credit of the federal government and therefore are subject to credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations; therefore, if these enterprises were to fail, the county could lose its investments. Lawrence County has no investment policy that would limit investment choices, no investment committee to assist officials in making investment policies, and no formal guidance to determine how much credit risk the county is willing to accept.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

Homeland Security Capital Projects Fund – The Homeland Security Capital Projects Fund is used to account for Homeland Security grant revenues and expenditures.

Exhibit F-1

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>ASSETS</u>						
Cash	\$ 0	\$ 150	\$ 125	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	64,992	25,341	1,667,709	380,933	40,857	25,184
Accounts Receivable	0	0	516,576	0	0	0
Allowance for Uncollectibles	0	0	(411,516)	0	0	0
Due from Other Governments	0	3,990	4,000	0	20,622	0
Total Assets	<u>\$ 64,992</u>	<u>\$ 29,481</u>	<u>\$ 1,776,894</u>	<u>\$ 380,933</u>	<u>\$ 61,479</u>	<u>\$ 25,184</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 2,338	\$ 88,568	\$ 67,214	\$ 409	\$ 0
Due to Other Funds	0	0	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,338</u>	<u>\$ 88,568</u>	<u>\$ 67,214</u>	<u>\$ 409</u>	<u>\$ 0</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 932	\$ 22,648	\$ 78	\$ 1,848	\$ 0
Reserved for Capital Outlay	0	3,990	0	0	0	0
Reserved for Other General Purposes	0	4,472	0	0	0	0
Unreserved (Deficit)	64,992	17,749	1,665,678	313,641	59,222	25,184
Total Fund Balances	<u>\$ 64,992</u>	<u>\$ 27,143</u>	<u>\$ 1,688,326</u>	<u>\$ 313,719</u>	<u>\$ 61,070</u>	<u>\$ 25,184</u>
Total Liabilities and Fund Balances	<u>\$ 64,992</u>	<u>\$ 29,481</u>	<u>\$ 1,776,894</u>	<u>\$ 380,933</u>	<u>\$ 61,479</u>	<u>\$ 25,184</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	Highway Capital Projects	Homeland Security Capital Projects	Total	
<u>ASSETS</u>						
Cash	\$ 131,836	\$ 132,111	\$ 0	\$ 0	\$ 0	\$ 132,111
Equity in Pooled Cash and Investments	0	2,205,016	1,228,521	5,094	1,233,615	3,438,631
Accounts Receivable	684	517,260	0	0	0	517,260
Allowance for Uncollectibles	0	(411,516)	0	0	0	(411,516)
Due from Other Governments	0	28,612	0	95,704	95,704	124,316
Total Assets	\$ 132,520	\$ 2,471,483	\$ 1,228,521	\$ 100,798	\$ 1,329,319	\$ 3,800,802
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 158,529	\$ 145,546	\$ 2,367	\$ 147,913	\$ 306,442
Due to Other Funds	0	0	0	82,615	82,615	82,615
Total Liabilities	\$ 0	\$ 158,529	\$ 145,546	\$ 84,982	\$ 230,528	\$ 389,057
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 25,506	\$ 145,000	\$ 32,080	\$ 177,080	\$ 202,586
Reserved for Capital Outlay	0	3,990	0	0	0	3,990
Reserved for Other General Purposes	0	4,472	0	0	0	4,472
Unreserved (Deficit)	132,520	2,278,986	937,975	(16,264)	921,711	3,200,697
Total Fund Balances	\$ 132,520	\$ 2,312,954	\$ 1,082,975	\$ 15,816	\$ 1,098,791	\$ 3,411,745
Total Liabilities and Fund Balances	\$ 132,520	\$ 2,471,483	\$ 1,228,521	\$ 100,798	\$ 1,329,319	\$ 3,800,802

Exhibit F-2

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 10,957	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	0	113,270	36,852
Charges for Current Services	0	10,897	1,158,730	0	0	0
Other Local Revenues	0	6,270	139,538	0	687	1,327
State of Tennessee	0	3,990	255,814	41,578	946	0
Federal Government	0	0	0	479,000	8,839	0
Other Governments and Citizens Groups	0	80,470	0	0	0	0
Total Revenues	\$ 10,957	\$ 101,627	\$ 1,554,082	\$ 520,578	\$ 123,742	\$ 38,179
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 67,214	\$ 0	\$ 0
Finance	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	25,021
Public Safety	0	0	0	0	285,983	0
Public Health and Welfare	0	0	1,400,204	0	0	0
Social, Cultural, and Recreational Services	0	295,121	0	0	0	0
Other Operations	6,534	0	0	0	0	0
Capital Projects	0	0	0	610,119	0	0
Total Expenditures	\$ 6,534	\$ 295,121	\$ 1,400,204	\$ 677,333	\$ 285,983	\$ 25,021
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,423	\$ (193,494)	\$ 153,878	\$ (156,755)	\$ (162,241)	\$ 13,158
<u>Other Financing Sources (Uses)</u>						
Insurance Recoveries	\$ 0	\$ 0	\$ 20,038	\$ 0	\$ 0	\$ 0
Transfers In	0	156,131	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 156,131	\$ 20,038	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 4,423	\$ (37,363)	\$ 173,916	\$ (156,755)	\$ (162,241)	\$ 13,158
Fund Balance, July 1, 2005	60,569	64,506	1,514,410	470,474	223,311	12,026
Fund Balance, June 30, 2006	\$ 64,992	\$ 27,143	\$ 1,688,326	\$ 313,719	\$ 61,070	\$ 25,184

(Continued)

Exhibit F-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds				Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	0 \$	10,957 \$	0 \$	0 \$	0 \$	0 \$	10,957
Fines, Forfeitures, and Penalties	0	150,122	0	0	0	0	150,122
Charges for Current Services	573,329	1,742,956	0	0	0	0	1,742,956
Other Local Revenues	0	147,822	0	0	0	0	147,822
State of Tennessee	0	302,328	0	0	0	0	302,328
Federal Government	0	487,839	336,616	0	1,450,246	1,786,862	2,274,701
Other Governments and Citizens Groups	0	80,470	0	35,340	0	35,340	115,810
Total Revenues	573,329 \$	2,922,494 \$	336,616 \$	35,340 \$	1,450,246 \$	1,822,202 \$	4,744,696
<u>Expenditures</u>							
Current:							
General Government	159,185 \$	226,399 \$	0 \$	0 \$	0 \$	0 \$	226,399
Finance	403,756	403,756	0	0	0	0	403,756
Administration of Justice	10,090	35,111	0	0	0	0	35,111
Public Safety	0	285,983	0	0	0	0	285,983
Public Health and Welfare	0	1,400,204	0	0	0	0	1,400,204
Social, Cultural, and Recreational Services	0	295,121	0	0	0	0	295,121
Other Operations	0	6,534	0	0	0	0	6,534
Capital Projects	0	610,119	336,735	1,470,705	1,140,703	2,948,143	3,558,262
Total Expenditures	573,031 \$	3,263,227 \$	336,735 \$	1,470,705 \$	1,140,703 \$	2,948,143 \$	6,211,370
Excess (Deficiency) of Revenues Over Expenditures	298 \$	(340,733) \$	(119) \$	(1,435,365) \$	309,543 \$	(1,125,941) \$	(1,466,674)
<u>Other Financing Sources (Uses)</u>							
Insurance Recoveries	0 \$	20,038 \$	0 \$	0 \$	0 \$	0 \$	20,038
Transfers In	0	156,131	0	1,999,046	0	1,999,046	2,155,177
Transfers Out	0	0	0	0	(293,727)	(293,727)	(293,727)
Total Other Financing Sources (Uses)	0 \$	176,169 \$	0 \$	1,999,046 \$	(293,727) \$	1,705,319 \$	1,881,488
Net Change in Fund Balances	298 \$	(164,564) \$	(119) \$	563,681 \$	15,816 \$	579,378 \$	414,814
Fund Balance, July 1, 2005	132,222	2,477,518	119	519,294	0	519,413	2,996,931
Fund Balance, June 30, 2006	132,520 \$	2,312,954 \$	0 \$	1,082,975 \$	15,816 \$	1,098,791 \$	3,411,745

Exhibit F-3

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,957	\$ 9,800	\$ 9,800	\$ 1,157
Total Revenues	\$ 10,957	\$ 9,800	\$ 9,800	\$ 1,157
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 6,534	\$ 13,700	\$ 13,700	\$ 7,166
Total Expenditures	\$ 6,534	\$ 13,700	\$ 13,700	\$ 7,166
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,423	\$ (3,900)	\$ (3,900)	\$ 8,323
Net Change in Fund Balance	\$ 4,423	\$ (3,900)	\$ (3,900)	\$ 8,323
Fund Balance, July 1, 2005	60,569	60,569	60,569	0
Fund Balance, June 30, 2006	\$ 64,992	\$ 56,669	\$ 56,669	\$ 8,323

Exhibit F-4

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 10,897	\$ 0	\$ 0	\$ 10,897	\$ 10,900	\$ 10,900	\$ (3)
Other Local Revenues	6,270	0	0	6,270	10,700	12,500	(6,230)
State of Tennessee	3,990	0	0	3,990	0	0	3,990
Other Governments and Citizens Groups	80,470	0	0	80,470	73,841	75,096	5,374
Total Revenues	<u>\$ 101,627</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 101,627</u>	<u>\$ 95,441</u>	<u>\$ 98,496</u>	<u>\$ 3,131</u>
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 295,121	\$ (13,089)	\$ 932	\$ 282,964	\$ 292,368	\$ 295,225	\$ 12,261
Total Expenditures	<u>\$ 295,121</u>	<u>\$ (13,089)</u>	<u>\$ 932</u>	<u>\$ 282,964</u>	<u>\$ 292,368</u>	<u>\$ 295,225</u>	<u>\$ 12,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (193,494)</u>	<u>\$ 13,089</u>	<u>\$ (932)</u>	<u>\$ (181,337)</u>	<u>\$ (196,927)</u>	<u>\$ (196,729)</u>	<u>\$ 15,392</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 156,131	\$ 0	\$ 0	\$ 156,131	\$ 156,131	\$ 156,131	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 156,131</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 156,131</u>	<u>\$ 156,131</u>	<u>\$ 156,131</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (37,363)	\$ 13,089	\$ (932)	\$ (25,206)	\$ (40,796)	\$ (40,598)	\$ 15,392
Fund Balance, July 1, 2005	64,506	(13,089)	0	51,417	61,964	61,964	(10,547)
Fund Balance, June 30, 2006	<u>\$ 27,143</u>	<u>\$ 0</u>	<u>\$ (932)</u>	<u>\$ 26,211</u>	<u>\$ 21,168</u>	<u>\$ 21,366</u>	<u>\$ 4,845</u>

Exhibit F-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,158,730	\$ 0	\$ 0	\$ 1,158,730	\$ 1,545,400	\$ 1,590,400	\$ (431,670)
Other Local Revenues	139,538	0	0	139,538	108,500	108,500	31,038
State of Tennessee	255,814	0	0	255,814	31,237	46,222	209,592
Total Revenues	\$ 1,554,082	\$ 0	\$ 0	\$ 1,554,082	\$ 1,685,137	\$ 1,745,122	\$ (191,040)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Landfill Operation and Maintenance	\$ 1,400,204	\$ (866)	\$ 22,648	\$ 1,421,986	\$ 1,596,673	\$ 1,596,673	\$ 174,687
Total Expenditures	\$ 1,400,204	\$ (866)	\$ 22,648	\$ 1,421,986	\$ 1,596,673	\$ 1,596,673	\$ 174,687
Excess (Deficiency) of Revenues Over Expenditures	\$ 153,878	\$ 866	\$ (22,648)	\$ 132,096	\$ 88,464	\$ 148,449	\$ (16,353)
<u>Other Financing Sources (Uses)</u>							
Insurance Recoveries	\$ 20,038	\$ 0	\$ 0	\$ 20,038	\$ 0	\$ 20,038	\$ 0
Transfers In	0	0	0	0	45,000	0	0
Total Other Financing Sources (Uses)	\$ 20,038	\$ 0	\$ 0	\$ 20,038	\$ 45,000	\$ 20,038	\$ 0
Net Change in Fund Balance	\$ 173,916	\$ 866	\$ (22,648)	\$ 152,134	\$ 133,464	\$ 168,487	\$ (16,353)
Fund Balance, July 1, 2005	1,514,410	(866)	0	1,513,544	1,924,054	1,924,054	(410,510)
Fund Balance, June 30, 2006	\$ 1,688,326	\$ 0	\$ (22,648)	\$ 1,665,678	\$ 2,057,518	\$ 2,092,541	\$ (426,863)

Exhibit F-6

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 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>							
State of Tennessee	\$ 41,578	\$ 0	\$ 0	\$ 41,578	\$ 0	\$ 67,214	\$ (25,636)
Federal Government	479,000	0	0	479,000	479,000	479,000	0
Total Revenues	\$ 520,578	\$ 0	\$ 0	\$ 520,578	\$ 479,000	\$ 546,214	\$ (25,636)
<u>Expenditures</u>							
<u>General Government</u>							
Other General Administration	\$ 67,214	\$ 0	\$ 0	\$ 67,214	\$ 0	\$ 0	\$ (67,214)
<u>Capital Projects</u>							
Public Utility Projects	610,119	(541,610)	78	68,587	912,500	979,714	911,127
Total Expenditures	\$ 677,333	\$ (541,610)	\$ 78	\$ 135,801	\$ 912,500	\$ 979,714	\$ 843,913
Excess (Deficiency) of Revenues Over Expenditures	\$ (156,755)	\$ 541,610	\$ (78)	\$ 384,777	\$ (433,500)	\$ (433,500)	\$ 818,277
Net Change in Fund Balance	\$ (156,755)	\$ 541,610	\$ (78)	\$ 384,777	\$ (433,500)	\$ (433,500)	\$ 818,277
Fund Balance, July 1, 2005	470,474	(541,610)	0	(71,136)	459,447	459,447	(530,583)
Fund Balance, June 30, 2006	\$ 313,719	\$ 0	\$ (78)	\$ 313,641	\$ 25,947	\$ 25,947	\$ 287,694

Exhibit F-7

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 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>							
Fines, Forfeitures, and Penalties	\$ 113,270	\$ 0	\$ 0	\$ 113,270	\$ 49,450	\$ 77,665	\$ 35,605
Other Local Revenues	687	0	0	687	550	550	137
State of Tennessee	946	0	0	946	0	946	0
Federal Government	8,839	0	0	8,839	0	6,383	2,456
Total Revenues	\$ 123,742	\$ 0	\$ 0	\$ 123,742	\$ 50,000	\$ 85,544	\$ 38,198
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 285,983	\$ (2,091)	\$ 1,848	\$ 285,740	\$ 221,000	\$ 303,208	\$ 17,468
Total Expenditures	\$ 285,983	\$ (2,091)	\$ 1,848	\$ 285,740	\$ 221,000	\$ 303,208	\$ 17,468
Excess (Deficiency) of Revenues Over Expenditures	\$ (162,241)	\$ 2,091	\$ (1,848)	\$ (161,998)	\$ (171,000)	\$ (217,664)	\$ 55,666
Net Change in Fund Balance	\$ (162,241)	\$ 2,091	\$ (1,848)	\$ (161,998)	\$ (171,000)	\$ (217,664)	\$ 55,666
Fund Balance, July 1, 2005	223,311	(2,091)	0	221,220	227,616	227,616	(6,396)
Fund Balance, June 30, 2006	\$ 61,070	\$ 0	\$ (1,848)	\$ 59,222	\$ 56,616	\$ 9,952	\$ 49,270

Exhibit F-8

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
HUD Grant Projects Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 336,616	\$ 379,361	\$ 406,041	\$ (69,425)
Total Revenues	<u>\$ 336,616</u>	<u>\$ 379,361</u>	<u>\$ 406,041</u>	<u>\$ (69,425)</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 336,735	\$ 379,361	\$ 406,041	\$ 69,306
Total Expenditures	<u>\$ 336,735</u>	<u>\$ 379,361</u>	<u>\$ 406,041</u>	<u>\$ 69,306</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (119)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (119)</u>
Net Change in Fund Balance	\$ (119)	\$ 0	\$ 0	\$ (119)
Fund Balance, July 1, 2005	<u>119</u>	<u>0</u>	<u>0</u>	<u>119</u>
Fund Balance, June 30, 2006	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Exhibit F-9

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 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>							
Other Governments and Citizens Groups	\$ 35,340	\$ 0	\$ 0	\$ 35,340	\$ 0	\$ 35,340	\$ 0
Total Revenues	\$ 35,340	\$ 0	\$ 0	\$ 35,340	\$ 0	\$ 35,340	\$ 0
<u>Expenditures</u>							
<u>Capital Projects</u>							
Highway & Street Capital Projects	\$ 1,470,705	\$ (65,000)	\$ 145,000	\$ 1,550,705	\$ 680,972	\$ 2,715,358	\$ 1,164,653
Total Expenditures	\$ 1,470,705	\$ (65,000)	\$ 145,000	\$ 1,550,705	\$ 680,972	\$ 2,715,358	\$ 1,164,653
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,435,365)	\$ 65,000	\$ (145,000)	\$ (1,515,365)	\$ (680,972)	\$ (2,680,018)	\$ 1,164,653
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 1,999,046	\$ 0	\$ 0	\$ 1,999,046	\$ 0	\$ 1,999,046	\$ 0
Total Other Financing Sources (Uses)	\$ 1,999,046	\$ 0	\$ 0	\$ 1,999,046	\$ 0	\$ 1,999,046	\$ 0
Net Change in Fund Balance	\$ 563,681	\$ 65,000	\$ (145,000)	\$ 483,681	\$ (680,972)	\$ (680,972)	\$ 1,164,653
Fund Balance, July 1, 2005	519,294	(65,000)	0	454,294	680,972	680,972	(226,678)
Fund Balance, June 30, 2006	\$ 1,082,975	\$ 0	\$ (145,000)	\$ 937,975	\$ 0	\$ 0	\$ 937,975

Exhibit F-10

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Homeland Security Capital Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,450,246	\$ 0	\$ 1,450,246	\$ 1,736,075	\$ 1,736,075	\$ (285,829)
Total Revenues	\$ 1,450,246	\$ 0	\$ 1,450,246	\$ 1,736,075	\$ 1,736,075	\$ (285,829)
<u>Expenditures</u>						
<u>Capital Projects</u>						
Public Safety Projects	\$ 1,140,703	\$ 32,080	\$ 1,172,783	\$ 1,736,075	\$ 1,442,348	\$ 269,565
Total Expenditures	\$ 1,140,703	\$ 32,080	\$ 1,172,783	\$ 1,736,075	\$ 1,442,348	\$ 269,565
Excess (Deficiency) of Revenues Over Expenditures	\$ 309,543	\$ (32,080)	\$ 277,463	\$ 0	\$ 293,727	\$ (16,264)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (293,727)	\$ 0	\$ (293,727)	\$ 0	\$ (293,727)	\$ 0
Total Other Financing Sources (Uses)	\$ (293,727)	\$ 0	\$ (293,727)	\$ 0	\$ (293,727)	\$ 0
Net Change in Fund Balance	\$ 15,816	\$ (32,080)	\$ (16,264)	\$ 0	\$ 0	\$ (16,264)
Fund Balance, July 1, 2005	0	0	0	0	0	0
Fund Balance, June 30, 2006	\$ 15,816	\$ (32,080)	\$ (16,264)	\$ 0	\$ 0	\$ (16,264)

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,418,505	\$ 4,268,714	\$ 4,270,106	\$ 148,399
Other Local Revenues	431,372	315,000	329,264	102,108
State of Tennessee	300,000	300,000	300,000	0
Other Governments and Citizens Groups	210,000	210,000	210,000	0
Total Revenues	<u>\$ 5,359,877</u>	<u>\$ 5,093,714</u>	<u>\$ 5,109,370</u>	<u>\$ 250,507</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,215,000	\$ 1,215,000	\$ 1,215,000	\$ 0
Highways and Streets	583,644	583,645	583,644	0
Education	1,575,000	1,575,000	1,575,000	0
<u>Interest on Debt</u>				
General Government	509,984	378,317	509,984	0
Highways and Streets	64,841	64,841	64,841	0
Education	1,204,817	1,204,816	1,204,817	0
<u>Other Debt Service</u>				
General Government	73,306	64,000	74,250	944
Highways and Streets	0	5,000	0	0
Education	986	0	1,000	14
Total Expenditures	<u>\$ 5,227,578</u>	<u>\$ 5,090,619</u>	<u>\$ 5,228,536</u>	<u>\$ 958</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 132,299</u>	<u>\$ 3,095</u>	<u>\$ (119,166)</u>	<u>\$ 251,465</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 110,000	\$ 110,000	\$ 110,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 242,299	\$ 113,095	\$ (9,166)	\$ 251,465
Fund Balance, July 1, 2005	<u>5,363,841</u>	<u>5,184,995</u>	<u>5,184,995</u>	<u>178,846</u>
Fund Balance, June 30, 2006	<u>\$ 5,606,140</u>	<u>\$ 5,298,090</u>	<u>\$ 5,175,829</u>	<u>\$ 430,311</u>

Fiduciary Funds

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

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, 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 H-1

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

	Agency Funds			Total
	Cities - Sales Tax	Judicial District Drug	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,300	\$ 1,290,815	\$ 1,293,115
Equity in Pooled Cash and Investments	0	26,249	0	26,249
Due from Other Governments	657,086	0	0	657,086
Total Assets	<u>\$ 657,086</u>	<u>\$ 28,549</u>	<u>\$ 1,290,815</u>	<u>\$ 1,976,450</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 3,457	\$ 0	\$ 3,457
Due to Other Taxing Units	657,086	0	0	657,086
Due to Joint Ventures	0	25,092	0	25,092
Due to Litigants, Heirs, and Others	0	0	1,290,815	1,290,815
Total Liabilities	<u>\$ 657,086</u>	<u>\$ 28,549</u>	<u>\$ 1,290,815</u>	<u>\$ 1,976,450</u>

Exhibit H-2

Lawrence 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	\$ 3,862,458	\$ 3,862,458	\$ 0
Due From Other Governments	645,495	657,086	645,495	657,086
Total Assets	\$ 645,495	\$ 4,519,544	\$ 4,507,953	\$ 657,086
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 645,495	\$ 4,519,544	\$ 4,507,953	\$ 657,086
Total Liabilities	\$ 645,495	\$ 4,519,544	\$ 4,507,953	\$ 657,086
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Cash	\$ 4,840	\$ 2,300	\$ 4,840	\$ 2,300
Equity in Pooled Cash and Investments	25,932	26,249	25,932	26,249
Total Assets	\$ 30,772	\$ 28,549	\$ 30,772	\$ 28,549
<u>Liabilities</u>				
Accounts Payable	\$ 2,784	\$ 3,457	\$ 2,784	\$ 3,457
Due to Joint Ventures	27,988	25,092	27,988	25,092
Total Liabilities	\$ 30,772	\$ 28,549	\$ 30,772	\$ 28,549
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,572,494	\$ 7,614,232	\$ 7,895,911	\$ 1,290,815
Total Assets	\$ 1,572,494	\$ 7,614,232	\$ 7,895,911	\$ 1,290,815
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,572,494	\$ 7,614,232	\$ 7,895,911	\$ 1,290,815
Total Liabilities	\$ 1,572,494	\$ 7,614,232	\$ 7,895,911	\$ 1,290,815
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,577,334	\$ 7,616,532	\$ 7,900,751	\$ 1,293,115
Equity in Pooled Cash and Investments	25,932	3,888,707	3,888,390	26,249
Due From Other Governments	645,495	657,086	645,495	657,086
Total Assets	\$ 2,248,761	\$ 12,162,325	\$ 12,434,636	\$ 1,976,450

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 2,784	\$ 3,457	\$ 2,784	\$ 3,457
Due to Litigants, Heirs, and Others	1,572,494	7,614,232	7,895,911	1,290,815
Due to Other Taxing Units	645,495	4,519,544	4,507,953	657,086
Due to Joint Ventures	27,988	25,092	27,988	25,092
Total Liabilities	<u>\$ 2,248,761</u>	<u>\$ 12,162,325</u>	<u>\$ 12,434,636</u>	<u>\$ 1,976,450</u>

Lawrence County School Department

This section presents fund financial statements for the Lawrence County School Department, a discretely presented component unit. The School Department uses a General Fund, three Special Revenue Funds, and one Capital Projects Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

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

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

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

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

Exhibit I-1

Lawrence County, Tennessee
Statement of Activities
Discretely Presented Lawrence 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	
Component Unit:					
Governmental Activities:					
Instruction	\$ 29,365,428	\$ 105,887	\$ 3,466,170	\$ 0	\$ (25,793,371)
Support Services	8,960,800	81,273	235,407	0	(8,644,120)
Operation of Noninstructional Services	4,299,766	1,535,830	1,720,956	0	(1,042,980)
Total Governmental Activities	<u>\$ 42,625,994</u>	<u>\$ 1,722,990</u>	<u>\$ 5,422,533</u>	<u>\$ 0</u>	<u>\$ (35,480,471)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,049,753
Local Option Sales Tax					4,235,603
Other Local Taxes					6,915
Grants and Contributions Not Restricted for Specific Programs					26,346,665
Miscellaneous					49,836
Sale of Non-capital Assets					13,430
Insurance Recoveries					30,026
Total General Revenues					<u>\$ 35,732,228</u>
Change in Net Assets					\$ 251,757
Net Assets, July 1, 2005					<u>51,105,496</u>
Net Assets, June 30, 2006					<u>\$ 51,357,253</u>

Exhibit I-2

Lawrence County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Lawrence County School Department
June 30, 2006

	Major Funds		Nonmajor	Total Govern- mental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 79	\$ 0	\$ 1,200	\$ 1,279
Equity in Pooled Cash and Investments	3,276,161	3,351,135	1,095,790	7,723,086
Inventories	0	0	186,006	186,006
Accounts Receivable	3,464	0	2,942	6,406
Due from Other Governments	944,556	0	35,233	979,789
Property Taxes Receivable	5,235,041	0	0	5,235,041
Allowance for Uncollectible Property Taxes	(103,317)	0	0	(103,317)
Total Assets	<u>\$ 9,355,984</u>	<u>\$ 3,351,135</u>	<u>\$ 1,321,171</u>	<u>\$ 14,028,290</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 13,572	\$ 0	\$ 59,529	\$ 73,101
Payroll Deductions Payable	1,127,043	0	154,005	1,281,048
Contracts Payable	0	97,248	0	97,248
Retainage Payable	0	241,135	0	241,135
Deferred Revenue - Current Property Taxes	4,950,498	0	0	4,950,498
Deferred Revenue - Delinquent Property Taxes	143,914	0	0	143,914
Other Deferred Revenues	379,369	0	0	379,369
Total Liabilities	<u>\$ 6,614,396</u>	<u>\$ 338,383</u>	<u>\$ 213,534</u>	<u>\$ 7,166,313</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 343,537	\$ 167,801	\$ 0	\$ 511,338
Reserved for Career Ladder - Extended Contract	29,506	0	0	29,506
Reserved for Career Ladder Program	24,620	0	0	24,620
Reserved for Innovative Education Program Strategies	0	0	4,235	4,235
Other Federal Reserves	0	0	3,468	3,468
Unreserved, Reported In:				
General Fund	2,343,925	0	0	2,343,925
Special Revenue Funds	0	0	1,099,934	1,099,934
Capital Projects Funds	0	2,844,951	0	2,844,951
Total Fund Balances	<u>\$ 2,741,588</u>	<u>\$ 3,012,752</u>	<u>\$ 1,107,637</u>	<u>\$ 6,861,977</u>
Total Liabilities and Fund Balances	<u>\$ 9,355,984</u>	<u>\$ 3,351,135</u>	<u>\$ 1,321,171</u>	<u>\$ 14,028,290</u>

Exhibit I-3

Lawrence County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Lawrence 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 I-2)		\$	6,861,977
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	676,454	
Add: construction-in-progress		2,717,190	
Add: buildings and improvements net of accumulated depreciation		36,104,124	
Add: other capital assets net of accumulated depreciation		<u>4,521,089</u>	44,018,857
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable			(46,864)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			<u>523,283</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>51,357,253</u></u>

Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 9,470,578	\$ 0	\$ 0	\$ 9,470,578
Licenses and Permits	1,482	0	0	1,482
Charges for Current Services	109,839	0	1,614,510	1,724,349
Other Local Revenues	79,393	0	38,464	117,857
State of Tennessee	26,384,387	0	48,088	26,432,475
Federal Government	363,027	0	5,038,028	5,401,055
Total Revenues	<u>\$ 36,408,706</u>	<u>\$ 0</u>	<u>\$ 6,739,090</u>	<u>\$ 43,147,796</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 23,567,186	\$ 0	\$ 3,079,057	\$ 26,646,243
Support Services	10,930,432	0	697,062	11,627,494
Operation of Non-Instructional Services	656,458	0	3,274,586	3,931,044
Capital Outlay	210,583	0	0	210,583
Debt Service:				
Principal on Debt	212,000	0	0	212,000
Capital Projects	0	2,302,884	0	2,302,884
Total Expenditures	<u>\$ 35,576,659</u>	<u>\$ 2,302,884</u>	<u>\$ 7,050,705</u>	<u>\$ 44,930,248</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 832,047</u>	<u>\$ (2,302,884)</u>	<u>\$ (311,615)</u>	<u>\$ (1,782,452)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recoveries	\$ 30,026	\$ 0	\$ 0	\$ 30,026
Transfers In	8,000	0	0	8,000
Transfers Out	0	0	(8,000)	(8,000)
Total Other Financing Sources (Uses)	<u>\$ 38,026</u>	<u>\$ 0</u>	<u>\$ (8,000)</u>	<u>\$ 30,026</u>
Net Change in Fund Balances	\$ 870,073	\$ (2,302,884)	\$ (319,615)	\$ (1,752,426)
Fund Balance, July 1, 2005	1,871,515	5,315,636	1,427,252	8,614,403
Fund Balance, June 30, 2006	<u>\$ 2,741,588</u>	<u>\$ 3,012,752</u>	<u>\$ 1,107,637</u>	<u>\$ 6,861,977</u>

Exhibit I-5

Lawrence County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Lawrence 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 I-4)		\$ (1,752,426)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 4,044,488	
Less: current year depreciation expense	<u>(1,739,579)</u>	2,304,909
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 523,283	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(823,354)</u>	(300,071)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in compensated absences		<u>(655)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 251,757</u>

Exhibit I-6

Lawrence County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Lawrence County School Department
June 30, 2006

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,200	\$ 0	\$ 1,200
Equity in Pooled Cash and Investments	74,938	1,006,728	14,124	1,095,790
Inventories	0	186,006	0	186,006
Accounts Receivable	0	515	2,427	2,942
Due from Other Governments	34,609	0	624	35,233
Total Assets	\$ 109,547	\$ 1,194,449	\$ 17,175	\$ 1,321,171
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 59,460	\$ 69	\$ 59,529
Payroll Deductions Payable	101,844	52,161	0	154,005
Total Liabilities	\$ 101,844	\$ 111,621	\$ 69	\$ 213,534
<u>Fund Balances</u>				
Reserved for Innovative Education Program Strategies	\$ 4,235	\$ 0	\$ 0	\$ 4,235
Other Federal Reserves	3,468	0	0	3,468
Unreserved	0	1,082,828	17,106	1,099,934
Total Fund Balances	\$ 7,703	\$ 1,082,828	\$ 17,106	\$ 1,107,637
Total Liabilities and Fund Balances	\$ 109,547	\$ 1,194,449	\$ 17,175	\$ 1,321,171

Exhibit I-7

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 1,519,152	\$ 95,358	\$ 1,614,510
Other Local Revenues	0	38,464	0	38,464
State of Tennessee	0	45,445	2,643	48,088
Federal Government	3,362,517	1,675,511	0	5,038,028
Total Revenues	<u>\$ 3,362,517</u>	<u>\$ 3,278,572</u>	<u>\$ 98,001</u>	<u>\$ 6,739,090</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 3,079,057	\$ 0	\$ 0	\$ 3,079,057
Support Services	697,062	0	0	697,062
Operation of Non-Instructional Services	0	3,171,443	103,143	3,274,586
Total Expenditures	<u>\$ 3,776,119</u>	<u>\$ 3,171,443</u>	<u>\$ 103,143</u>	<u>\$ 7,050,705</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (413,602)</u>	<u>\$ 107,129</u>	<u>\$ (5,142)</u>	<u>\$ (311,615)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (8,000)	\$ 0	\$ 0	\$ (8,000)
Total Other Financing Sources (Uses)	<u>\$ (8,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,000)</u>
Net Change in Fund Balances	\$ (421,602)	\$ 107,129	\$ (5,142)	\$ (319,615)
Fund Balance, July 1, 2005	<u>429,305</u>	<u>975,699</u>	<u>22,248</u>	<u>1,427,252</u>
Fund Balance, June 30, 2006	<u>\$ 7,703</u>	<u>\$ 1,082,828</u>	<u>\$ 17,106</u>	<u>\$ 1,107,637</u>

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,470,578	\$ 0	\$ 0	\$ 9,470,578	\$ 8,956,925	\$ 9,014,587	\$ 455,991
Licenses and Permits	1,482	0	0	1,482	0	0	1,482
Charges for Current Services	109,839	0	0	109,839	79,000	81,521	28,318
Other Local Revenues	79,393	0	0	79,393	43,000	82,045	(2,652)
State of Tennessee	26,384,387	0	0	26,384,387	26,296,553	26,306,933	77,454
Federal Government	363,027	0	0	363,027	147,365	374,730	(11,703)
Total Revenues	\$ 36,408,706	\$ 0	\$ 0	\$ 36,408,706	\$ 35,522,843	\$ 35,859,816	\$ 548,890
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,089,304	\$ (66,788)	\$ 42,620	\$ 19,065,136	\$ 19,369,217	\$ 19,425,174	\$ 360,038
Alternative Instruction Program	60,552	0	0	60,552	66,337	63,720	3,168
Special Education Program	2,223,903	(5,760)	0	2,218,143	2,264,010	2,269,720	51,577
Vocational Education Program	1,984,327	(2,213)	469	1,982,583	1,978,226	1,998,226	15,643
Adult Education Program	209,100	(7,240)	525	202,385	141,192	236,967	34,582
<u>Support Services</u>							
Attendance	90,672	(14,500)	4,500	80,672	98,115	98,115	17,443
Health Services	196,595	0	0	196,595	185,270	213,924	17,329
Other Student Support	748,178	(115)	5,416	753,479	787,233	830,315	76,836
Regular Instruction Program	1,049,066	(2,598)	634	1,047,102	1,054,498	1,071,098	23,996
Alternative Instruction Program	39,358	(2,069)	0	37,289	46,000	45,516	8,227
Special Education Program	236,751	0	375	237,126	251,257	252,782	15,656
Vocational Education Program	100,381	0	200	100,581	102,130	112,130	11,549
Adult Programs	70,147	0	0	70,147	93,235	86,045	15,898
Board of Education	621,859	0	0	621,859	657,988	657,988	36,129
Director of Schools	250,621	(2,576)	11,054	259,099	278,035	280,650	21,551

(Continued)

Exhibit I-8

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lawrence 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>							
Office of the Principal	\$ 1,756,202	\$ (336)	\$ 7,685	\$ 1,763,551	\$ 1,806,842	\$ 1,816,285	\$ 52,734
Fiscal Services	216,636	(7,700)	0	208,936	216,537	218,131	9,195
Operation of Plant	2,975,052	(6,870)	27	2,968,209	2,752,582	3,026,536	58,327
Maintenance of Plant	559,170	(11,045)	3,586	551,711	574,966	562,787	11,076
Transportation	1,991,173	(64,742)	11,025	1,937,456	1,876,327	1,993,127	55,671
Central and Other	28,571	0	0	28,571	30,086	30,086	1,515
<u>Operation of Non-Instructional Services</u>							
Community Services	102,374	(290)	0	102,084	74,998	110,908	8,824
Early Childhood Education	554,084	0	4,452	558,536	556,732	558,536	0
<u>Capital Outlay</u>							
Regular Capital Outlay	210,583	(13,985)	250,969	447,567	276,581	480,448	32,881
<u>Principal on Debt</u>							
Education	212,000	0	0	212,000	302,000	212,000	0
Total Expenditures	\$ 35,576,659	\$ (208,827)	\$ 343,537	\$ 35,711,369	\$ 35,840,394	\$ 36,651,214	\$ 939,845
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 832,047	\$ 208,827	\$ (343,537)	\$ 697,337	\$ (317,551)	\$ (791,398)	\$ 1,488,735
<u>Other Financing Sources (Uses)</u>							
Insurance Recoveries	\$ 30,026	\$ 0	\$ 0	\$ 30,026	\$ 0	\$ 27,907	\$ 2,119
Transfers In	8,000	0	0	8,000	8,000	8,000	0
Total Other Financing Sources (Uses)	\$ 38,026	\$ 0	\$ 0	\$ 38,026	\$ 8,000	\$ 35,907	\$ 2,119
Net Change in Fund Balance	\$ 870,073	\$ 208,827	\$ (343,537)	\$ 735,363	\$ (309,551)	\$ (755,491)	\$ 1,490,854
Fund Balance, July 1, 2005	1,871,515	(208,827)	0	1,662,688	1,701,173	1,701,173	(38,485)
Fund Balance, June 30, 2006	\$ 2,741,588	\$ 0	\$ (343,537)	\$ 2,398,051	\$ 1,391,622	\$ 945,682	\$ 1,452,369

Exhibit I-9

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lawrence 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	\$ 3,362,517	\$ 3,438,127	\$ 3,546,524	\$ (184,007)
Total Revenues	\$ 3,362,517	\$ 3,438,127	\$ 3,546,524	\$ (184,007)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,724,514	\$ 1,655,677	\$ 1,827,764	\$ 103,250
Special Education Program	1,176,784	1,188,900	1,179,699	2,915
Vocational Education Program	177,759	128,984	177,759	0
<u>Support Services</u>				
Attendance	17,093	17,800	19,038	1,945
Other Student Support	15,248	15,000	15,248	0
Regular Instruction Program	359,836	351,300	438,441	78,605
Special Education Program	298,255	270,856	303,251	4,996
Vocational Education Program	2,075	2,000	2,075	0
Fiscal Services	4,555	4,668	4,555	0
Total Expenditures	\$ 3,776,119	\$ 3,635,185	\$ 3,967,830	\$ 191,711
Excess (Deficiency) of Revenues Over Expenditures	\$ (413,602)	\$ (197,058)	\$ (421,306)	\$ 7,704
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (8,000)	\$ (8,000)	\$ (8,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (8,000)	\$ (8,000)	\$ (8,000)	\$ 0
Net Change in Fund Balance	\$ (421,602)	\$ (205,058)	\$ (429,306)	\$ 7,704
Fund Balance, July 1, 2005	429,305	429,306	429,306	(1)
Fund Balance, June 30, 2006	\$ 7,703	\$ 224,248	\$ 0	\$ 7,703

Exhibit I-10

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Lawrence 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	\$ 1,519,152	\$ 1,605,600	\$ 1,605,600	\$ (86,448)
Other Local Revenues	38,464	20,000	20,000	18,464
State of Tennessee	45,445	45,000	45,000	445
Federal Government	1,675,511	1,515,000	1,515,000	160,511
Total Revenues	<u>\$ 3,278,572</u>	<u>\$ 3,185,600</u>	<u>\$ 3,185,600</u>	<u>\$ 92,972</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,171,443	\$ 3,376,693	\$ 3,376,693	\$ 205,250
Total Expenditures	<u>\$ 3,171,443</u>	<u>\$ 3,376,693</u>	<u>\$ 3,376,693</u>	<u>\$ 205,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 107,129</u>	<u>\$ (191,093)</u>	<u>\$ (191,093)</u>	<u>\$ 298,222</u>
Net Change in Fund Balance	\$ 107,129	\$ (191,093)	\$ (191,093)	\$ 298,222
Fund Balance, July 1, 2005	975,699	850,208	850,208	125,491
Fund Balance, June 30, 2006	<u>\$ 1,082,828</u>	<u>\$ 659,115</u>	<u>\$ 659,115</u>	<u>\$ 423,713</u>

Exhibit I-11

Lawrence County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Lawrence County School Department
Extended School Program Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 95,358	\$ 0	\$ 95,358	\$ 105,100	\$ 118,400	\$ (23,042)
State of Tennessee	2,643	0	2,643	0	7,100	(4,457)
Total Revenues	<u>\$ 98,001</u>	<u>\$ 0</u>	<u>\$ 98,001</u>	<u>\$ 105,100</u>	<u>\$ 125,500</u>	<u>\$ (27,499)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Community Services	\$ 103,143	\$ (467)	\$ 102,676	\$ 105,100	\$ 125,500	\$ 22,824
Total Expenditures	<u>\$ 103,143</u>	<u>\$ (467)</u>	<u>\$ 102,676</u>	<u>\$ 105,100</u>	<u>\$ 125,500</u>	<u>\$ 22,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,142)</u>	<u>\$ 467</u>	<u>\$ (4,675)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,675)</u>
Net Change in Fund Balance	\$ (5,142)	\$ 467	\$ (4,675)	\$ 0	\$ 0	\$ (4,675)
Fund Balance, July 1, 2005	<u>22,248</u>	<u>(467)</u>	<u>21,781</u>	<u>0</u>	<u>0</u>	<u>21,781</u>
Fund Balance, June 30, 2006	<u>\$ 17,106</u>	<u>\$ 0</u>	<u>\$ 17,106</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,106</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Lawrence County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
Primary Government and Discretely Presented Lawrence County School Department
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation, Series 2001A	\$ 4,575,000	3.8 %	9-1-01	9-1-13	\$ 3,630,000	\$ 0	\$ 340,000	\$ 3,290,000
General Obligation, Series 2002	1,850,000	1.55 to 4.125	6-1-02	6-1-14	1,460,000	0	140,000	1,320,000
Refunding Capital Outlay Note Series 2003	2,195,000	2.74	2-1-03	2-1-11	1,655,000	0	280,000	1,375,000
General Obligation, Series 2004	925,000	3.16	10-26-04	5-1-07	616,883	0	303,644	313,239
Total Notes Payable					<u>\$ 7,361,883</u>	<u>\$ 0</u>	<u>\$ 1,063,644</u>	<u>\$ 6,298,239</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Refunding, Series 2000	8,300,000	5.05	12-1-00	12-1-10	\$ 1,390,000	\$ 0	\$ 205,000	\$ 1,185,000
Refunding, Series 2001	1,500,000	5.05	12-1-00	12-1-10	255,000	0	40,000	215,000
School Bond Series 2001	3,340,000	2.2 to 4.85	10-1-01	10-1-25	3,095,000	0	90,000	3,005,000
Refunding, Series 2003	8,100,000	3.04	1-1-03	8-1-13	6,710,000	0	735,000	5,975,000
School Refunding, Series 2003	8,820,000	3.33	4-29-03	5-1-16	8,260,000	0	555,000	7,705,000
School Refunding, Series 2004	3,375,000	2.599	4-13-04	4-1-16	3,125,000	0	255,000	2,870,000
School Bond Series 2004	8,000,000	3.60	8-12-04	9-1-19	8,000,000	0	420,000	7,580,000
Refunding, Series 2005	7,755,000	3.79	3-15-05	12-1-25	7,755,000	0	10,000	7,745,000
General Obligation Bond, Series 2006	10,000,000	3.95	2-1-06	6-1-31	0	10,000,000	0	10,000,000
Total Bonds Payable					<u>\$ 38,590,000</u>	<u>\$ 10,000,000</u>	<u>\$ 2,310,000</u>	<u>\$ 46,280,000</u>
<u>DISCRETELY PRESENTED LAWRENCE COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Asbestos Abatement	32,770	0	2-14-1991	6-14-07	\$ 3,770	\$ 0	\$ 2,000	\$ 1,770
Total Notes Payable					<u>\$ 3,770</u>	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 1,770</u>

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 2,660,000	\$ 1,650,980	\$ 4,310,980
2008	2,835,000	1,558,447	4,393,447
2009	2,930,000	1,459,302	4,389,302
2010	3,020,000	1,356,753	4,376,753
2011	3,125,000	1,250,698	4,375,698
2012	3,240,000	1,142,590	4,382,590
2013	3,350,000	1,032,443	4,382,443
2014	2,740,000	929,479	3,669,479
2015	2,635,000	836,747	3,471,747
2016	2,725,000	743,368	3,468,368
2017	1,570,000	646,745	2,216,745
2018	1,630,000	585,804	2,215,804
2019	1,700,000	522,360	2,222,360
2020	1,770,000	456,105	2,226,105
2021	1,125,000	399,916	1,524,916
2022	1,175,000	354,181	1,529,181
2023	1,220,000	306,302	1,526,302
2024	1,275,000	256,464	1,531,464
2025	1,320,000	204,496	1,524,496
2026	1,380,000	150,474	1,530,474
2027	525,000	112,772	637,772
2028	545,000	92,035	637,035
2029	570,000	70,508	640,508
2030	595,000	47,992	642,992
2031	620,000	24,491	644,491
Total	<u>\$ 46,280,000</u>	<u>\$ 16,191,452</u>	<u>\$ 62,471,452</u>

Exhibit J-3

Lawrence County, Tennessee
Schedule of Investments
Primary Government and Discretely Presented Lawrence County School Department
June 30, 2006

<u>Fund and Type</u>	<u>Amount</u>
<u>County Trustee - Equity in Pooled Cash and Investments</u>	
Federal Home Loan Bank	\$ 498,905
Federal Home Loan Bank	498,905
Federal Home Loan Bank	74,719
Federal Mortgage Assistance Corporation	89,975
Federal National Mortgage Association	49,969
Federal National Mortgage Association	<u>494,234</u>
Total Investments	<u>\$ 1,706,707</u>

Exhibit J-4

Lawrence County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Lawrence County School Department
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Public Library	Provide funds for operations	\$ 156,131
Highway/Public Works	General Debt Service	Provide funds for debt retirement	110,000
General Capital Projects	Highway Capital Projects	Provide funds for operations	1,999,046
Homeland Security Capital Projects	General	Provide funds for operations	<u>293,727</u>
Total Transfers Primary Government			<u>\$ 2,558,904</u>
<u>Discretely Presented Lawrence County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 8,000</u>
Total Transfers Discretely Presented Lawrence County School Department			<u>\$ 8,000</u>

Exhibit J-5

Lawrence County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Lawrence County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 68,516	\$ 50,000	State Automobile Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	61,652	100,000	"
Director of Schools	State Board of Education and Lawrence County Board of Education	82,963	150,000	(2)
Trustee	Section 8-24-102, <u>TCA</u>	56,048	1,104,500	State Automobile Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,048	10,000	"
Director of Accounts and Budgets	County Commission	45,630	25,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	56,048	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <u>TCA</u>	56,048	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	56,048	50,000	"
Register	Section 8-24-102, <u>TCA</u>	56,048	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	65,254 (1)	25,000	"
<u>Employee Blanket Bond</u>				
	Public Employee Dishonesty		100,000	Local Government Insurance Pool
	School Employee Blanket Bond		150,000	Tennessee School Boards Risk Management Trust

(1) Includes law enforcement training supplement of \$519 and \$3,083 for workhouse superintendent.

(2) Covered under School Employee Blanket Bond.

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 5,058,458	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	375,690	0	0	0	0	0	0
Trustee's Collections - Bankruptcy	10,554	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	61,391	0	0	0	0	0	0
Interest and Penalty	55,238	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,290	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	260,336	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	960	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	0	0	0
Hotel/Motel Tax	90,437	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	108,204	0	0	0	0	0	0
Litigation Tax - Special Purpose	16,555	10,957	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	34,490	0	0	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	2,655	0	0	0	0	0	0
Business Tax	281,129	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	0
Wholesale Beer Tax	75,643	0	0	0	0	0	0
Interstate Telecommunications Tax	4,439	0	0	0	0	0	0
Total Local Taxes	\$ 6,438,469	\$ 10,957	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 1,482	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	18,430	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	3,016	0	0	0	0	0	0
Total Licenses and Permits	\$ 22,928	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
Fines, Forfeitures, and Penalties							
<u>Circuit Court</u>							
Fines	\$ 12,953	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	11,050	0	0	0	0	0	0
Game and Fish Fines	16	0	0	0	0	0	0
Drug Control Fines	532	0	0	0	0	15,662	0
Drug Court Fees	998	0	0	0	0	0	0
Jail Fees	22,190	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	2,359
Judicial Commissioner Fees	360	0	0	0	0	0	0
DUI Treatment Fines	2,998	0	0	0	0	0	0
Data Entry Fee - Circuit Court	820	0	0	0	0	0	0
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	190	0
<u>General Sessions Court</u>							
Fines	31,927	0	0	0	0	0	0
Officers Costs	51,278	0	0	0	0	0	0
Game and Fish Fines	587	0	0	0	0	0	0
Drug Control Fines	2,022	0	0	0	0	44,732	0
Drug Court Fees	17,631	0	0	0	0	0	0
Jail Fees	4,531	0	0	0	0	0	0
District Attorney General Fees	0	0	0	0	0	0	7,628
DUI Treatment Fines	11,487	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,617	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	10	0	0	0	0	0	0
Officers Costs	5,178	0	0	0	0	0	0
Jail Fees	10	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	333	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,552	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,356	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
District Attorney General Fees	0	0	0	0	0	0	26,865

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,950	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	47,736	0
Total Fines, Forfeitures, and Penalties	\$ 189,436	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,270	\$ 36,852
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 436,694	\$ 0	\$ 0	\$ 0
Residential Waste Collection Charge	0	0	0	540,067	0	0	0
Tipping Fees	0	0	0	4,467	0	0	0
Solid Waste Disposal Fees	0	0	0	177,502	0	0	0
Patient Charges	1,049,256	0	0	0	0	0	0
Past Due Collections - Ambulance	50,614	0	0	0	0	0	0
Other General Service Charges	989	0	0	0	0	0	0
Service Charges	2,430	0	0	0	0	0	0
<u>Fees</u>							
Copy Fees	180	0	5,652	0	0	0	0
Library Fees	0	0	5,245	0	0	0	0
Telephone Commissions	4,205	0	0	0	0	0	0
Vending Machine Collections	923	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0
Data Processing Fee - Register	16,948	0	0	0	0	0	0
Data Processing Fee - Sheriff	5,791	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,145	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	1,362	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,133,843	\$ 0	\$ 10,897	\$ 1,158,730	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 607,720	\$ 0	\$ 2,171	\$ 74,562	\$ 0	\$ 0	\$ 0
Lease/Rentals	1,840	0	1,800	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Sale of Materials and Supplies	\$ 464	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Commissary Sales	429	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	55,930	0	0	0
Miscellaneous Refunds	69,250	0	1,240	9,026	0	687	1,327
Expenditure Credits	225	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Accrued Interest on Debt Issues	0	0	0	0	0	0	0
Sale of Equipment	25	0	0	20	0	0	0
Contributions & Gifts	0	0	1,059	0	0	0	0
Total Other Local Revenues	\$ 679,953	\$ 0	\$ 6,270	\$ 139,538	\$ 0	\$ 687	\$ 1,327
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 118,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Register	57,650	0	0	0	0	0	0
Trustee	376,968	0	0	0	0	0	0
<u>Fees-In-Lieu of Salary</u>							
Circuit Court Clerk	111,685	0	0	0	0	0	0
General Sessions Court Clerk	153,713	0	0	0	0	0	0
Clerk and Master	136,200	0	0	0	0	0	0
Juvenile Court Clerk	29,365	0	0	0	0	0	0
Sheriff	9,931	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 994,245	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	14,183	0	0	0	0	0	0
Solid Waste Grants	0	0	0	49,780	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	163,135	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Aid Program	0	0	0	0	0	0	0
Litter Program	56,551	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	31,055	0	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0	0
Alcoholic Beverage Tax	55,021	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	29,323	0	0	0	0	0	0
Board of Jurors	3,032	0	0	0	0	0	0
Contracted Prisoner Boarding	147,472	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Grants	1,154	0	3,990	206,034	0	0	0
Other State Revenues	1,700	0	0	0	41,578	946	0
Total State of Tennessee	\$ 545,218	\$ 0	\$ 3,990	\$ 255,814	\$ 41,578	\$ 946	\$ 0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 479,000	\$ 0	0
Homeland Security Grants	0	0	0	0	0	0	0
Other Federal through State	37,380	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	0	0	0	0	0	8,839	0
Other Direct Federal Revenue	189,620	0	0	0	0	0	0
Total Federal Government	\$ 227,000	\$ 0	\$ 0	\$ 0	\$ 479,000	\$ 8,839	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance Contributions	\$ 8,480	\$ 0	\$ 67,341	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	District Attorney General
<u>Other Governments and Citizens Groups (Cont.)</u>							
<u>Citizens Groups</u>							
Donations	\$ 0	\$ 0	\$ 11,246	\$ 0	\$ 0	\$ 0	\$ 0
Other	0	0	1,883	0	0	0	0
Total Other Governments and Citizens Groups	\$ 8,480	\$ 0	\$ 80,470	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 10,239,572	\$ 10,957	\$ 101,627	\$ 1,554,082	\$ 520,578	\$ 123,742	\$ 38,179

(Continued)

Exhibit J-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 1,218,343	\$ 1,827,500	\$ 0	\$ 0	\$ 0	\$ 8,104,301
Trustee's Collections - Prior Year	0	90,637	135,954	0	0	0	602,281
Trustee's Collections - Bankruptcy	0	2,547	3,820	0	0	0	16,921
Circuit/Clerk & Master Collections - Prior Years	0	10,237	15,410	0	0	0	87,038
Interest and Penalty	0	13,569	20,333	0	0	0	89,140
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	2,290
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	260,336
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	960
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	1,328,727	0	0	0	1,328,727
Hotel/Motel Tax	0	0	0	0	0	0	90,437
Wheel Tax	0	0	884,705	0	0	0	884,705
Litigation Tax - General	0	0	0	0	0	0	108,204
Litigation Tax - Special Purpose	0	0	0	0	0	0	27,512
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	34,490
Litigation Tax - Victim/Offender Mediation Center	0	0	0	0	0	0	2,655
Business Tax	0	0	0	0	0	0	281,129
Mineral Severance Tax	0	104,462	0	0	0	0	104,462
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	202,056	0	0	0	202,056
Wholesale Beer Tax	0	0	0	0	0	0	75,643
Interstate Telecommunications Tax	0	0	0	0	0	0	4,439
Total Local Taxes	\$ 0	\$ 1,439,795	\$ 4,418,505	\$ 0	\$ 0	\$ 0	\$ 12,307,726
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,482
Cable TV Franchise	0	0	0	0	0	0	18,430
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	3,016
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,928

(Continued)

Exhibit J-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	
Fines, Forfeitures, and Penalties							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,953
Officers Costs	0	0	0	0	0	0	11,050
Game and Fish Fines	0	0	0	0	0	0	16
Drug Control Fines	0	0	0	0	0	0	16,194
Drug Court Fees	0	0	0	0	0	0	998
Jail Fees	0	0	0	0	0	0	22,190
District Attorney General Fees	0	0	0	0	0	0	2,359
Judicial Commissioner Fees	0	0	0	0	0	0	360
DUI Treatment Fines	0	0	0	0	0	0	2,998
Data Entry Fee - Circuit Court	0	0	0	0	0	0	820
<u>Criminal Court</u>							
Drug Control Fines	0	0	0	0	0	0	190
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	31,927
Officers Costs	0	0	0	0	0	0	51,278
Game and Fish Fines	0	0	0	0	0	0	587
Drug Control Fines	0	0	0	0	0	0	46,754
Drug Court Fees	0	0	0	0	0	0	17,631
Jail Fees	0	0	0	0	0	0	4,531
District Attorney General Fees	0	0	0	0	0	0	7,628
DUI Treatment Fines	0	0	0	0	0	0	11,487
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	6,617
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	10
Officers Costs	0	0	0	0	0	0	5,178
Jail Fees	0	0	0	0	0	0	10
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	333
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	4,552
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,356
<u>Other Courts - In-county</u>							
District Attorney General Fees	0	0	0	0	0	0	26,865

(Continued)

Exhibit J-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,950
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	47,736
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	339,558
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	436,694
Residential Waste Collection Charge	0	0	0	0	0	0	540,067
Tipping Fees	0	0	0	0	0	0	4,467
Solid Waste Disposal Fees	0	0	0	0	0	0	177,502
Patient Charges	0	0	0	0	0	0	1,049,256
Past Due Collections - Ambulance	0	0	0	0	0	0	50,614
Other General Service Charges	0	0	0	0	0	0	989
Service Charges	0	0	0	0	0	0	2,430
<u>Fees</u>							
Copy Fees	0	0	0	0	0	0	5,832
Library Fees	0	0	0	0	0	0	5,245
Telephone Commissions	0	0	0	0	0	0	4,205
Vending Machine Collections	0	0	0	0	0	0	923
Constitutional Officers' Fees and Commissions	573,329	0	0	0	0	0	573,329
Data Processing Fee - Register	0	0	0	0	0	0	16,948
Data Processing Fee - Sheriff	0	0	0	0	0	0	5,791
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	1,145
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	1,362
Total Charges for Current Services	\$ 573,329	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,876,799
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	325,882	\$ 0	\$ 0	\$ 0	1,010,335
Lease/Rentals	0	0	90,000	0	0	0	93,640

(Continued)

Exhibit J-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Sale of Materials and Supplies	\$ 0	\$ 63,450	\$ 0	\$ 0	\$ 0	\$ 0	63,914
Commissary Sales	0	0	0	0	0	0	429
Sale of Recycled Materials	0	0	0	0	0	0	55,930
Miscellaneous Refunds	0	5,720	1,226	0	0	0	88,476
Expenditure Credits	0	0	0	0	0	0	225
<u>Nonrecurring Items</u>							
Accrued Interest on Debt Issues	0	0	14,264	0	0	0	14,264
Sale of Equipment	0	0	0	0	0	0	45
Contributions & Gifts	0	0	0	0	0	0	1,059
Total Other Local Revenues	\$ 0	\$ 69,170	\$ 431,372	\$ 0	\$ 0	\$ 0	1,328,317
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	118,733
Register	0	0	0	0	0	0	57,650
Trustee	0	0	0	0	0	0	376,968
<u>Fees-In-Lieu of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	111,685
General Sessions Court Clerk	0	0	0	0	0	0	153,713
Clerk and Master	0	0	0	0	0	0	136,200
Juvenile Court Clerk	0	0	0	0	0	0	29,365
Sheriff	0	0	0	0	0	0	9,931
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	994,245
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	0	14,183
Solid Waste Grants	0	0	0	0	0	0	49,780
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	163,135

(Continued)

Exhibit J-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	\$ 0	\$ 365,891	\$ 0	\$ 0	\$ 0	\$ 0	\$ 365,891
State Aid Program	0	193,303	0	0	0	0	193,303
Litter Program	0	0	0	0	0	0	56,551
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	31,055
Beer Tax	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	0	55,021
State Revenue Sharing - T.V.A.	0	0	300,000	0	0	0	329,323
Board of Jurors	0	0	0	0	0	0	3,032
Contracted Prisoner Boarding	0	0	0	0	0	0	147,472
Gasoline and Motor Fuel Tax	0	1,987,995	0	0	0	0	1,987,995
Petroleum Special Tax	0	32,118	0	0	0	0	32,118
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	211,178
Other State Revenues	0	0	0	0	0	0	44,224
Total State of Tennessee	\$ 0	\$ 2,579,307	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 3,726,853
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 336,616	\$ 0	\$ 0	\$ 815,616
Homeland Security Grants	0	0	0	0	0	1,450,246	1,450,246
Other Federal through State	0	0	0	0	0	0	37,380
<u>Direct Federal Revenue</u>							
Asset Forfeiture Funds	0	0	0	0	0	0	8,839
Other Direct Federal Revenue	0	48,717	0	0	0	0	238,337
Total Federal Government	\$ 0	\$ 48,717	\$ 0	\$ 336,616	\$ 0	\$ 1,450,246	\$ 2,550,418
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance Contributions	\$ 0	\$ 8,425	\$ 0	\$ 0	\$ 35,340	\$ 0	\$ 43,765
	0	0	210,000	0	0	0	285,821

(Continued)

Exhibit J-6

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	HUD Grant Projects	Highway Capital Projects	Homeland Security Capital Projects	
<u>Other Governments and Citizens Groups (Cont.)</u>							
<u>Citizens Groups</u>							
Donations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,246
<u>Other</u>	0	0	0	0	0	0	1,883
Total Other Governments and Citizens Groups	\$ 0	\$ 8,425	\$ 210,000	\$ 0	\$ 35,340	\$ 0	342,715
 Total	 \$ 573,329	 \$ 4,145,414	 \$ 5,359,877	 \$ 336,616	 \$ 35,340	 \$ 1,450,246	 \$ 24,489,559

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,779,612	\$ 0	\$ 0	\$ 0	\$ 4,779,612
Trustee's Collections - Prior Year	355,558	0	0	0	355,558
Trustee's Collections - Bankruptcy	9,985	0	0	0	9,985
Circuit/Clerk & Master Collections - Prior Years	44,795	0	0	0	44,795
Interest and Penalty	55,763	0	0	0	55,763
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,217,950	0	0	0	4,217,950
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	6,915	0	0	0	6,915
Total Local Taxes	\$ 9,470,578	\$ 0	\$ 0	\$ 0	\$ 9,470,578
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,482	\$ 0	\$ 0	\$ 0	\$ 1,482
Total Licenses and Permits	\$ 1,482	\$ 0	\$ 0	\$ 0	\$ 1,482
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 9,367	\$ 0	\$ 0	\$ 0	\$ 9,367
Tuition - Other	0	0	0	95,358	95,358
Lunch Payments - Children	0	0	780,026	0	780,026
Lunch Payments - Adults	0	0	169,798	0	169,798
Income from Breakfast	0	0	102,281	0	102,281
A la carte Sales	0	0	457,631	0	457,631
School Based Health Services - FFS	2,521	0	0	0	2,521
Receipts from Individual Schools	63,658	0	8,556	0	72,214
Community Service Fees - Children	26,094	0	0	0	26,094
<u>Other Charges for Services</u>					
Other Charges for Services	8,199	0	860	0	9,059
Total Charges for Current Services	\$ 109,839	\$ 0	\$ 1,519,152	\$ 95,358	\$ 1,724,349
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 38,464	\$ 0	\$ 38,464
Lease/Rentals	33,602	0	0	0	33,602
Sale of Materials and Supplies	1,791	0	0	0	1,791
Miscellaneous Refunds	11,241	0	0	0	11,241
<u>Nonrecurring Items</u>					
Sale of Equipment	13,430	0	0	0	13,430
Damages Recovered from Individuals	1,162	0	0	0	1,162
Contributions & Gifts	14,965	0	0	0	14,965
<u>Other Local Revenues</u>					
Other Local Revenues	3,202	0	0	0	3,202
Total Other Local Revenues	\$ 79,393	\$ 0	\$ 38,464	\$ 0	\$ 117,857
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 24,792,675	\$ 0	\$ 0	\$ 0	\$ 24,792,675

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 618,086	\$ 0	\$ 0	\$ 0	\$ 618,086
School Food Service	0	0	45,445	0	45,445
Driver Education	15,567	0	0	0	15,567
Other State Education Funds	76,780	0	0	0	76,780
Career Ladder Program	436,346	0	0	0	436,346
Career Ladder - Extended Contract	146,235	0	0	0	146,235
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	200,000	0	0	0	200,000
Other State Grants	43,358	0	0	0	43,358
Other State Revenues	55,340	0	0	2,643	57,983
Total State of Tennessee	\$ 26,384,387	\$ 0	\$ 45,445	\$ 2,643	\$ 26,432,475
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,251,876	\$ 0	\$ 1,251,876
Breakfast	0	0	423,635	0	423,635
Adult Education State Grant Program	159,132	0	0	0	159,132
Vocational Education - Basic Grants to States	0	195,082	0	0	195,082
Title I Grants to Local Education Agencies	0	1,320,022	0	0	1,320,022
Innovative Education Program Strategies	0	15,000	0	0	15,000
Special Education - Grants to States	650	1,434,324	0	0	1,434,974
Special Education Preschool Grants	0	44,791	0	0	44,791
Eisenhower Professional Development State Grants	0	319,298	0	0	319,298
Other Federal through State	188,865	34,000	0	0	222,865
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	14,380	0	0	0	14,380
Total Federal Government	\$ 363,027	\$ 3,362,517	\$ 1,675,511	\$ 0	\$ 5,401,055
Total	\$ 36,408,706	\$ 3,362,517	\$ 3,278,572	\$ 98,001	\$ 43,147,796

Exhibit J-8

Lawrence 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	\$	43,461	
Audit Services		18,813	
Dues and Memberships		8,708	
Travel		10,156	
Other Supplies and Materials		204	
Judgments		968	
Tax Relief Program		40,218	
Other Charges		20,000	
Total County Commission			\$ 142,528

County Mayor/Executive

County Official/Administrative Officer	\$	68,516	
Secretary(ies)		47,659	
Longevity Pay		750	
In-Service Training		125	
Data Processing Services		214	
Dues and Memberships		2,003	
Maintenance Agreements		726	
Printing, Stationery, and Forms		87	
Travel		2,141	
Office Supplies		755	
Periodicals		20	
Other Supplies and Materials		6	
Data Processing Equipment		1,471	
Total County Mayor/Executive			124,473

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	47,572	
Deputy(ies)		40,396	
Overtime Pay		3,475	
Election Commission		3,575	
Election Workers		13,492	
In-Service Training		120	
Contracts with Private Agencies		17,500	
Data Processing Services		3,238	
Dues and Memberships		150	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Maintenance Agreements	\$	280	
Postal Charges		14	
Printing, Stationery, and Forms		8,853	
Travel		2,826	
Data Processing Supplies		987	
Office Supplies		1,919	
Other Supplies and Materials		775	
Other Charges		310	
Data Processing Equipment		8,663	
Office Equipment		527	
Total Election Commission			\$ 154,672

Register of Deeds

Dues and Memberships	\$	557	
Operating Lease Payments		16,122	
Maintenance Agreements		957	
Printing, Stationery, and Forms		3,486	
Travel		520	
Office Supplies		2,665	
Data Processing Equipment		37,190	
Total Register of Deeds			61,497

County Buildings

Supervisor/Director	\$	23,845	
Custodial Personnel		55,007	
Part-time Personnel		136	
Longevity Pay		550	
Communication		57,878	
Laundry Service		142	
Legal Notices, Recording, and Court Costs		104	
Maintenance Agreements		22,240	
Maintenance & Repair Services - Buildings		27,868	
Maintenance & Repair Services - Equipment		753	
Maintenance & Repair Services - Vehicles		1,024	
Pest Control		97	
Disposal Fees		1,604	
Other Contracted Services		340	
Custodial Supplies		9,076	
Uniforms		2,778	
Utilities		194,682	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Supplies and Materials	\$	2,067	
Furniture and Fixtures		129	
Other Equipment		3,486	
Total County Buildings			\$ 403,806

Preservation of Records

Supervisor/Director	\$	24,971	
Clerical Personnel		20,343	
Longevity Pay		750	
Overtime Pay		365	
Communication		571	
Contracts with Private Agencies		5,900	
Data Processing Services		428	
Dues and Memberships		80	
Maintenance Agreements		425	
Travel		231	
Office Supplies		1,425	
Other Supplies and Materials		2,090	
Data Processing Equipment		2,404	
Furniture and Fixtures		2,284	
Total Preservation of Records			62,267

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	45,630	
Accountants/Bookkeepers		46,519	
Part-time Personnel		9,200	
Overtime Pay		1,080	
In-Service Training		100	
Data Processing Services		5,805	
Maintenance Agreements		726	
Maintenance & Repair Services - Office Equipment		210	
Printing, Stationery, and Forms		2,026	
Travel		1,135	
Disposal Fees		100	
Other Contracted Services		12	
Office Supplies		1,753	
Other Supplies and Materials		765	
Data Processing Equipment		968	
Total Accounting and Budgeting			116,029

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Purchasing

County Official/Administrative Officer	\$	20,676	
Purchasing Personnel		22,059	
Longevity Pay		446	
Overtime Pay		115	
Data Processing Services		6,060	
Postal Charges		34,070	
Printing, Stationery, and Forms		698	
Travel		74	
Office Supplies		7,802	
Other Charges		1,972	
Total Purchasing			\$ 93,972

Property Assessor's Office

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		93,898	
Longevity Pay		1,000	
Other Salaries & Wages		27,101	
Board and Committee Members Fees		590	
In-Service Training		120	
Data Processing Services		12,846	
Dues and Memberships		1,692	
Legal Notices, Recording, and Court Costs		25	
Maintenance Agreements		726	
Maintenance & Repair Services - Vehicles		472	
Postal Charges		938	
Printing, Stationery, and Forms		287	
Travel		2,385	
Gasoline		1,082	
Office Supplies		1,849	
Data Processing Equipment		22	
Office Equipment		898	
Total Property Assessor's Office			201,979

County Trustee's Office

Data Processing Services	\$	10,337	
Maintenance & Repair Services - Equipment		68	
Printing, Stationery, and Forms		11,708	
Office Supplies		1,453	
Other Supplies and Materials		11	
Total County Trustee's Office			23,577

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Data Processing Services	\$	14,507	
Dues and Memberships		1,212	
Legal Notices, Recording, and Court Costs		99	
Maintenance & Repair Services - Equipment		190	
Printing, Stationery, and Forms		3,258	
Travel		2,944	
Office Supplies		4,331	
Other Supplies and Materials		815	
Furniture and Fixtures		1,602	
Total County Clerk's Office			\$ 28,958

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		208,757	
Longevity Pay		3,450	
Jury and Witness Fees		17,293	
In-Service Training		1,012	
Data Processing Services		9,537	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		141	
Maintenance & Repair Services - Office Equipment		45	
Printing, Stationery, and Forms		2,615	
Travel		575	
Office Supplies		4,595	
Other Supplies and Materials		176	
Other Charges		496	
Data Processing Equipment		1,405	
Office Equipment		9,038	
Total Circuit Court			315,233

General Sessions Court

Judge(s)	\$	99,256
Deputy(ies)		52,240
Guards		44,860
Part-time Personnel		2,732
Longevity Pay		1,800
Overtime Pay		825
In-Service Training		318
Communication		166

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Contracts with Private Agencies	\$	5,041	
Data Processing Services		798	
Dues and Memberships		1,309	
Printing, Stationery, and Forms		580	
Travel		4,418	
Office Supplies		1,264	
Other Supplies and Materials		140	
Other Charges		23	
Data Processing Equipment		876	
Office Equipment		540	
Total General Sessions Court			\$ 217,186

Drug Court

Contracts with Private Agencies	\$	189,621	
Total Drug Court			189,621

Chancery Court

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		95,318	
Longevity Pay		2,050	
Overtime Pay		490	
Data Processing Services		5,989	
Dues and Memberships		602	
Legal Notices, Recording, and Court Costs		536	
Printing, Stationery, and Forms		3,036	
Travel		91	
Office Supplies		3,201	
Other Supplies and Materials		507	
Data Processing Equipment		310	
Office Equipment		6,190	
Total Chancery Court			174,368

Juvenile Court

Youth Service Officer(s)	\$	9,000	
Salary Supplements		12,659	
Other Contracted Services		28,770	
Total Juvenile Court			50,429

District Attorney General

Other Contracted Services	\$	35,981	
Total District Attorney General			35,981

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,735	
Supervisor/Director		55,656	
Deputy(ies)		942,645	
Investigator(s)		156,052	
Captain(s)		50,596	
Sergeant(s)		251,824	
Secretary(ies)		111,050	
Longevity Pay		11,600	
Overtime Pay		60,282	
Other Salaries & Wages		25,812	
In-Service Training		23,565	
Communication		2,734	
Data Processing Services		698	
Dues and Memberships		1,655	
Operating Lease Payments		3,851	
Legal Notices, Recording, and Court Costs		143	
Maintenance Agreements		10,924	
Maintenance & Repair Services - Buildings		22	
Maintenance & Repair Services - Equipment		1,372	
Maintenance & Repair Services - Office Equipment		300	
Maintenance & Repair Services - Vehicles		48,704	
Postal Charges		51	
Printing, Stationery, and Forms		2,006	
Tow-in Services		910	
Travel		22,098	
Other Contracted Services		2,396	
Custodial Supplies		6,861	
Food Supplies		764	
Gasoline		101,703	
Law Enforcement Supplies		3,173	
Office Supplies		8,561	
Tires and Tubes		7,732	
Uniforms		28,961	
Other Supplies and Materials		79,721	
Liability Claims		5,000	
Other Self-Insured Claims		24,827	
Other Charges		17,619	
Law Enforcement Equipment		24,011	
Motor Vehicles		202,589	
Office Equipment		103	
Total Sheriff's Department			\$ 2,363,306

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Supervisor/Director	\$	37,606	
Guards		236,444	
Clerical Personnel		7,246	
Cafeteria Personnel		11,282	
Part-time Personnel		8,621	
Longevity Pay		1,100	
Overtime Pay		798	
In-Service Training		1,150	
Contracts with Private Agencies		68,600	
Maintenance & Repair Services - Buildings		817	
Maintenance & Repair Services - Equipment		826	
Printing, Stationery, and Forms		402	
Travel		1,242	
Custodial Supplies		12,997	
Drugs and Medical Supplies		69,291	
Food Supplies		100,084	
Law Enforcement Supplies		626	
Uniforms		1,119	
Other Supplies and Materials		15,771	
Medical Claims		167,144	
Total Jail			\$ 743,166

Workhouse

Accountants/Bookkeepers	\$	3,000	
Guards		7,003	
Maintenance & Repair Services - Vehicles		31	
Food Supplies		2,698	
Gasoline		3,132	
Tires and Tubes		224	
Uniforms		212	
Other Supplies and Materials		17,554	
Other Charges		5,475	
Total Workhouse			39,329

Fire Prevention and Control

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

Civil Defense

Matching Share	\$	101	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Other Contracted Services	\$ 13,997	
Other Supplies and Materials	293,727	
Total Civil Defense		\$ 307,825

Rescue Squad

Contributions	\$ 245,500	
Total Rescue Squad		245,500

Other Emergency Management

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

County Coroner/Medical Examiner

Other Contracted Services	\$ 6,500	
Total County Coroner/Medical Examiner		6,500

Other Public Safety

Other Supplies and Materials	\$ 5,819	
Total Other Public Safety		5,819

Public Health and Welfare

Local Health Center

Secretary(ies)	\$ 34,970	
Longevity Pay	250	
Communication	2,352	
Dues and Memberships	150	
Janitorial Services	8,840	
Maintenance Agreements	528	
Maintenance & Repair Services - Buildings	1,271	
Maintenance & Repair Services - Equipment	36	
Maintenance & Repair Services - Office Equipment	378	
Travel	994	
Disposal Fees	810	
Other Contracted Services	265	
Food Supplies	528	
Office Supplies	798	
Utilities	20,846	
Other Supplies and Materials	818	
Other Charges	225	
Furniture and Fixtures	298	
Total Local Health Center		74,357

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

County Official/Administrative Officer	\$	39,720	
Medical Personnel		515,895	
Secretary(ies)		64,239	
Part-time Personnel		26,126	
Longevity Pay		8,100	
Overtime Pay		325,661	
In-Service Training		5,580	
Communication		11,558	
Data Processing Services		10,204	
Dues and Memberships		370	
Laundry Service		2,075	
Licenses		384	
Maintenance Agreements		380	
Maintenance & Repair Services - Buildings		1,242	
Maintenance & Repair Services - Equipment		982	
Maintenance & Repair Services - Vehicles		35,231	
Medical and Dental Services		3,500	
Postal Charges		10	
Printing, Stationery, and Forms		3,354	
Travel		962	
Disposal Fees		288	
Other Contracted Services		5,672	
Custodial Supplies		6,159	
Drugs and Medical Supplies		63,729	
Gasoline		33,056	
Office Supplies		2,150	
Tires and Tubes		6,068	
Uniforms		4,419	
Utilities		13,079	
Other Supplies and Materials		776	
Other Self-Insured Claims		15,495	
Other Charges		45	
Data Processing Equipment		18,498	
Furniture and Fixtures		3,752	
Motor Vehicles		54,890	
Office Equipment		1,979	
Other Equipment		451	
Total Ambulance/Emergency Medical Services	\$		1,286,079

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contracts with Government Agencies	\$ 10,000	
Total Regional Mental Health Center		\$ 10,000

Appropriation to State

Other Salaries & Wages	\$ 126,808	
Contracts with Government Agencies	12,000	
Travel	7,738	
Other Charges	2,045	
Total Appropriation to State		148,591

Aid to Dependent Children

Contracts with Government Agencies	\$ 8,383	
Total Aid to Dependent Children		8,383

Other Public Health and Welfare

Dues and Memberships	\$ 8,600	
Other Contracted Services	21,679	
Total Other Public Health and Welfare		30,279

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Other Social, Cultural, and Recreational

Contributions	\$ 91,500	
Other Charges	3,145	
Total Other Social, Cultural, and Recreational		94,645

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 87,682	
Board and Committee Members Fees	75	
Communication	2,012	
Data Processing Services	885	
Dues and Memberships	400	
Maintenance & Repair Services - Vehicles	67	
Disposal Fees	100	
Gasoline	641	
Instructional Supplies and Materials	2,000	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Office Supplies	\$	294	
Other Supplies and Materials		<u>1,105</u>	
Total Agriculture Extension Service	\$		95,261

Soil Conservation

Salary Supplements	\$	23,781	
Longevity Pay		250	
Dues and Memberships		1,065	
Postal Charges		156	
Travel		3,347	
Other Charges		<u>1,128</u>	
Total Soil Conservation			29,727

Other Operations

Tourism

Contributions	\$	53,500	
Other Contracted Services		990	
Other Charges		<u>6,000</u>	
Total Tourism			60,490

Industrial Development

Contributions	\$	<u>97,237</u>	
Total Industrial Development			97,237

Airport

Contributions	\$	<u>60,000</u>	
Total Airport			60,000

Veterans' Services

Supervisor/Director	\$	24,971	
Secretary(ies)		22,688	
Longevity Pay		750	
Data Processing Services		315	
Dues and Memberships		25	
Printing, Stationery, and Forms		77	
Travel		2,167	
Disposal Fees		100	
Office Supplies		346	
Other Supplies and Materials		2,483	
Office Equipment		<u>1,056</u>	
Total Veterans' Services			54,978

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Data Processing Services	\$	79	
Legal Services		32,525	
Legal Notices, Recording, and Court Costs		1,936	
Building and Contents Insurance		50,331	
Liability Insurance		110,373	
Trustee's Commission		143,085	
Vehicle and Equipment Insurance		37,040	
Workers' Compensation Insurance		40,236	
Other Self-Insured Claims		16,800	
Other Charges		30,431	
Other Capital Outlay		34,178	
Total Other Charges			\$ 497,014

Employee Benefits

Social Security	\$	341,660	
State Retirement		282,503	
Medical Insurance		512,217	
Unemployment Compensation		18,221	
Other Charges		2,800	
Total Employee Benefits			1,157,401

Total General Fund \$ 10,087,963

Courthouse & Jail Maintenance Fund

Other Operations

Other Charges

Maintenance & Repair Services - Buildings	\$	4,641	
Maintenance & Repair Services - Equipment		1,783	
Trustee's Commission		110	
Total Other Charges			\$ 6,534

Total Courthouse & Jail Maintenance Fund 6,534

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	38,649	
Deputy(ies)		23,781	
Librarians		53,753	
Part-time Personnel		27,266	

(Continued)

Exhibit J-8

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Longevity Pay	\$	3,350	
Social Security		10,909	
State Retirement		21,014	
Medical Insurance		22,421	
Unemployment Compensation		839	
Communication		838	
Data Processing Services		1,297	
Dues and Memberships		470	
Janitorial Services		5,858	
Maintenance Agreements		1,408	
Maintenance & Repair Services - Buildings		5,192	
Maintenance & Repair Services - Equipment		867	
Postal Charges		726	
Printing, Stationery, and Forms		953	
Travel		367	
Disposal Fees		100	
Other Contracted Services		278	
Custodial Supplies		1,016	
Instructional Supplies and Materials		5,891	
Library Books/Media		16,590	
Office Supplies		3,537	
Periodicals		4,935	
Utilities		20,688	
Other Supplies and Materials		153	
Building and Contents Insurance		9,249	
Liability Insurance		2,460	
Refunds		108	
Trustee's Commission		129	
Workers' Compensation Insurance		554	
Furniture and Fixtures		2,375	
Office Equipment		7,100	
Total Libraries			\$ 295,121
Total Public Library Fund			\$ 295,121

Solid Waste/Sanitation Fund

Public Health and Welfare

Landfill Operation and Maintenance

Salary Supplements	\$	8,094
Laborers		94,471

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Secretary(ies)	\$	34,580
Clerical Personnel		1,123
Part-time Personnel		41,124
Longevity Pay		600
Overtime Pay		373
Social Security		12,876
State Retirement		5,974
Medical Insurance		22,335
Unemployment Compensation		2,650
Communication		3,376
Contracts with Private Agencies		929,214
Data Processing Services		6,714
Dues and Memberships		216
Engineering Services		6,078
Legal Services		4,382
Legal Notices, Recording, and Court Costs		553
Licenses		152
Maintenance Agreements		678
Maintenance & Repair Services - Buildings		5,186
Maintenance & Repair Services - Equipment		5,136
Maintenance & Repair Services - Vehicles		1,271
Postal Charges		9,941
Printing, Stationery, and Forms		2,470
Travel		6,693
Brokerage Fees - Recyclables		71,338
Other Contracted Services		1,564
Crushed Stone		492
Custodial Supplies		1,779
Diesel Fuel		3,067
Food Supplies		6,011
Garage Supplies		18,546
Gasoline		1,893
Lubricants		74
Office Supplies		1,517
Propane Gas		2,410
Small Tools		201
Tires and Tubes		281
Utilities		23,837
Wire		2,451
Other Supplies and Materials		3,245

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Building and Contents Insurance	\$	6,793	
Liability Insurance		2,097	
Medical Claims		65	
Refunds		2,218	
Trustee's Commission		13,917	
Vehicle and Equipment Insurance		267	
Workers' Compensation Insurance		3,811	
Liability Claims		15,000	
Other Charges		1,887	
Data Processing Equipment		255	
Office Equipment		502	
Other Equipment		8,426	
Total Landfill Operation and Maintenance			\$ 1,400,204

Total Solid Waste/Sanitation Fund \$ 1,400,204

Industrial/Economic Development Fund

General Government

Other General Administration

Contributions	\$	67,214	
Total Other General Administration			\$ 67,214

Capital Projects

Public Utility Projects

Contracts with Private Agencies	\$	609,026	
Legal Notices, Recording, and Court Costs		58	
Trustee's Commission		1,035	
Total Public Utility Projects			610,119

Total Industrial/Economic Development Fund 677,333

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	558	
Communication		3,311	
Confidential Drug Enforcement Payments		5,000	
Dues and Memberships		410	
Legal Notices, Recording, and Court Costs		434	
Maintenance & Repair Services - Buildings		1,181	

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Maintenance & Repair Services - Equipment	\$	3,217	
Maintenance & Repair Services - Vehicles		7,596	
Printing, Stationery, and Forms		486	
Tow-in Services		540	
Travel		10,834	
Veterinary Services		3,235	
Other Contracted Services		625	
Animal Food and Supplies		199	
Food Supplies		298	
Law Enforcement Supplies		9,985	
Office Supplies		183	
Tires and Tubes		477	
Uniforms		7,930	
Other Supplies and Materials		6,150	
Trustee's Commission		778	
Other Charges		19,641	
Data Processing Equipment		1,519	
Furniture and Fixtures		69	
Law Enforcement Equipment		81,625	
Motor Vehicles		119,702	
Total Drug Enforcement			\$ 285,983

Total Drug Control Fund \$ 285,983

District Attorney General Fund

Administration of Justice

District Attorney General

Secretary(ies)	\$	19,506	
Dues and Memberships		630	
Travel		2,795	
Periodicals		659	
Trustee's Commission		331	
Other Charges		1,100	
Total District Attorney General			\$ 25,021

Total District Attorney General Fund 25,021

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 159,185	
Total Register of Deeds		\$ 159,185

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 165,437	
Total County Trustee's Office		165,437

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 238,319	
Total County Clerk's Office		238,319

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 10,090	
Total Chancery Court		10,090

Total Constitutional Officers - Fees Fund		\$ 573,031
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 61,652	
Accountants/Bookkeepers	54,310	
Longevity Pay	550	
Communication	12,150	
Data Processing Services	1,991	
Dues and Memberships	3,891	
Legal Notices, Recording, and Court Costs	130	
Maintenance Agreements	809	
Postal Charges	113	
Printing, Stationery, and Forms	669	
Disposal Fees	288	
Custodial Supplies	23	
Office Supplies	654	
Utilities	13,563	
Liability Claims	2,500	
Other Charges	2,217	
Total Administration		\$ 155,510

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	168,998	
Equipment Operators		299,640	
Equipment Operators - Light		143,487	
Truck Drivers		224,472	
Laborers		79,177	
Longevity Pay		17,600	
Rentals		56,786	
Other Contracted Services		6,953	
Asphalt		411,152	
Asphalt - Cold Mix		2,893	
Concrete		31,227	
Crushed Stone		220,710	
Pipe - Metal		121,976	
Road Signs		11,182	
Wood Products		4,793	
Gravel and Chert		2,580	
Other Charges		3,373	
Total Highway and Bridge Maintenance			\$ 1,806,999

Operation and Maintenance of Equipment

Mechanic(s)	\$	174,953	
Longevity Pay		2,850	
Maintenance & Repair Services - Equipment		142,580	
Diesel Fuel		156,484	
Gasoline		48,723	
Lubricants		8,720	
Tires and Tubes		40,737	
Uniforms		17,502	
Other Charges		9,192	
Total Operation and Maintenance of Equipment			601,741

Other Charges

Building and Contents Insurance	\$	5,258	
Liability Insurance		26,053	
Trustee's Commission		48,201	
Vehicle and Equipment Insurance		12,554	
Workers' Compensation Insurance		30,011	
Liability Claims		1,694	
Other Charges		627	
Total Other Charges			124,398

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	91,498	
State Retirement		74,702	
Employee and Dependent Insurance		165,077	
Unemployment Compensation		9,975	
Total Employee Benefits			\$ 341,252

Capital Outlay

Engineering Services	\$	68,821	
Bridge Construction		366,990	
Highway Construction		332,737	
Other Construction		177,983	
Total Capital Outlay			946,531

Total Highway/Public Works Fund \$ 3,976,431

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	735,000	
Principal on Notes		480,000	
Total General Government			\$ 1,215,000

Highways and Streets

Principal on Notes	\$	583,644	
Total Highways and Streets			583,644

Education

Principal on Bonds	\$	1,575,000	
Total Education			1,575,000

Interest on Debt

General Government

Interest on Bonds	\$	324,479	
Interest on Notes		185,505	
Total General Government			509,984

Highways and Streets

Interest on Notes	\$	64,841	
Total Highways and Streets			64,841

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 1,204,817	
Total Education		\$ 1,204,817

Other Debt Service

General Government

Trustee's Commission	\$ 71,556	
Other Debt Service	1,750	
Total General Government		73,306

Education

Other Debt Service	\$ 986	
Total Education		986

Total General Debt Service Fund		\$ 5,227,578
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General Capital Projects Fund

Other Debt Service

General Government

Other Debt Issuance Charges	\$ 81,678	
Total General Government		\$ 81,678

Capital Projects

General Administration Projects

Architects	\$ 39,306	
Building Construction	205,293	
Total General Administration Projects		244,599

Total General Capital Projects Fund		326,277
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HUD Grant Projects Fund

Capital Projects

Other General Government Projects

Contracts with Private Agencies	\$ 336,735	
Total Other General Government Projects		\$ 336,735

Total HUD Grant Projects Fund		336,735
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(Continued)

Exhibit J-8

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

<u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway & Street Capital Projects</u>		
Highway Construction	\$ 970,295	
Highway Equipment	<u>500,410</u>	
Total Highway & Street Capital Projects		<u>\$ 1,470,705</u>
Total Highway Capital Projects Fund		\$ 1,470,705
<u>Homeland Security Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Other Equipment	\$ 1,140,703	
Total Public Safety Projects		<u>\$ 1,140,703</u>
Total Homeland Security Capital Projects Fund		<u>1,140,703</u>
Total Governmental Funds - Primary Government		<u><u>\$ 25,829,619</u></u>

Exhibit J-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,352,386	
Career Ladder Program	259,350	
Career Ladder Extended Contracts	72,723	
Homebound Teachers	11,300	
Educational Assistants	636,203	
Certified Substitute Teachers	39,937	
Non-certified Substitute Teachers	123,571	
Social Security	867,973	
State Retirement	785,109	
Medical Insurance	2,115,174	
Unemployment Compensation	5,167	
Employer Medicare	202,994	
Maintenance & Repair Services - Equipment	26,160	
Instructional Supplies and Materials	184,698	
Textbooks	332,120	
Other Supplies and Materials	29,689	
Regular Instruction Equipment	44,750	
Total Regular Instruction Program		\$ 19,089,304

Alternative Instruction Program

Teachers	\$ 30,213	
Educational Assistants	12,460	
Non-certified Substitute Teachers	58	
Social Security	2,649	
State Retirement	2,437	
Medical Insurance	4,475	
Employer Medicare	620	
Instructional Supplies and Materials	35	
Other Supplies and Materials	7,605	
Total Alternative Instruction Program		60,552

Special Education Program

Teachers	\$ 1,261,015
Career Ladder Program	26,000
Career Ladder Extended Contracts	9,628
Homebound Teachers	58,956
Educational Assistants	107,036
Speech Pathologist	263,641
Certified Substitute Teachers	1,911

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	9,925	
Social Security		102,946	
State Retirement		95,536	
Medical Insurance		227,883	
Employer Medicare		24,076	
Other Contracted Services		21,597	
Instructional Supplies and Materials		13,753	
Total Special Education Program			\$ 2,223,903

Vocational Education Program

Teachers	\$	1,383,934	
Career Ladder Program		21,955	
Career Ladder Extended Contracts		12,196	
Certified Substitute Teachers		1,365	
Non-certified Substitute Teachers		21,275	
Social Security		84,692	
State Retirement		77,642	
Medical Insurance		235,601	
Employer Medicare		19,807	
Contracts with Other School Systems		44,336	
Maintenance & Repair Services - Equipment		2,448	
Other Contracted Services		7,976	
Instructional Supplies and Materials		45,077	
Textbooks		10,980	
Other Supplies and Materials		11,480	
Other Charges		3,563	
Total Vocational Education Program			1,984,327

Adult Education Program

Teachers	\$	133,773	
Other Salaries & Wages		6,685	
Social Security		8,685	
State Retirement		5,110	
Medical Insurance		4,510	
Employer Medicare		2,031	
Maintenance & Repair Services - Equipment		148	
Other Contracted Services		600	
Instructional Supplies and Materials		12,421	
Other Supplies and Materials		1,630	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Other Equipment	\$ 33,507	
Total Adult Education Program		\$ 209,100

Support Services

Attendance

Supervisor/Director	\$ 55,548	
Career Ladder Program	2,000	
Social Security	3,568	
State Retirement	3,165	
Medical Insurance	2,186	
Employer Medicare	835	
Other Contracted Services	<u>23,370</u>	
Total Attendance		90,672

Health Services

Medical Personnel	\$ 140,006	
Social Security	8,169	
State Retirement	7,700	
Medical Insurance	27,328	
Employer Medicare	1,911	
Travel	299	
Other Contracted Services	318	
Drugs and Medical Supplies	8,698	
Other Supplies and Materials	1,079	
Other Charges	<u>1,087</u>	
Total Health Services		196,595

Other Student Support

Career Ladder Program	\$ 5,905	
Guidance Personnel	515,811	
Career Ladder Extended Contracts	4,000	
Secretary(ies)	19,733	
Clerical Personnel	26,664	
Social Security	34,550	
State Retirement	30,180	
Medical Insurance	65,349	
Employer Medicare	8,080	
Evaluation and Testing	17,464	
Travel	381	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Contracted Services	\$ 20,061	
Total Other Student Support		\$ 748,178

Regular Instruction Program

Supervisor/Director	\$ 132,993	
Career Ladder Program	26,000	
Career Ladder Extended Contracts	8,500	
Librarians	561,270	
Instructional Computer Personnel	47,298	
Other Salaries & Wages	15,106	
In-Service Training	4,438	
Social Security	47,526	
State Retirement	43,780	
Medical Insurance	111,229	
Employer Medicare	11,115	
Maintenance & Repair Services - Equipment	500	
Travel	8,351	
Other Contracted Services	4,890	
Library Books/Media	2,249	
Other Supplies and Materials	6,886	
In Service/Staff Development	13,035	
Other Charges	3,900	
Total Regular Instruction Program		1,049,066

Alternative Instruction Program

Other Salaries & Wages	\$ 28,349	
Social Security	1,758	
State Retirement	1,763	
Medical Insurance	4,883	
Employer Medicare	411	
Travel	98	
Other Supplies and Materials	2,096	
Total Alternative Instruction Program		39,358

Special Education Program

Supervisor/Director	\$ 91,033
Career Ladder Program	6,000
Psychological Personnel	37,740
Career Ladder Extended Contracts	4,000

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Clerical Personnel	\$	20,726	
Other Salaries & Wages		28,678	
Social Security		11,654	
State Retirement		8,922	
Medical Insurance		19,737	
Employer Medicare		2,726	
Travel		3,157	
Other Supplies and Materials		1,058	
In Service/Staff Development		200	
Other Charges		1,120	
Total Special Education Program			\$ 236,751

Vocational Education Program

Supervisor/Director	\$	56,748	
Career Ladder Program		3,000	
Social Security		3,704	
State Retirement		3,286	
Medical Insurance		4,883	
Employer Medicare		866	
Travel		27,894	
Total Vocational Education Program			100,381

Adult Programs

Supervisor/Director	\$	4,729	
Other Salaries & Wages		47,899	
Social Security		3,183	
State Retirement		3,239	
Medical Insurance		3,992	
Employer Medicare		744	
Travel		2,296	
Other Contracted Services		396	
Other Supplies and Materials		1,259	
In Service/Staff Development		2,410	
Total Adult Programs			70,147

Board of Education

Secretary to Board	\$	2,400	
Board and Committee Members Fees		21,600	
Social Security		1,476	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

State Retirement	\$	2,210	
Medical Insurance		89,513	
Employer Medicare		345	
Audit Services		12,000	
Dues and Memberships		6,377	
Legal Services		14,384	
Travel		2,554	
Other Contracted Services		2,794	
Judgments		413	
Liability Insurance		42,316	
Trustee's Commission		223,556	
Workers' Compensation Insurance		195,421	
Other Charges		4,500	
Total Board of Education			\$ 621,859

Director of Schools

County Official/Administrative Officer	\$	82,963	
Secretary(ies)		70,259	
Social Security		9,380	
State Retirement		8,933	
Medical Insurance		17,576	
Employer Medicare		2,194	
Communication		34,843	
Dues and Memberships		1,928	
Maintenance & Repair Services - Equipment		1,370	
Postal Charges		6,629	
Travel		1,168	
Other Contracted Services		1,500	
Office Supplies		4,446	
Other Supplies and Materials		6,883	
Administration Equipment		549	
Total Director of Schools			250,621

Office of the Principal

Principals	\$	650,605	
Career Ladder Program		23,000	
Career Ladder Extended Contracts		16,855	
Assistant Principals		325,392	
Secretary(ies)		392,324	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Social Security	\$	85,362	
State Retirement		79,828	
Medical Insurance		151,990	
Employer Medicare		19,964	
Dues and Memberships		5,000	
Other Contracted Services		4,209	
Other Supplies and Materials		1,673	
Total Office of the Principal			\$ 1,756,202

Fiscal Services

Supervisor/Director	\$	43,890	
Accountants/Bookkeepers		87,279	
Other Salaries & Wages		20,726	
Social Security		9,174	
State Retirement		9,448	
Medical Insurance		21,396	
Employer Medicare		2,146	
Data Processing Services		6,783	
Maintenance & Repair Services - Equipment		710	
Travel		2,128	
Other Contracted Services		7,700	
Data Processing Supplies		3,688	
Administration Equipment		1,568	
Total Fiscal Services			216,636

Operation of Plant

Custodial Personnel	\$	611,470	
Other Salaries & Wages		131,198	
Social Security		44,408	
State Retirement		39,699	
Medical Insurance		113,393	
Employer Medicare		10,386	
Laundry Service		10,681	
Disposal Fees		41,402	
Other Contracted Services		32,999	
Custodial Supplies		82,054	
Electricity		1,069,946	
Natural Gas		436,569	
Water and Sewer		211,474	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Supplies and Materials	\$	3,599	
Boiler Insurance		6,200	
Building and Contents Insurance		112,945	
Plant Operation Equipment		16,629	
Total Operation of Plant			\$ 2,975,052

Maintenance of Plant

Supervisor/Director	\$	36,162	
Other Salaries & Wages		144,708	
Social Security		10,996	
State Retirement		11,250	
Medical Insurance		28,307	
Employer Medicare		2,572	
Communication		260	
Laundry Service		3,690	
Maintenance & Repair Services - Buildings		30,345	
Maintenance & Repair Services - Equipment		34,621	
Maintenance & Repair Services - Vehicles		1,255	
Travel		632	
Other Contracted Services		88,355	
Other Supplies and Materials		166,017	
Total Maintenance of Plant			559,170

Transportation

Supervisor/Director	\$	41,670	
Mechanic(s)		149,389	
Bus Drivers		784,656	
Other Salaries & Wages		18,986	
Social Security		58,084	
State Retirement		55,210	
Medical Insurance		223,410	
Employer Medicare		13,578	
Communication		1,599	
Laundry Service		3,372	
Maintenance & Repair Services - Vehicles		2,571	
Medical and Dental Services		6,491	
Travel		7,577	
Other Contracted Services		755	
Diesel Fuel		258,816	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	37,452	
Lubricants		9,235	
Tires and Tubes		35,994	
Vehicle Parts		80,335	
Other Supplies and Materials		5,430	
Vehicle and Equipment Insurance		34,871	
Other Charges		145	
Transportation Equipment		161,547	
Total Transportation			\$ 1,991,173

Central and Other

Other Salaries & Wages	\$	21,554	
Social Security		1,336	
State Retirement		1,341	
Medical Insurance		4,027	
Employer Medicare		313	
Total Central and Other			28,571

Operation of Non-Instructional Services

Community Services

Other Salaries & Wages	\$	73,443	
Social Security		4,493	
State Retirement		1,365	
Employer Medicare		1,051	
Travel		986	
Other Contracted Services		14,452	
Food Supplies		1,720	
Instructional Supplies and Materials		506	
Other Supplies and Materials		2,738	
In Service/Staff Development		1,545	
Other Equipment		75	
Total Community Services			102,374

Early Childhood Education

Teachers	\$	274,143	
Educational Assistants		99,814	
Certified Substitute Teachers		780	
Non-certified Substitute Teachers		6,474	
Social Security		21,894	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	20,514	
Medical Insurance		61,399	
Employer Medicare		5,120	
Maintenance & Repair Services - Equipment		585	
Travel		1,309	
Instructional Supplies and Materials		22	
Other Supplies and Materials		44,106	
In Service/Staff Development		30	
Other Charges		1,685	
Regular Instruction Equipment		82	
Other Equipment		16,127	
Total Early Childhood Education			\$ 554,084

Capital Outlay

Regular Capital Outlay

Other Salaries & Wages	\$	58,103	
Social Security		3,374	
State Retirement		3,196	
Medical Insurance		7,487	
Employer Medicare		789	
Other Contracted Services		27,635	
Building Construction		69,861	
Building Improvements		40,138	
Total Regular Capital Outlay			210,583

Principal on Debt

Education

Principal on Notes	\$	2,000	
Debt Service Contribution to Primary Government		210,000	
Total Education			212,000

Total General Purpose School Fund \$ 35,576,659

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	988,802	
Educational Assistants		195,759	
Certified Substitute Teachers		3,120	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Non-certified Substitute Teachers	\$	9,984	
Social Security		71,054	
State Retirement		63,184	
Medical Insurance		191,516	
Employer Medicare		16,618	
Maintenance & Repair Services - Equipment		702	
Instructional Supplies and Materials		15,217	
Other Supplies and Materials		127,154	
Other Charges		1,249	
Regular Instruction Equipment		40,155	
Total Regular Instruction Program			\$ 1,724,514

Special Education Program

Teachers	\$	72,060	
Educational Assistants		700,491	
Certified Substitute Teachers		585	
Non-certified Substitute Teachers		11,349	
Social Security		48,179	
State Retirement		42,443	
Medical Insurance		94,392	
Employer Medicare		11,268	
Contracts with Other School Systems		16,686	
Contracts with Private Agencies		24,000	
Other Contracted Services		147,757	
Instructional Supplies and Materials		2,842	
Other Supplies and Materials		4,732	
Total Special Education Program			1,176,784

Vocational Education Program

Instructional Supplies and Materials	\$	7,182	
Other Supplies and Materials		37,271	
Other Charges		2,139	
Vocational Instruction Equipment		131,167	
Total Vocational Education Program			177,759

Support Services

Attendance

Social Workers	\$	15,106	
Social Security		937	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

State Retirement	\$	831	
Employer Medicare		219	
Total Attendance			\$ 17,093

Other Student Support

Travel	\$	15,248	
Total Other Student Support			15,248

Regular Instruction Program

Supervisor/Director	\$	56,615	
Other Salaries & Wages		59,626	
In-Service Training		5,060	
Social Security		7,500	
State Retirement		6,690	
Medical Insurance		13,052	
Employer Medicare		1,754	
Travel		6,168	
In Service/Staff Development		202,058	
Other Charges		1,313	
Total Regular Instruction Program			359,836

Special Education Program

Supervisor/Director	\$	9,458	
Psychological Personnel		48,444	
Assessment Personnel		45,650	
Clerical Personnel		21,226	
Other Salaries & Wages		44,301	
Social Security		9,882	
State Retirement		9,135	
Medical Insurance		31,893	
Employer Medicare		2,311	
Travel		5,167	
Other Contracted Services		44,991	
Other Supplies and Materials		19,735	
In Service/Staff Development		6,062	
Total Special Education Program			298,255

Vocational Education Program

In Service/Staff Development	\$	2,075	
Total Vocational Education Program			2,075

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Fiscal Services

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

Total School Federal Projects Fund \$ 3,776,119

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	36,576	
Accountants/Bookkeepers		28,172	
Clerical Personnel		21,412	
Cafeteria Personnel		1,179,855	
Social Security		76,381	
State Retirement		55,296	
Medical Insurance		145,307	
Unemployment Compensation		1,545	
Employer Medicare		17,863	
Maintenance & Repair Services - Equipment		64,103	
Transportation - Other than Students		34,617	
Travel		5,525	
Other Contracted Services		28,733	
Food Preparation Supplies		5,906	
Food Supplies		1,226,829	
Office Supplies		3,380	
Utilities		9,225	
Other Supplies and Materials		141,456	
In Service/Staff Development		5,473	
Other Charges		1,073	
Food Service Equipment		<u>82,716</u>	
Total Food Service			\$ <u>3,171,443</u>

Total Central Cafeteria Fund 3,171,443

(Continued)

Exhibit J-9

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

<u>Extended School Program Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Community Services</u>		
Other Salaries & Wages	\$	82,172
Social Security		5,127
State Retirement		4,512
Employer Medicare		1,191
Other Supplies and Materials		8,527
In Service/Staff Development		25
Other Charges		1,589
Total Community Services		<u>\$ 103,143</u>
Total Extended School Program Fund		\$ 103,143
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Other Construction	\$	2,302,884
Total Education Capital Projects		<u>\$ 2,302,884</u>
Total Education Capital Projects Fund		<u>2,302,884</u>
Total Governmental Funds - Lawrence County School Department		<u>\$ 44,930,248</u>

Exhibit J-10

Lawrence County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Change in Cash Balance - City Agency Fund
For the Year Ended June 30, 2006

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,862,458
Total Cash Receipts	<u>\$ 3,862,458</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,823,833
Trustee's Commission	38,625
Total Cash Disbursements	<u>\$ 3,862,458</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2005	<u>0</u>
Cash Balance, June 30, 2006	<u><u>\$ 0</u></u>

SINGLE AUDIT 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

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

February 7, 2007

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Lawrence County's basic financial statements and have issued our report thereon dated February 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lawrence County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Lawrence County's 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 06.05 and 06.06.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrence County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01, 06.02, 06.03, and 06.04.

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

This report is intended solely for the information and use of the Board of County Commissioners, 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/rc



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

February 7, 2007

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

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Lawrence County 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 its major federal programs for the year ended June 30, 2006. Lawrence County'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 its major federal programs is the responsibility of Lawrence County's management. Our responsibility is to express an opinion on Lawrence County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lawrence County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lawrence County's compliance with those requirements.

As described in items 06.01 and 06.07 in the accompanying Schedule of Findings and Questioned Costs, Lawrence County did not comply with requirements regarding procurement, suspension, and debarment that are applicable to its Home Investments Partnerships Program (CFDA No. 14.239); and subrecipient monitoring, reporting, procurement, and program income

that are applicable to its Homeland Security Grant Program (CFDA No. 97.004). Compliance with such requirements is necessary, in our opinion, for Lawrence County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Lawrence County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Lawrence County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lawrence County's 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.

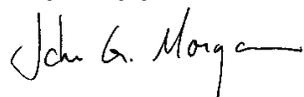
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce 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 the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated February 7, 2007. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/rc

OTHER AUDITOR'S 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

For the Lawrence County Emergency Communications District

Board of Directors
Lawrence County Emergency Communications District
Lawrenceburg, Tennessee

I have audited the financial statements of the Lawrence County Emergency Communications District, a component unit of Lawrence County, for the year ending June 30, 2006. I conducted the audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrence County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the audit, and accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing the audit, I considered Lawrence County Emergency Communications District's internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in my judgment, could adversely affect the Lawrence County Emergency Communications District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. The reportable condition is as follows:

Prior Year Comments:

2004-1 Separation of Duties

Due to the limited number of personnel employed by the district, several functions, which ideally should be performed by different individuals, are regularly performed by one person.

I recommend that the district strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Disposition:

Due to the size of the office, a complete separation of duties is not possible. However, we are continuing to monitor office responsibilities and segregate duties as needed.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. My 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 weakness. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management, the State Comptrollers Office, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Watershed Protection and Flood Prevention	10.904	N/A	\$ 48,717
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	255,391
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	423,635
National School Lunch Program	10.555	(2)	1,251,876
Total U.S. Department of Agriculture			<u>\$ 1,979,619</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-05-11704-00	\$ 479,000
HOME Investment Partnerships Program	14.239	HM-03-47-001	336,616
Total U.S. Department of Housing and Urban Development			<u>\$ 815,616</u>
U.S. Department of Justice:			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 189,620
Total U.S. Department of Justice			<u>\$ 189,620</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Youth Activities	17.259	03-10-999-102-98-82	\$ 30,219
WIA Dislocated Workers	17.260	04-55-FY4-1DW-RSPNC	58,324
Total U.S. Department of Labor			<u>\$ 88,543</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 127,302
Rehabilitation Services - Vocational Rehabilitation Grants	84.126	N/A	23,354
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,569,222
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,437,366
Special Education - Preschool Grants	84.173	N/A	46,322
Vocational Education - Basic Grants to States	84.048	N/A	197,953
Safe and Drug-Free Schools and Communities - National Programs	84.184	Z-05-021788-00	7,394
Safe and Drug-Free Schools and Communities - State Grants	84.186	(4)	61,512
State Grants for Innovative Programs	84.298	N/A	14,660
Education Technology State Grants	84.318	(2)	69,555
English Language Acquisition Grants	84.365	N/A	5,353
Improving Teacher Quality State Grants	84.367	N/A	407,629
Hurricane Education Recovery Act Program	84.938	N/A	33,606
Total U.S. Department of Education			<u>\$ 4,001,228</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-06-027199-00	\$ 31,830
Passed-through State Department of Health:			
Child Support Enforcement	93.563	GG-06-11-987-00	37,380
Total U.S. Department of Health and Human Services			<u>\$ 69,210</u>

(Continued)

Lawrence County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 14,380
Passed-through State Department of Military:			
Homeland Security Grant Cluster:			
Homeland Security Grant Program	97.004	(5)	<u>1,450,246</u>
Total U.S. Department of Homeland Security			<u>\$ 1,464,626</u>
Total Expenditures of Federal Awards			<u>\$ 8,608,462</u>
<u>State Grants</u>		<u>Contract Number</u>	
Adult Education - State Department of Labor and Workforce Development	N/A	Z-06-027791-01	\$ 24,173
Adult Education - State Department of Labor and Workforce Development	N/A	Z-05-022238-01	7,574
Adult Education - State Department of Labor and Workforce Development	N/A	ED-06-01984-00	2,093
Appropriations Grant - State Department of Veterans Affairs	N/A	(2)	1,154
Early Childhood Education Lottery - State Department of Education	N/A	(2)	168,534
Early Childhood Education Pilot - State Department of Education	N/A	(2)	390,000
Family Resource Center - State Department of Education	N/A	(2)	33,300
Gates Foundation Staying Connected Grants - State Department of State	N/A	(2)	3,990
Health Department Programs - State Department of Health	N/A	Z-06-025984-01	149,171
Juvenile Justice - State Commission on Children and Youth	N/A	Z-06-002616-00	9,000
Litter Grant - State Department of Transportation	N/A	Z-06-027980-00	39,856
Safe Schools Act - State Department of Education	N/A	(2)	19,282
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	14,183
Temporary Assistance for Needy Families - State Department of Workforce Development	N/A	Z-06-027199-01	16,374
Used Oil Grant - State Department of Environment and Conservation	N/A	Z-05-024408-00	4,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011325-00	<u>45,780</u>
Total State Grants			<u>\$ 928,464</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) - Information not available.

(3) - Z-05-022238-00: \$28,493; Z-06-027791-00: \$90,936; R011704045: \$7,873.

(4) - GG-05-11064-00: \$16,579; (2): \$44,933.

(5) - Z-04-022464-03: \$379,814; GG-05-11617-00: \$1,000,000; Z-05-025179-00: \$70,432.

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

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.03	14	Deficiencies were noted in the administration of the Home Investment Partnerships Program

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.06	16	Amounts withheld from contractor payments were not deposited into an escrow account

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.10	18	Circuit and general sessions courts did not prepare execution docket trial balances

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.11	19	The office had accounting deficiencies

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.14	20	Duties were not segregated adequately in the Public Library and Office of Register

LAWRENCE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on Lawrence County's financial statements is unqualified.
2. The audit of the financial statements of Lawrence County disclosed reportable conditions in internal control. None of these conditions were considered to be a material weakness.
3. The audit disclosed two instances of noncompliance that were material to the financial statements of Lawrence County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Food Distribution (CFDA No. 10.550), the Community Development Block Grant/State's Program (CFDA No. 14.228), the Home Investment Partnerships Program (CFDA No. 14.239), the Title 1 Grants to Local Educational Agencies (CFDA No. 84.010), the Improving Teacher Quality State Grants (CFDA No. 84.367), and the Homeland Security Grant Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Lawrence County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 06.01

THE OFFICES HAD DEFICIENCIES IN THE ADMINISTRATION OF FEDERAL GRANTS (Material Noncompliance Under Government Auditing Standards and OMB Circular A-133)

We noted the following deficiencies in the administration of federal grants:

- A. Lawrence County received \$336,616 of Home Investment Partnerships Program (HOME) funds to target low-income applicants for housing assistance. Two construction companies were awarded contracts of \$153,855 and \$100,610 respectively; however, these companies did not provide the grantee with certifications regarding suspension and debarment by the federal government. OMB Circular A-133 requires HOME grant recipients receiving \$100,000 or more to provide a statement certifying that the recipient was not suspended or debarred by the federal government.
- B. Lawrence County was part of a seven county region that was awarded a Homeland Security Grant. Lawrence County served as the grantee for the region with all grant funds, purchases, and documentation channeled through Lawrence County. A portion of the grant award (\$185,005) was expended to purchase equipment for the other counties (subrecipients) in the region. However, Lawrence County had no documentation that it monitored the subrecipients management and use of the equipment as required by OMB Circular A-133.
- C. Lawrence County received Homeland Security Grant funds under three separate contracts for the year ended June 30, 2006. Each of the contracts required quarterly status reports and bi-annual implementation reports. We examined reports for the two largest grants, which represented 95 percent of the Homeland Security Grant funds received. Of the 11 reports due for these contracts between July 1, 2005, and June 30, 2006, seven were not filed, and two were filed late. OMB Circular A-133 requires grantees to comply with the reporting provisions of grant contracts.
- D. Lawrence County received a Homeland Security Grant for \$1,000,000. The grant funds were deposited into a bank account administered by the county trustee; however, the interest earned on the grant funds was not allocated for

use by the program in accordance with OMB program guidelines. We have estimated the amount of interest earned on the grant funds for the year ended June 30, 2006, to be \$18,638.

RECOMMENDATION

- A. County officials should comply with federal reporting guidelines governing the Home Investment Partnerships Program.
- B. As the primary grant recipient for the Homeland Security Grant, the grantee should monitor subrecipients as required by federal regulations.
- C. Homeland Security Grant reports should be completed and filed on a timely basis in compliance with OMB Circular A-133 requirements.
- D. County officials should comply with OMB program guidelines regarding program income.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS (DIRECT QUOTE)

- A. Lawrence County contracted with the South Central Tennessee Development District (SCTDD) to administer its Home Investment Partnerships Program. The representative with SCTDD that was in charge of Lawrence County's Home Program stated that the debarment and suspension of contractors had always been verified on the HUD website where all debarred or suspended contractors are listed. SCTDD realizes that this policy is not sufficient and has since developed a certification form that contractors will sign stating that they have not been barred or suspended by the federal government. Management will enforce the use of this new form.
- B. Lawrence County will develop an inspection and documentation program to monitor subrecipients as required by federal regulations.
- C. Lawrence County filed all reports as requested by the State Department of Homeland Security. In discussions with County Audit and the State Department of Homeland Security, there is apparent confusion as to what the federal and state reporting requirements are for recipients of Homeland Security Grants. However, in the future, Lawrence County will comply with all reporting provisions as specified in OMB Circular A-133.
- D. Lawrence County inadvertently deposited Homeland Security Grant proceeds into an interest bearing account. Lawrence County has been advised by Val Perkins, ODP Program Specialist with the State of Tennessee, that all interest earned on the Homeland Security Grant for \$1,000,000 should be returned to the State of Tennessee. Lawrence County will await instructions as to what method will be utilized to return the funds and to whom the funds should be repaid.

FINDING 06.02

EXPENDITURES EXCEEDED APPROPRIATIONS

(Material Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission at the major category level of control (the legal level of control) in the following funds:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General	
Sheriff's Department	\$ 56,456
Highway/Public Works	
Operation and Maintenance of Equipment	26,252
Industrial/Economic Development	
Other General Administration	67,214

Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission as required by state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS
(DIRECT QUOTE)

The sheriff and Highway Department's expenditures exceeded appropriations due to invoices being received after the year-end closing process and therefore were not recognized when analyzing budgeted appropriations. Management will try to ensure that all invoices are received in a timely manner before the year-end process and held within the legal appropriations.

The Industrial/Economic Development Fund resulted in expenditures exceeding appropriations because management recognized revenue that should have been set up as a payable to other agencies as specified in Tennessee Code Annotated. Management will be more cautious when recognizing and posting revenue from unknown sources.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 06.03

AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT

(Noncompliance Under Government Auditing Standards)

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

RECOMMENDATION

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

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

Management had intentions of making final payment on this contract in the 05-06 fiscal year since this was a finding in the prior year. Upon inspections for final payment, it was determined that the project was not complete per specifications. Therefore, final payment was not made. Management will attempt to resolve this matter in the 06-07 fiscal year.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 06.04

CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS DID NOT PREPARE EXECUTION DOCKET TRIAL BALANCES

(Noncompliance Under Government Auditing Standards)

The circuit, general sessions, and juvenile courts clerk did not prepare trial balances of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). Consequently, we were unable to reconcile cash journal accounts with cause balances. Furthermore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, TCA. This statute provides that any funds held by the courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. Circuit, General Sessions, and Juvenile Courts had unidentified court funds of \$295,713; \$30,834; and \$838 respectively, at June 30, 2006.

RECOMMENDATION

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

OFFICE OF SHERIFF

FINDING 06.05

THE OFFICE HAD ACCOUNTING DEFICIENCIES

(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

OTHER FINDING AND RECOMMENDATION

FINDING 06.06

DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE PUBLIC LIBRARY AND OFFICE OF REGISTER

(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS (DIRECT QUOTE)

Efforts will be made to segregate duties in the Public Library.

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

Federal/Pass-through Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Housing and Urban Development: Passed-through State Department of Economic and Community Development: Home Investments Partnerships Program	06.07	14.239	Circular A-133 Section 300 (b) and Compliance Supplement, Part 3 (I)	Material Noncompliance, See Finding 06.01 - Deficiencies in procurement, suspension, and debarment	\$ 0
U.S. Department of Homeland Security: Passed-through State Department of Military: Homeland Security Grant Program		97.004	Circular A-133 Section 300 (b) and Compliance Supplement, Part 3 (M,L,J)	Material Noncompliance, See Finding 06.01 - Deficiencies in subrecipient monitoring, reporting, and allocation of interest income	0

LAWRENCE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006

There were audit findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs and audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs.

Director of Accounts and Budgets - Corrective Action Plan for Current Year Findings

FINDINGS 06.01 and 06.07

Contact Person: Teresa Purcell, Director of Accounts and Budgets

Corrective action planned: Lawrence County contracted with the South Central Tennessee Development District (SCTDD) to administer its Home Investment Partnership Program. The representative with SCTDD that was in charge of Lawrence County's Home Program stated that the debarment and suspension of contractors had always been verified on the HUD website where all debarred or suspended contractors are listed. SCTDD realizes that this policy is not sufficient and has since developed a certification form that contractors will sign stating that they have not been barred or suspended by the federal government. Management will enforce the use of this new form.

Lawrence County will develop an inspection and documentation program to monitor sub-recipients as required by federal regulations.

Lawrence County filed all reports as requested by the State Department of Homeland Security. In discussions with County Audit and the State Department of Homeland Security, there is apparent confusion as to what the Federal and State reporting requirements are for recipients of Homeland Security Grants. However, in the future, Lawrence County will comply with all reporting provisions as specified in OMB Circular A-133.

Lawrence County inadvertently deposited Homeland Security Grant proceeds into an interest bearing account. Lawrence County has been advised by Val Perkins, ODP Program Specialist with the State of Tennessee, that all

interest earned on the Homeland Security Grant for \$1,000,000 should be returned to the State of Tennessee. Lawrence County will await instructions as to what method will be utilized to return the funds and to whom the funds should be repaid.

Anticipated completion date: 2006-07

Director of Accounts and Budgets – Summary Schedule of Prior Year Findings

FINDINGS 05.03(A,B) and 05.07

Finding 05.03(A) regarding suspension and debarment was not corrected and has been repeated for the year ended June 30, 2006. Findings 05.03(B) and 05.07 were corrected.