

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

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2006

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

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor 4

ANDREW WAY, CPA
CHRIS SIZEMORE
DOUG SANDIDGE, CISA, CFE
State Auditors

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

CAMPBELL COUNTY, TENNESSEE

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

CAMPBELL COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles.

OFFICE OF COUNTY CLERK

- ◆ An employee stole cash collections of at least \$3,969 from the County Clerk's Office.
- ◆ Internal control weaknesses contributed to the ability to divert collections.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Docket trial balances were not reconciled with cash control records in Circuit and General Sessions Courts.
 - ◆ The general ledgers in Circuit and General Sessions Courts contained posting errors.
-

OTHER FINDINGS

- ◆ The county's travel policy permits undocumented travel allowances for certain county officials and employees which violates state statutes.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

Campbell County Officials
June 30, 2006

Officials

Jerry Cross, County Mayor
Dennis Potter, Road Superintendent
Monty Bullock, Trustee
Bill Hicks, Assessor of Property
Don Nance, County Clerk
Bobby Vann, Circuit and General Sessions Courts Clerk
William Archer, Clerk and Master
Dormas Miller, Register
Ron McClellan, Sheriff
Jeff Marlow, Director of Finance

Board of County Commissioners

Adrion Baird
Carl Baird
Forster Baird
John Bond
Johnny Bruce
Johnny Dower
Michael Freeman
Whit Goins

Walter Henegar
John Lynn Letner
Gary Lindsay
Roy Pierce
Terry Singley
Bobby White
Ray Wilson

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 22, 2006

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

To the County Mayor and Board of County Commissioners:

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

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

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

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

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

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

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Campbell County, Tennessee, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2006, on our consideration of Campbell County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 41 through 49 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 Campbell County's basic financial statements. The introductory section; combining and individual nonmajor fund financial statements; budgetary comparison schedules of the nonmajor governmental funds, the General Debt Service Fund,

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>							
Cash	\$ 432	\$ 0	\$ 421	\$ 0	\$ 0	\$ 7,290	\$ 8,143
Equity in Pooled Cash and Investments	2,765,844	724,993	1,742,319	1,002,884	600,642	1,269,986	8,106,668
Accounts Receivable	16,868	14,597	788	0	0	4,482	36,735
Due from Other Governments	436,557	7,376	1,645,315	247,481	13,000	46,139	2,395,868
Due from Other Funds	12,573	0	0	1,000,000	0	0	1,012,573
Property Taxes Receivable	4,597,958	1,961,795	490,449	674,368	490,449	122,612	8,337,631
Allowance for Uncollectible Property Taxes	(352,885)	(150,564)	(37,641)	(51,757)	(37,641)	(9,410)	(639,898)
Total Assets	\$ 7,477,347	\$ 2,558,197	\$ 3,841,651	\$ 2,872,976	\$ 1,066,450	\$ 1,441,099	\$ 19,257,720
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 5,192	\$ 34,688	\$ 17,910	\$ 0	\$ 99,781	\$ 21,921	\$ 179,492
Payroll Deductions Payable	78,892	13,215	17,938	0	0	11,197	121,242
Contracts Payable	0	0	45,808	0	294,300	0	340,108
Retainage Payable	0	0	191,412	0	23,600	0	215,012
Due to Other Funds	0	0	1,000,000	165	5,000	7,408	1,012,573
Due to State of Tennessee	34	0	0	0	0	0	34
Deferred Revenue - Current Property Taxes	3,992,548	1,703,487	425,872	585,574	425,872	106,468	7,239,821
Deferred Revenue - Delinquent Property Taxes	239,256	102,083	25,521	35,081	25,521	6,380	433,842
Other Deferred Revenues	275,649	0	1,079,248	150,105	0	23,123	1,528,125
Health Insurance Payments	0	108	0	0	0	0	108
Total Liabilities	\$ 4,591,571	\$ 1,853,581	\$ 2,803,709	\$ 770,925	\$ 874,074	\$ 176,497	\$ 11,070,357
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 401,827	\$ 23,085	\$ 545,188	\$ 0	\$ 1,104,674	\$ 8,475,287	\$ 10,550,061
Reserved for Alcohol and Drug Treatment	26,867	0	0	0	0	0	26,867
Reserved for Drug Court	42,874	0	0	0	0	0	42,874
Reserved for Sexual Offender Registration	2,122	0	0	0	0	0	2,122
Reserved for Courtroom Security	72	0	0	0	0	0	72
Reserved for Computer System - Register	42,531	0	0	0	0	0	42,531
Reserved for Automation Purposes - Circuit Court	545	0	0	0	0	0	545

(Continued)

Exhibit A

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

	Major Funds					Nonmajor Funds	Total Govern- mental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>							
<u>Fund Balances (Cont.)</u>							
Reserved for Automation Purposes - Criminal Court	\$ 485	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 485
Reserved for Automation Purposes - General Sessions Court	5,651	0	0	0	0	0	5,651
Reserved for Automation Purposes - Sheriff	8,453	0	0	0	0	0	8,453
Reserved for Noncurrent Interfund Receivables	0	0	0	1,000,000	0	0	1,000,000
Unreserved, Reported In:							
General Fund	2,354,349	0	0	0	0	0	2,354,349
Special Revenue Funds	0	681,531	492,754	0	0	659,965	1,834,250
Debt Service Funds	0	0	0	1,102,051	0	0	1,102,051
Capital Projects Funds (Deficit)	0	0	0	0	(912,298)	(7,870,650)	(8,782,948)
Total Fund Balances	<u>\$ 2,885,776</u>	<u>\$ 704,616</u>	<u>\$ 1,037,942</u>	<u>\$ 2,102,051</u>	<u>\$ 192,376</u>	<u>\$ 1,264,602</u>	<u>\$ 8,187,363</u>
Total Liabilities and Fund Balances	<u>\$ 7,477,347</u>	<u>\$ 2,558,197</u>	<u>\$ 3,841,651</u>	<u>\$ 2,872,976</u>	<u>\$ 1,066,450</u>	<u>\$ 1,441,099</u>	<u>\$ 19,257,720</u>

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

Exhibit B

Campbell 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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 5,217,289	\$ 1,806,652	\$ 656,090	\$ 1,579,374	\$ 558,214	\$ 99,442	\$ 9,917,061
Licenses and Permits	111,752	9,348	375	0	0	0	121,475
Fines, Forfeitures, and Penalties	199,784	0	0	0	0	95,146	294,930
Charges for Current Services	58,988	6,548	0	0	0	1,815,466	1,881,002
Other Local Revenues	141,126	124,090	504,469	454,494	0	0	1,224,179
Fees Received from County Officials	1,664,410	0	0	0	0	0	1,664,410
State of Tennessee	1,946,478	192,132	2,044,065	0	13,000	49,231	4,244,906
Federal Government	271,270	0	1,881,938	0	301,050	0	2,454,258
Other Governments and Citizens Groups	166,771	0	133,059	1,000,000	0	0	1,299,830
Total Revenues	\$ 9,777,868	\$ 2,138,770	\$ 5,219,996	\$ 3,033,868	\$ 872,264	\$ 2,059,285	\$ 23,102,051
<u>Expenditures</u>							
Current:							
General Government	\$ 1,367,253	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,367,253
Finance	2,277,735	0	0	0	0	0	2,277,735
Administration of Justice	925,980	0	0	0	0	23,850	949,830
Public Safety	3,989,964	0	0	0	0	101,334	4,091,298
Public Health and Welfare	824,778	2,175,765	0	0	15,222	1,528,229	4,543,994
Social, Cultural, and Recreational Services	103,715	0	0	0	0	0	103,715
Agricultural and Natural Resources	40,001	0	0	0	0	0	40,001
Other Operations	779,151	0	0	0	0	0	779,151
Highways	0	0	5,460,013	0	0	0	5,460,013
Instruction	56,093	0	0	0	0	0	56,093
Debt Service:							
Principal on Debt	0	0	26,875	2,590,000	0	0	2,616,875
Interest on Debt	0	0	1,664	791,772	0	0	793,436
Other Debt Service	0	0	0	35,022	0	0	35,022
Capital Projects	0	0	0	0	4,049,536	1,982,458	6,031,994
Total Expenditures	\$ 10,364,670	\$ 2,175,765	\$ 5,488,552	\$ 3,416,794	\$ 4,064,758	\$ 3,635,871	\$ 29,146,410
Excess (Deficiency) of Revenues Over Expenditures	\$ (586,802)	\$ (36,995)	\$ (268,556)	\$ (382,926)	\$ (3,192,494)	\$ (1,576,586)	\$ (6,044,359)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 681,000	\$ 0	\$ 0	\$ 1,150,000	\$ 1,831,000

(Continued)

Exhibit B

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	2,966,219	\$ 548,718	\$ 3,514,937
Transfers In	29,216	0	0	50,146	0	1,079,460	1,158,822
Transfers Out	(560,796)	(29,216)	0	(98,719)	(470,091)	0	(1,158,822)
Total Other Financing Sources (Uses)	\$ (531,580)	\$ (29,216)	\$ 681,000	\$ (48,573)	\$ 2,496,128	\$ 2,778,178	\$ 5,345,937
Net Change in Fund Balances	\$ (1,118,382)	\$ (66,211)	\$ 412,444	\$ (431,499)	\$ (696,366)	\$ 1,201,592	\$ (698,422)
Fund Balance, July 1, 2005	4,004,158	770,827	625,498	2,533,550	888,742	63,010	8,885,785
Fund Balance, June 30, 2006	\$ 2,885,776	\$ 704,616	\$ 1,037,942	\$ 2,102,051	\$ 192,376	\$ 1,264,602	\$ 8,187,363

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

Exhibit C

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 12,803,384
Due from Other Governments	<u>539,997</u>
Total Assets	<u><u>\$ 13,343,381</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 539,997
Due to Litigants, Heirs, and Others	<u>12,803,384</u>
Total Liabilities	<u><u>\$ 13,343,381</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

Campbell County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Campbell County (the primary government).

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

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

The Campbell County School Department operates the public school system in the county, and the voters of Campbell 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 Campbell County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Campbell County, and the 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 Campbell County Commission approved the incorporation of the Olde Colony Development Corporation to fund, develop, construct, and operate a public golf course in Campbell County, and the County Commission appointed its eight-member Board of Directors. In February 2002, the County Commission authorized the corporation to issue revenue bonds not to exceed \$17,500,000; however, these bonds have not been issued as of the date of this report. Management now believes that these bonds, as approved, will not be issued. Furthermore, there has been no financial activity conducted by the corporation since its creation.

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

Administrative Office:

Campbell County Emergency Communications District
P.O. Box 344
1111 Jacksboro Pike
Lafollette, Tennessee 37766

Related Organization – The county's officials are also responsible for appointing the members of the Campbell County Industrial Action Association; however, the county's accountability for the organization does not extend beyond making the appointments.

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

Fund financial statements of Campbell County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, the county does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

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

Campbell County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund accounts for transactions related to the garbage collection services.

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 capital projects.

Additionally, Campbell County reports the following fund type:

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 Campbell 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.

C. Assets, Liabilities, and Equity

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all Campbell County and Campbell County School Department funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Campbell County has 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 Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e. the current portion of interfund loans) or advances to/from other funds (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 4.3 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.

Most payables are disaggregated on the face of the financial statements.

Retainage payable in the Highway/Public Works Fund and the General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the appropriate governmental fund.

3. Capital Assets

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

4. Compensated Absences

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

5. Long-term Obligations

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

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

6. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. The reserve for noncurrent interfund receivables in the General Debt Service Fund is recorded to reflect the amount due from the Highway/Public Works Fund that is not available for appropriation. Designations of fund balance represent tentative management plans that are subject to change. Management has designated \$38,492 of the unreserved fund balance of the General Fund for the Geographic Information Systems Program at June 30, 2006.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Fund Deficits

The General Capital Projects Fund and the Other Capital Projects Fund had fund deficits of \$912,298 and \$7,870,650, respectively, at June 30, 2006. These fund deficits resulted from the unperformed portions of construction projects being reserved as encumbrances. Funding for these future expenditures is expected to be received from public building authority loans already issued (\$8,429,382) and from proceeds of loans authorized (\$10,950,000) but not issued as of June 30, 2006.

C. Cash Shortage

An employee of the Office of County Clerk diverted at least \$3,969 of cash collections from the office. As of the date of this report, all funds have been repaid, and the responsible employee has been terminated. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Campbell County and the Campbell County School Department participate in an internal cash and investment pool through the Office of Trustee. The Campbell County School Department meets the criteria for a discretely presented component unit of Campbell County. Since Campbell County is presenting fund financial statements only, financial information for the Campbell County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this

capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2006.

B. Construction Commitments

At June 30, 2006, the General Capital Projects Fund had uncompleted construction contracts of approximately \$1,056,528 for various construction projects. The Other Capital Projects Fund had uncompleted construction contracts of approximately \$8,454,443 for the construction of new elementary schools. The Highway Department had uncompleted construction contracts of approximately \$520,036 for the construction of two roads. Funding has been authorized and/or provided for these future expenditures.

C. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	General Debt Service	\$ 165
General	General Capital Projects	5,000
General	Nonmajor governmental	7,408
General Debt Service	Highway/Public Works	<u>1,000,000</u>
Total		<u>\$ 1,012,573</u>

Most of these balances resulted from the time lag between the dates the interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made. However, the \$1,000,000 balance between the General Debt Service Fund and Highway/Public Works Fund resulted from an interfund capital outlay note that is expected to be repaid by June 30, 2007, as disaster relief grant money is received.

Interfund Transfers:

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

Transfers Out	Transfers In		
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 0	\$ 560,796
Solid Waste/Sanitation Fund	29,216	0	0
General Debt Service Fund	0	0	98,719
General Capital Projects Fund	0	50,146	419,945
Total	<u>\$ 29,216</u>	<u>\$ 50,146</u>	<u>\$ 1,079,460</u>

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

D. Long-term Debt

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

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 11 years for bonds, up to three years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund. Capital outlay notes included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund and the Highway/Public Works Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds - Refunding	2 to 4.1 %	\$ 8,470,000	\$ 4,725,000
Capital Outlay Notes	4.09 to 4.73	681,000	654,125
Other Loans	4 to 5	20,550,000	12,120,618

In the prior year, Campbell County entered into a loan agreement with the Blount County Public Building Authority to refund a loan agreement and finance various public improvement projects. During the current year, Campbell County entered into an additional loan agreement with the Blount County Public Building Authority (\$8,000,000) to finance various public improvement construction projects. Under these loan agreements, the authority issued fixed rate bonds and will forward the proceeds to Campbell County on an as-needed basis. The following table summarizes the loan agreements outstanding at June 30, 2006:

Description	Amount of Loan Agreement	Outstanding Principal 6-30-06	Interest Type	Rate as of 6-30-06
<u>Blount County</u>				
<u>Public Building</u>				
<u>Authority</u>				
Public Improvement and Refunding	\$ 12,550,000	\$ 11,571,900 (1)	Fixed	4 %
Public Improvement	8,000,000	548,718 (2)	Fixed	5

- (1) \$978,100 remains available for future draws under this loan agreement at June 30, 2006.
- (2) \$7,451,282 remains available for future draws under this loan agreement at June 30, 2006.

The County Commission also authorized an additional loan agreement of \$10,950,000 for school construction which will be issued in the 2007 fiscal year.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2006, including interest payments, are presented in the following table. Amounts reflected for other loans are based on the outstanding principal.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 1,480,000	\$ 149,503	\$ 626,595	\$ 30,325
2008	1,530,000	105,035	27,530	1,009
2009	1,585,000	58,760	0	0
2010	130,000	5,330	0	0
Total	\$ 4,725,000	\$ 318,628	\$ 654,125	\$ 31,334

Year Ending June 30	Other Loan (\$12,550,000)		Other Loan (\$8,000,000)	
	Principal	Interest	Principal	Interest
2007	\$ 0	\$ 599,938	\$ 0	\$ 17,010
2008	0	599,938	0	24,692
2009	0	599,938	0	24,692
2010	1,000,000	599,938	0	24,692
2011	1,100,000	559,938	0	24,692
2012-2016	6,350,000	1,975,940	0	123,462
2017-2021	3,121,900	327,729	0	123,462
2022-2026	0	0	548,718	74,077
Total	\$ 11,571,900	\$ 5,263,359	\$ 548,718	\$ 436,779

There is \$1,102,051 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$119, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$439, based on the 2000 federal census.

Changes in Long-term Liabilities

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

	Bonds	Notes
Balance, July 1, 2005	\$ 6,165,000	\$ 0
Additions	0	1,831,000
Deductions	(1,440,000)	(1,176,875)
Balance, June 30, 2006	\$ 4,725,000	\$ 654,125
Balance Due Within One Year	\$ 1,480,000	\$ 626,595

	Other Loans	Compensated Absences
Balance, July 1, 2005	\$ 8,605,681	\$ 476,069
Additions	3,514,937	68,109
Deductions	0	0
Balance, June 30, 2006	\$ 12,120,618	\$ 544,178
Balance Due Within One Year	\$ 0	\$ 489,760

Compensated absences payable will be retired from the employing funds, primarily the General Fund and the Highway/Public Works Fund.

IV. OTHER INFORMATION

A. Risk Management

The county is exposed to various risks related to general liability, property, casualty losses, and workers' compensation. The county joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The county 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 county also continues to carry commercial health and accident insurance for its employees. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Accounting Changes

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

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Campbell 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 Campbell County may 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. Campbell County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Campbell County may 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. Campbell County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Campbell County may offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On August 8, 2006, the county entered into a school construction contract for \$10,362,000, to be funded by authorized loan agreements and capital outlay notes.

On August 31, 2006, Jerry Cross left the Office of County Mayor and was succeeded by Jeff Hall, and Ron McClellan left the Office of Sheriff and was succeeded by Gary Perkins.

D. Contingent Liabilities

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

E. Joint Ventures

The Campbell County Library Board is a joint venture in which the county is a participant with the cities of Lafollette, Jacksboro, Caryville, and Jellico to operate the library system within the county. Representatives from the four cities and the county comprise the Campbell County Library Board and have equal representation on the board. Campbell County contributed \$36,000 to the operation of the Library Board during the year ended June 30, 2006. Financial statements for the Library Board can be obtained from its administrative office at the following address:

Administrative Office:

Campbell County Library Board
P.O. Box 75
Jacksboro, Tennessee 37757

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the District Attorney General of the Eighth Judicial District; Scott, Campbell, Fentress, Claiborne, and Union Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Campbell County made no contributions to the DTF for the year ended June 30, 2006, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Eighth Judicial District
P.O. Box 10
Huntsville, Tennessee 37756

F. Retirement Commitments

Plan Description

Employees of Campbell 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 Campbell 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

Campbell County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 5.87 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Campbell County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Campbell County's annual pension cost of \$603,739 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.

Campbell 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 ten 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
6-30-05	\$603,739	100%	\$0
6-30-05	558,656	100	0
6-30-04	272,664	100	0

Required Supplementary Information
Schedule of Funding Progress for Campbell County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$21,412	\$21,412	\$0	100%	\$9,234	0%
6-30-03	19,564	19,564	0	100	8,200	0
6-30-01	18,169	18,169	0	100	7,174	0

G. Office of Central Accounting

Campbell County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

H. Purchasing Law

Purchasing procedures for the Offices of County Mayor and Road Superintendent are governed by provisions of the County Financial Management System of 1981, which provide for purchases to be made by the purchasing agent under the supervision of the Financial Management Committee. The director of finance serves as the purchasing agent for the county. The committee established a policy that purchases exceeding \$5,000 for the Office of County Mayor and \$10,000 for the Office of Road Superintendent are to be made on a competitive bid basis.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Campbell 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	\$ 5,217,289	\$ 0	\$ 0	\$ 5,217,289	\$ 5,295,696	\$ 5,293,196	\$ (75,907)
Licenses and Permits	111,752	0	0	111,752	113,600	113,600	(1,848)
Fines, Forfeitures, and Penalties	199,784	0	0	199,784	239,350	212,525	(12,741)
Charges for Current Services	58,988	0	0	58,988	61,350	61,350	(2,362)
Other Local Revenues	141,126	0	0	141,126	105,940	88,979	52,147
Fees Received from County Officials	1,664,410	0	0	1,664,410	1,555,869	1,624,316	40,094
State of Tennessee	1,946,478	0	0	1,946,478	2,077,357	1,888,389	58,089
Federal Government	271,270	0	0	271,270	12,125	514,477	(243,207)
Other Governments and Citizens Groups	166,771	0	0	166,771	126,334	158,040	8,731
Total Revenues	\$ 9,777,868	\$ 0	\$ 0	\$ 9,777,868	\$ 9,587,621	\$ 9,954,872	\$ (177,004)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 201,103	\$ (1,421)	\$ 312	\$ 199,994	\$ 191,249	\$ 211,100	\$ 11,106
Board of Equalization	6,996	0	0	6,996	8,353	8,106	1,110
County Mayor/Executive	191,091	(1,482)	2,186	191,795	211,577	205,099	13,304
County Attorney	40,773	0	0	40,773	41,400	41,038	265
Election Commission	422,969	(57,071)	81,178	447,076	250,928	493,161	46,085
Register of Deeds	213,433	(4,350)	14,155	223,238	237,035	251,051	27,813
Development	64,171	0	0	64,171	80,911	80,911	16,740
Planning	22,458	(1,000)	0	21,458	27,442	28,123	6,665
County Buildings	186,872	(23,753)	12,818	175,937	181,963	182,439	6,502
Other Facilities	17,387	(10,401)	2,102	9,088	16,000	17,500	8,412
<u>Finance</u>							
Accounting and Budgeting	603,755	(8,615)	8,521	603,661	596,956	648,552	44,891
Property Assessor's Office	582,774	(224,430)	7,421	365,765	434,836	427,707	61,942
Reappraisal Program	34,062	0	0	34,062	34,062	34,062	0

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 237,661	\$ (20,454)	\$ 2,998	\$ 220,205	\$ 224,039	\$ 224,503	\$ 4,298
County Clerk's Office	444,010	(3,131)	1,564	442,443	444,691	454,345	11,902
Other Finance	375,473	(29,978)	29,181	374,676	371,550	377,016	2,340
<u>Administration of Justice</u>							
Circuit Court	470,518	(8,672)	5,710	467,556	461,442	484,181	16,625
General Sessions Court	146,876	(502)	1,911	148,285	149,309	149,967	1,682
Drug Court	26,635	0	7,151	33,786	170,943	71,534	37,748
Chancery Court	202,773	(2,213)	2,450	203,010	254,217	244,300	41,290
District Attorney General	77,588	(6,500)	10,400	81,488	43,582	85,418	3,930
Other Administration of Justice	1,590	0	0	1,590	1,600	1,600	10
<u>Public Safety</u>							
Sheriff's Department	1,523,083	(10,558)	16,159	1,528,684	1,458,536	1,545,579	16,895
Traffic Control	725	0	0	725	1,600	1,600	875
Wheel Tax Officer	40,665	(319)	60	40,406	45,871	45,871	5,465
Administration of the Sexual Offender Registry	820	0	380	1,200	1,200	1,200	0
Jail	1,783,851	(29,454)	39,291	1,793,688	1,794,264	1,816,915	23,227
Juvenile Services	41,342	0	408	41,750	45,376	56,173	14,423
Commissary	0	0	0	0	35,106	7,340	7,340
Fire Prevention and Control	2,000	0	0	2,000	2,000	2,000	0
Civil Defense	110,791	(22,801)	95,815	183,805	183,728	258,568	74,763
Rescue Squad	34,953	0	0	34,953	40,070	34,955	2
Other Emergency Management	277,362	0	0	277,362	288,150	278,620	1,258
County Coroner/Medical Examiner	21,036	(226)	680	21,490	20,403	23,285	1,795
Other Public Safety	153,336	(35,782)	3,299	120,853	108,908	149,732	28,879
<u>Public Health and Welfare</u>							
Local Health Center	67,813	(1,236)	1,147	67,724	76,648	76,293	8,569

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Ambulance/Emergency Medical Services	\$ 156,366	\$ (157,184)	\$ 818	\$ 0	\$ 2	\$ 0	0
Dental Health Program	7,319	(113)	30	7,236	7,740	7,740	504
Alcohol and Drug Programs	0	0	0	0	16,000	11,500	11,500
Crippled Children Services	2,764	(2,764)	0	0	2,764	0	0
Other Local Health Services	408,787	(259)	0	408,528	494,202	502,700	94,172
Appropriation to State	25,266	(12,036)	0	13,230	24,500	13,230	0
General Welfare Assistance	66,400	(79)	879	67,200	64,500	68,200	1,000
Postclosure Care Costs	90,063	(30,000)	17,591	77,654	160,000	130,784	53,130
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	35,230	(26)	45	35,249	34,676	36,151	902
Libraries	36,000	0	0	36,000	36,000	36,000	0
Other Social, Cultural, and Recreational	32,485	(20,800)	15,800	27,485	68,852	68,852	41,367
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	39,751	0	543	40,294	40,266	47,643	7,349
Soil Conservation	250	0	0	250	250	250	0
<u>Other Operations</u>							
Industrial Development	450,479	(15,925)	6,080	440,634	479,709	484,709	44,075
Airport	44,724	(150)	5,282	49,856	49,597	51,383	1,527
Veterans' Services	89,491	0	1,323	90,814	93,142	97,206	6,392
Contributions to Other Agencies	97,431	0	3,019	100,450	101,175	101,175	725
Employee Benefits	71,515	(1,183)	0	70,332	95,947	81,097	10,765
Miscellaneous	25,511	(154)	3,120	28,477	39,878	39,878	11,401
<u>Instruction</u>							
Regular Instruction Program	56,093	0	0	56,093	0	56,093	0
Total Expenditures	\$ 10,364,670	\$ (745,022)	\$ 401,827	\$ 10,021,475	\$ 10,345,145	\$ 10,854,435	\$ 832,960

(Continued)

Exhibit D-1

Campbell 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	
Excess (Deficiency) of Revenues Over Expenditures	\$ (586,802)	\$ 745,022	\$ (401,827)	\$ (243,607)	\$ (757,524)	\$ (899,563)	\$ 655,956
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 29,216	\$ 0	\$ 0	\$ 29,216	\$ 29,216	\$ 29,216	\$ 0
Transfers Out	(560,796)	0	0	(560,796)	(330,986)	(560,796)	0
Total Other Financing Sources (Uses)	\$ (531,580)	\$ 0	\$ 0	\$ (531,580)	\$ (301,770)	\$ (531,580)	\$ 0
Net Change in Fund Balance	\$ (1,118,382)	\$ 745,022	\$ (401,827)	\$ (775,187)	\$ (1,059,294)	\$ (1,431,143)	\$ 655,956
Fund Balance, July 1, 2005	4,004,158	(745,022)	0	3,259,136	3,200,118	3,200,118	59,018
Fund Balance, June 30, 2006	\$ 2,885,776	\$ 0	\$ (401,827)	\$ 2,483,949	\$ 2,140,824	\$ 1,768,975	\$ 714,974

Exhibit D-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,806,652	\$ 0	\$ 0	\$ 1,806,652	\$ 1,810,040	\$ 1,810,040	\$ (3,388)
Licenses and Permits	9,348	0	0	9,348	24,100	8,945	403
Charges for Current Services	6,548	0	0	6,548	1,000	8,420	(1,872)
Other Local Revenues	124,090	0	0	124,090	135,000	117,675	6,415
State of Tennessee	192,132	0	0	192,132	164,522	155,667	36,465
Other Governments and Citizens Groups	0	0	0	0	7,500	1,000	(1,000)
Total Revenues	\$ 2,138,770	\$ 0	\$ 0	\$ 2,138,770	\$ 2,142,162	\$ 2,101,747	\$ 37,023
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Rabies and Animal Control	\$ 87,491	\$ (6,488)	\$ 678	\$ 81,681	\$ 95,907	\$ 82,610	\$ 929
Sanitation Management	322,797	0	61	322,858	315,450	325,434	2,576
Sanitation Education/Information	83,835	(91)	1,605	85,349	88,377	85,653	304
Convenience Centers	1,131,957	(1,602)	15,135	1,145,490	1,091,767	1,150,341	4,851
Transfer Stations	37,106	0	1,774	38,880	36,150	39,038	158
Recycling Center	404,740	(3,055)	3,832	405,517	402,660	407,958	2,441
Other Waste Disposal	107,839	0	0	107,839	106,635	108,037	198
Total Expenditures	\$ 2,175,765	\$ (11,236)	\$ 23,085	\$ 2,187,614	\$ 2,136,946	\$ 2,199,071	\$ 11,457
Excess (Deficiency) of Revenues Over Expenditures	\$ (36,995)	\$ 11,236	\$ (23,085)	\$ (48,844)	\$ 5,216	\$ (97,324)	\$ 48,480
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (29,216)	\$ 0	\$ 0	\$ (29,216)	\$ (29,216)	\$ (29,216)	\$ 0
Total Other Financing Sources (Uses)	\$ (29,216)	\$ 0	\$ 0	\$ (29,216)	\$ (29,216)	\$ (29,216)	\$ 0
Net Change in Fund Balance	\$ (66,211)	\$ 11,236	\$ (23,085)	\$ (78,060)	\$ (24,000)	\$ (126,540)	\$ 48,480
Fund Balance, July 1, 2005	770,827	(11,236)	0	759,591	748,461	748,461	11,130
Fund Balance, June 30, 2006	\$ 704,616	\$ 0	\$ (23,085)	\$ 681,531	\$ 724,461	\$ 621,921	\$ 59,610

Exhibit D-3

Campbell 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	\$ 656,090	\$ 0	\$ 0	\$ 656,090	\$ 637,130	\$ 646,002	\$ 10,088
Licenses and Permits	375	0	0	375	200	200	175
Other Local Revenues	504,469	0	0	504,469	156,141	533,438	(28,969)
State of Tennessee	2,044,065	0	0	2,044,065	2,288,385	2,054,014	(9,949)
Federal Government	1,881,938	0	0	1,881,938	722,564	2,457,802	(575,864)
Other Governments and Citizens Groups	133,059	0	0	133,059	114,000	133,059	0
Total Revenues	\$ 5,219,996	\$ 0	\$ 0	\$ 5,219,996	\$ 3,918,420	\$ 5,824,515	\$ (604,519)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 163,400	\$ (219)	\$ 269	\$ 163,450	\$ 121,757	\$ 164,215	\$ 765
Highway and Bridge Maintenance	1,379,282	(75,779)	5,086	1,308,589	1,329,487	1,313,838	5,249
Operation and Maintenance of Equipment	705,337	(13,264)	7,908	699,981	492,951	713,624	13,643
Quarry Operations	202,316	0	0	202,316	203,960	203,658	1,342
Traffic Control	2,277,624	0	530,227	2,807,851	886,833	2,937,566	129,715
Other Charges	130,618	(3,286)	1,598	128,930	146,325	130,265	1,335
Employee Benefits	88,334	0	100	88,434	122,110	98,382	9,948
Capital Outlay	513,102	(14,764)	0	498,338	768,556	618,437	120,099
<u>Principal on Debt</u>							
Highways and Streets	26,875	0	0	26,875	30,000	627,000	600,125
<u>Interest on Debt</u>							
Highways and Streets	1,664	0	0	1,664	0	1,700	36
Total Expenditures	\$ 5,488,552	\$ (107,312)	\$ 545,188	\$ 5,926,428	\$ 4,101,979	\$ 6,808,685	\$ 882,257
Excess (Deficiency) of Revenues Over Expenditures	\$ (268,556)	\$ 107,312	\$ (545,188)	\$ (706,432)	\$ (183,559)	\$ (984,170)	\$ 277,738

(Continued)

Exhibit D-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 681,000	\$ 0	\$ 0	\$ 681,000	\$ 81,000	\$ 681,000	\$ 0
Total Other Financing Sources (Uses)	\$ 681,000	\$ 0	\$ 0	\$ 681,000	\$ 81,000	\$ 681,000	\$ 0
Net Change in Fund Balance	\$ 412,444	\$ 107,312	\$ (545,188)	\$ (25,432)	\$ (102,559)	\$ (303,170)	\$ 277,738
Fund Balance, July 1, 2005	625,498	(107,312)	0	518,186	508,716	508,716	9,470
Fund Balance, June 30, 2006	\$ 1,037,942	\$ 0	\$ (545,188)	\$ 492,754	\$ 406,157	\$ 205,546	\$ 287,208

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

BUDGETARY INFORMATION

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions of the county ambulance service.

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

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

Capital Projects Fund

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the construction of school facilities that will be donated to the School Department, as well as various airport improvement projects.

Exhibit E-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Ambulance Service	Drug Control	Constitu- tional Officers - Fees	Total	Other Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 7,290	\$ 7,290	\$ 0	\$ 7,290
Equity in Pooled Cash and Investments	631,976	79,994	0	711,970	558,016	1,269,986
Accounts Receivable	4,272	210	0	4,482	0	4,482
Due from Other Governments	0	0	0	0	46,139	46,139
Property Taxes Receivable	122,612	0	0	122,612	0	122,612
Allowance for Uncollectible Property Taxes	(9,410)	0	0	(9,410)	0	(9,410)
Total Assets	\$ 749,450	\$ 80,204	\$ 7,290	\$ 836,944	\$ 604,155	\$ 1,441,099
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 1,921	\$ 0	\$ 0	\$ 1,921	\$ 20,000	\$ 21,921
Payroll Deductions Payable	10,938	259	0	11,197	0	11,197
Due to Other Funds	118	0	7,290	7,408	0	7,408
Deferred Revenue - Current Property Taxes	106,468	0	0	106,468	0	106,468
Deferred Revenue - Delinquent Property Taxes	6,380	0	0	6,380	0	6,380
Other Deferred Revenues	0	23,123	0	23,123	0	23,123
Total Liabilities	\$ 125,825	\$ 23,382	\$ 7,290	\$ 156,497	\$ 20,000	\$ 176,497
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 17,115	\$ 3,367	\$ 0	\$ 20,482	\$ 8,454,805	\$ 8,475,287
Unreserved (Deficit)	606,510	53,455	0	659,965	(7,870,650)	(7,210,685)
Total Fund Balances	\$ 623,625	\$ 56,822	\$ 0	\$ 680,447	\$ 584,155	\$ 1,264,602
Total Liabilities and Fund Balances	\$ 749,450	\$ 80,204	\$ 7,290	\$ 836,944	\$ 604,155	\$ 1,441,099

Exhibit E-2

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Ambulance Service	Drug Control	Constitu- tional Officers - Fees	Total	Other Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 99,442	\$ 0	\$ 0	\$ 99,442	\$ 0	\$ 99,442
Fines, Forfeitures, and Penalties	0	95,146	0	95,146	0	95,146
Charges for Current Services	1,791,616	0	23,850	1,815,466	0	1,815,466
State of Tennessee	0	0	0	0	49,231	49,231
Total Revenues	\$ 1,891,058	\$ 95,146	\$ 23,850	\$ 2,010,054	\$ 49,231	\$ 2,059,285
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 23,850	\$ 23,850	\$ 0	\$ 23,850
Public Safety	0	101,334	0	101,334	0	101,334
Public Health and Welfare	1,528,229	0	0	1,528,229	0	1,528,229
Capital Projects	0	0	0	0	1,982,458	1,982,458
Total Expenditures	\$ 1,528,229	\$ 101,334	\$ 23,850	\$ 1,653,413	\$ 1,982,458	\$ 3,635,871
Excess (Deficiency) of Revenues Over Expenditures	\$ 362,829	\$ (6,188)	\$ 0	\$ 356,641	\$ (1,933,227)	\$ (1,576,586)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,150,000	\$ 1,150,000
Other Loans Issued	0	0	0	0	548,718	548,718
Transfers In	260,796	0	0	260,796	818,664	1,079,460
Total Other Financing Sources (Uses)	\$ 260,796	\$ 0	\$ 0	\$ 260,796	\$ 2,517,382	\$ 2,778,178
Net Change in Fund Balances	\$ 623,625	\$ (6,188)	\$ 0	\$ 617,437	\$ 584,155	\$ 1,201,592
Fund Balance, July 1, 2005	0	63,010	0	63,010	0	63,010
Fund Balance, June 30, 2006	\$ 623,625	\$ 56,822	\$ 0	\$ 680,447	\$ 584,155	\$ 1,264,602

Exhibit E-3

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service 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>						
Local Taxes	\$ 99,442	\$ 0	\$ 99,442	\$ 99,240	\$ 99,240	\$ 202
Charges for Current Services	1,791,616	0	1,791,616	1,430,594	1,531,564	260,052
Total Revenues	\$ 1,891,058	\$ 0	\$ 1,891,058	\$ 1,529,834	\$ 1,630,804	\$ 260,254
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 1,528,229	\$ 17,115	\$ 1,545,344	\$ 1,529,834	\$ 1,630,804	\$ 85,460
Total Expenditures	\$ 1,528,229	\$ 17,115	\$ 1,545,344	\$ 1,529,834	\$ 1,630,804	\$ 85,460
Excess (Deficiency) of Revenues Over Expenditures	\$ 362,829	\$ (17,115)	\$ 345,714	\$ 0	\$ 0	\$ 345,714
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 260,796	\$ 0	\$ 260,796	\$ 260,796	\$ 260,796	\$ 0
Total Other Financing Sources (Uses)	\$ 260,796	\$ 0	\$ 260,796	\$ 260,796	\$ 260,796	\$ 0
Net Change in Fund Balance	\$ 623,625	\$ (17,115)	\$ 606,510	\$ 260,796	\$ 260,796	\$ 345,714
Fund Balance, July 1, 2005	0	0	0	0	0	0
Fund Balance, June 30, 2006	\$ 623,625	\$ (17,115)	\$ 606,510	\$ 260,796	\$ 260,796	\$ 345,714

Exhibit E-4

Campbell 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	\$ 95,146	\$ 0	\$ 0	\$ 95,146	\$ 92,275	\$ 92,275	\$ 2,871
Total Revenues	\$ 95,146	\$ 0	\$ 0	\$ 95,146	\$ 92,275	\$ 92,275	\$ 2,871
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 101,334	\$ (3,132)	\$ 3,367	\$ 101,569	\$ 132,050	\$ 136,150	\$ 34,581
Total Expenditures	\$ 101,334	\$ (3,132)	\$ 3,367	\$ 101,569	\$ 132,050	\$ 136,150	\$ 34,581
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,188)	\$ 3,132	\$ (3,367)	\$ (6,423)	\$ (39,775)	\$ (43,875)	\$ 37,452
Net Change in Fund Balance	\$ (6,188)	\$ 3,132	\$ (3,367)	\$ (6,423)	\$ (39,775)	\$ (43,875)	\$ 37,452
Fund Balance, July 1, 2005	63,010	(3,132)	0	59,878	59,545	59,545	333
Fund Balance, June 30, 2006	\$ 56,822	\$ 0	\$ (3,367)	\$ 53,455	\$ 19,770	\$ 15,670	\$ 37,785

Major Governmental Funds

Debt Service Fund

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

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

Capital Projects Fund

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for transactions relating to various construction projects in the county.

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,579,374	\$ 1,524,415	\$ 1,524,415	\$ 54,959
Other Local Revenues	454,494	260,817	359,536	94,958
Other Governments and Citizens Groups	1,000,000	1,000,000	1,000,000	0
Total Revenues	<u>\$ 3,033,868</u>	<u>\$ 2,785,232</u>	<u>\$ 2,883,951</u>	<u>\$ 149,917</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,590,000	\$ 2,590,000	\$ 2,590,000	\$ 0
<u>Interest on Debt</u>				
General Government	791,772	1,202,232	1,202,232	410,460
<u>Other Debt Service</u>				
General Government	35,022	48,000	48,000	12,978
Total Expenditures	<u>\$ 3,416,794</u>	<u>\$ 3,840,232</u>	<u>\$ 3,840,232</u>	<u>\$ 423,438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (382,926)</u>	<u>\$ (1,055,000)</u>	<u>\$ (956,281)</u>	<u>\$ 573,355</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,146	\$ 55,000	\$ 55,000	\$ (4,854)
Transfers Out	(98,719)	0	(98,719)	0
Total Other Financing Sources (Uses)	<u>\$ (48,573)</u>	<u>\$ 55,000</u>	<u>\$ (43,719)</u>	<u>\$ (4,854)</u>
Net Change in Fund Balance	\$ (431,499)	\$ (1,000,000)	\$ (1,000,000)	\$ 568,501
Fund Balance, July 1, 2005	<u>2,533,550</u>	<u>2,499,465</u>	<u>2,499,465</u>	<u>34,085</u>
Fund Balance, June 30, 2006	<u>\$ 2,102,051</u>	<u>\$ 1,499,465</u>	<u>\$ 1,499,465</u>	<u>\$ 602,586</u>

Exhibit F-2

Campbell 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	
<u>Revenues</u>							
Local Taxes	\$ 558,214	\$ 0	\$ 0	\$ 558,214	\$ 601,280	\$ 531,280	\$ 26,934
State of Tennessee	13,000	0	0	13,000	1,017,800	21,000	(8,000)
Federal Government	301,050	0	0	301,050	750,000	304,039	(2,989)
Total Revenues	\$ 872,264	\$ 0	\$ 0	\$ 872,264	\$ 2,369,080	\$ 856,319	\$ 15,945
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Other Waste Disposal	\$ 15,222	\$ 0	\$ 0	\$ 15,222	\$ 0	\$ 21,000	\$ 5,778
<u>Capital Projects</u>							
General Administration Projects	39,648	(1,479)	13,431	51,600	75,000	71,060	19,460
Public Safety Projects	2,953,350	(3,903,943)	1,038,608	88,015	2,853,805	90,000	1,985
Public Health and Welfare Projects	345,266	(291,342)	50,399	104,323	282,700	114,472	10,149
Highway & Street Capital Projects	711,272	(298,120)	2,236	415,388	411,872	526,622	111,234
Total Expenditures	\$ 4,064,758	\$ (4,494,884)	\$ 1,104,674	\$ 674,548	\$ 3,623,377	\$ 823,154	\$ 148,606
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (3,192,494)	\$ 4,494,884	\$ (1,104,674)	\$ 197,716	\$ (1,254,297)	\$ 33,165	\$ 164,551
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 450,000	\$ 0	\$ 0
Notes Issued	0	0	0	0	150,000	0	0
Other Loans Issued	2,966,219	0	0	2,966,219	0	2,966,219	0
Transfers In	0	0	0	0	50,000	0	0
Transfers Out	(470,091)	0	0	(470,091)	(55,000)	(474,945)	4,854
Total Other Financing Sources (Uses)	\$ 2,496,128	\$ 0	\$ 0	\$ 2,496,128	\$ 595,000	\$ 2,491,274	\$ 4,854
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ (696,366)	\$ 4,494,884	\$ (1,104,674)	\$ 2,693,844	\$ (659,297)	\$ 2,524,439	\$ 169,405
	888,742	(4,494,884)	0	(3,606,142)	709,297	709,297	(4,315,439)
Fund Balance, June 30, 2006							
	\$ 192,376	\$ 0	\$ (1,104,674)	\$ (912,298)	\$ 50,000	\$ 3,233,736	\$ (4,146,034)

Fiduciary Funds

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

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

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

Exhibit G-1

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

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 12,803,384	\$ 12,803,384
Due from Other Governments	539,997	0	539,997
Total Assets	<u>\$ 539,997</u>	<u>\$ 12,803,384</u>	<u>\$ 13,343,381</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 539,997	\$ 0	\$ 539,997
Due to Litigants, Heirs, and Others	0	12,803,384	12,803,384
Total Liabilities	<u>\$ 539,997</u>	<u>\$ 12,803,384</u>	<u>\$ 13,343,381</u>

Exhibit G-2

Campbell 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	\$ 2,972,925	\$ 2,972,925	\$ 0
Due From Other Governments	356,317	539,997	356,317	539,997
Total Assets	\$ 356,317	\$ 3,512,922	\$ 3,329,242	\$ 539,997
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 356,317	\$ 3,512,922	\$ 3,329,242	\$ 539,997
Total Liabilities	\$ 356,317	\$ 3,512,922	\$ 3,329,242	\$ 539,997
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 13,932,737	\$ 9,238,683	\$ 10,368,036	\$ 12,803,384
Accounts Receivable	146	0	146	0
Total Assets	\$ 13,932,883	\$ 9,238,683	\$ 10,368,182	\$ 12,803,384
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 13,932,883	\$ 9,238,683	\$ 10,368,182	\$ 12,803,384
Total Liabilities	\$ 13,932,883	\$ 9,238,683	\$ 10,368,182	\$ 12,803,384
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,972,925	\$ 2,972,925	\$ 0
Cash	13,932,737	9,238,683	10,368,036	12,803,384
Accounts Receivable	146	0	146	0
Due From Other Governments	356,317	539,997	356,317	539,997
Total Assets	\$ 14,289,200	\$ 12,751,605	\$ 13,697,424	\$ 13,343,381
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 356,317	\$ 3,512,922	\$ 3,329,242	\$ 539,997
Due to Litigants, Heirs, and Others	13,932,883	9,238,683	10,368,182	12,803,384
Total Liabilities	\$ 14,289,200	\$ 12,751,605	\$ 13,697,424	\$ 13,343,381

MISCELLANEOUS SCHEDULES

Exhibit H-1

Campbell County, Tennessee
Schedule of Changes in Long-term Notes, Bonds, and Other Loans
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
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Construction of Rock/Salt Facility	\$ 81,000	4.09 %	11-15-05	11-15-08	\$ 0	\$ 81,000	\$ 26,875	\$ 54,125
Highway Improvements	600,000	4.73	6-20-06	6-20-07	0	600,000	0	600,000
<u>Payable through General Debt Service Fund</u>								
Kentucky Street Project	50,000	5.64	11-15-05	12-15-05	0	50,000	50,000	0
School Improvements	100,000	5.64	11-15-05	12-15-05	0	100,000	100,000	0
Construction of New Jail Facility	1,000,000	4.25	1-17-06	2-16-06	0	1,000,000	1,000,000	0
Total Notes Payable					<u>\$ 0</u>	<u>\$ 1,831,000</u>	<u>\$ 1,176,875</u>	<u>\$ 654,125</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Refunding	3,595,000	3.5 to 4.1	1-6-1999	4-1-10	\$ 2,230,000	\$ 0	\$ 490,000	\$ 1,740,000
Refunding	4,875,000	2 to 3	10-6-03	4-1-09	3,935,000	0	950,000	2,985,000
Total Bonds Payable					<u>\$ 6,165,000</u>	<u>\$ 0</u>	<u>\$ 1,440,000</u>	<u>\$ 4,725,000</u>
OTHER LOANS PAYABLE								
<u>Public Building Authority Loan Agreement</u>								
<u>Payable through General Debt Service Fund</u>								
Public Improvement & Refunding, Series B-6-A	(1)	4 to 5	7-27-04	6-1-19	\$ 8,605,681	\$ 2,966,219	\$ 0	\$ 11,571,900
Public Improvement, Series D-8-C	(2)	5	6-29-06	6-1-26	0	548,718	0	548,718
Total Other Loans Payable					<u>\$ 8,605,681</u>	<u>\$ 3,514,937</u>	<u>\$ 0</u>	<u>\$ 12,120,618</u>

(1) The total amount approved for draws under this loan agreement is \$12,550,000 of which \$978,100 had not been drawn as of June 30, 2006.

(2) The total amount approved for draws under this loan agreement is \$8,000,000 of which \$7,451,282 had not been drawn as of June 30, 2006.

Exhibit H-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 1,480,000	\$ 149,503	\$ 1,629,503
2008	1,530,000	105,035	1,635,035
2009	1,585,000	58,760	1,643,760
2010	130,000	5,330	135,330
Total	<u>\$ 4,725,000</u>	<u>\$ 318,628</u>	<u>\$ 5,043,628</u>

Exhibit H-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Ambulance Service	To provide funds for operations	\$ 260,796
General	Other Capital Projects	To provide funds for operations	300,000
Solid Waste/Sanitation	General	Indirect costs - financial management system	29,216
General Debt Service	Other Capital Projects	To reimburse for debt issuance costs	98,719
General Capital Projects	General Debt Service	To provide funds for retirement of debt	50,146
General Capital Projects	Other Capital Projects	To provide funds for operations	<u>419,945</u>
Total Transfers			<u>\$ 1,158,822</u>

Exhibit H-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 64,734	\$ 50,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	61,652	100,000	Auto Owners (Mutual) Insurance Company
Trustee	Section 8-24-102, TCA	56,048 (1)	1,052,400	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	56,048 (3)	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	56,048 (1)	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	56,048 (1)	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	79,898 (2)	60,000	"
Register	Section 8-24-102, TCA	56,048	25,000	"
Sheriff	Section 8-24-102, TCA	61,652	25,000	"
Director of Finance	County Commission	60,252	50,000	"

General County Employees' Blanket Bond 150,000 Tennessee School Boards Risk Management Trust

- (1) Does not include an annual travel allowance of \$4,500 each.
- (2) Includes special commissioner fees of \$23,850.
- (3) Does not include an annual travel allowance of \$6,000.

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,758,801	\$ 1,603,751	\$ 100,251	\$ 0	\$ 0	\$ 400,937
Discount on Property Taxes	(32,221)	(13,748)	(859)	0	0	(3,437)
Trustee's Collections - Prior Year	243,066	103,891	0	0	0	23,275
Circuit/Clerk & Master Collections - Prior Years	216,603	92,362	0	0	0	20,794
Interest and Penalty	49,085	20,396	50	0	0	4,757
Payments in-Lieu-of Taxes - T.V.A.	13,388	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	194,205	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	130,035	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	0	0	0	0	0	0
Wheel Tax	45,871	0	0	0	0	0
Litigation Tax - General	76,378	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	196,134	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	168,532
Other County Local Option Taxes	68,527	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	148,919	0	0	0	0	0
Wholesale Beer Tax	108,498	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	41,232
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 5,217,289	\$ 1,806,652	\$ 99,442	\$ 0	\$ 0	\$ 656,090
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 2,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Animal Registration	0	9,348	0	0	0	0
Cable TV Franchise	104,765	0	0	0	0	0
<u>Permits</u>						
Beer Permits	618	0	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$ 4,208	\$ 0	\$ 0	\$ 0	\$ 0	375
Total Licenses and Permits	\$ 111,752	\$ 9,348	\$ 0	\$ 0	\$ 0	375
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 9,564	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	6,386	0	0	0	0	0
Drug Control Fines	0	0	0	16,654	0	0
Drug Court Fees	11,969	0	0	0	0	0
Jail Fees	3,900	0	0	0	0	0
Data Entry Fee - Circuit Court	434	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	3,035	0	0	0	0	0
Data Entry Fee - Criminal Court	375	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	25,389	0	0	0	0	0
Officers Costs	45,552	0	0	0	0	0
Game and Fish Fines	758	0	0	0	0	0
Drug Control Fines	0	0	0	36,513	0	0
Drug Court Fees	25,908	0	0	0	0	0
Jail Fees	27,230	0	0	0	0	0
DUI Treatment Fines	8,821	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,741	0	0	0	0	0
Courtroom Security Fee	72	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,624	0	0	0	0	0
Officers Costs	4,748	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	10,487	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	475	0	0	0	0	0

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	\$ 4	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	1,312	0	0	41,979	0	0
Total Fines, Forfeitures, and Penalties	\$ 199,784	\$ 0	\$ 0	\$ 95,146	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - General	\$ 0	\$ 5,480	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	0	0	1,791,516	0	0	0
Other General Service Charges	0	0	100	0	0	0
<u>Fees</u>						
Copy Fees	15,777	0	0	0	0	0
Telephone Commissions	7,741	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	23,850	0
Data Processing Fee - Register	20,124	0	0	0	0	0
Data Processing Fee - Sheriff	12,591	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,362	0	0	0	0	0
<u>Education Charges</u>						
TBI Criminal Background Fees	393	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	0	1,068	0	0	0	0
Total Charges for Current Services	\$ 58,988	\$ 6,548	\$ 1,791,616	\$ 0	\$ 23,850	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 489	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	118,868	434	0	0	0	0
Sale of Gasoline	120	0	0	0	0	286,182
Sale of Maps	1,202	0	0	0	0	0
Sale of Recycled Materials	0	118,811	0	0	0	0
Miscellaneous Refunds	5,775	22	0	0	0	155

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 1,613	\$ 1,725	\$ 0	\$ 0	\$ 0	\$ 38,514
Contributions & Gifts	1,000	146	0	0	0	125,556
<u>Other Local Revenues</u>						
Other Local Revenues	12,059	2,952	0	0	0	54,062
Total Other Local Revenues	\$ 141,126	\$ 124,090	\$ 0	\$ 0	\$ 0	\$ 504,469
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 356,543	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	93,127	0	0	0	0	0
General Sessions Court Clerk	267,254	0	0	0	0	0
Clerk and Master	180,623	0	0	0	0	0
Register	271,154	0	0	0	0	0
Sheriff	27,773	0	0	0	0	0
Trustee	467,936	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,664,410	\$ 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
Airport Maintenance Program	7,585	0	0	0	0	0
Aging Programs	8,607	0	0	0	0	0
State Reappraisal Grant	17,031	0	0	0	0	0
Solid Waste Grants	0	134,746	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	437,020	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	178,130

(Continued)

Exhibit H-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants (Cont.)</u>						
Litter Program	\$ 0	\$ 57,386	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other State Revenues</u>						
Income Tax	65,404	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0
Alcoholic Beverage Tax	49,885	0	0	0	0	0
Mixed Drink Tax	6,487	0	0	0	0	0
State Revenue Sharing - T.V.A.	801,485	0	0	0	0	0
Contracted Prisoner Boarding	503,262	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,833,875
Petroleum Special Tax	0	0	0	0	0	32,060
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	5,000	0	0	0	0	0
Other State Revenues	2,120	0	0	0	0	0
Total State of Tennessee	\$ 1,946,478	\$ 192,132	\$ 0	\$ 0	\$ 0	\$ 2,044,065
<u>Federal Government</u>						
<u>Federal Through State</u>						
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0	1,881,938
Other Federal through State	271,270	0	0	0	0	0
Total Federal Government	\$ 271,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,881,938
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 14,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	108,284	0	0	0	0	0
Contracted Services	1,575	0	0	0	0	133,059
<u>Other</u>						
Other	42,202	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 166,771	\$ 0	\$ 0	\$ 0	\$ 0	\$ 133,059
Total	\$ 9,777,868	\$ 2,138,770	\$ 1,891,058	\$ 95,146	\$ 23,850	\$ 5,219,996

(Continued)

Exhibit H-5

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

	Debt Service Fund			Capital Projects Funds		Total
	General Debt Service	General Capital Projects	Other Capital Projects			
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 551,299	\$ 400,876	\$ 0	\$ 6,815,915		
Discount on Property Taxes	(4,726)	(3,437)	0	(58,428)		
Trustee's Collections - Prior Year	31,050	20,757	0	422,039		
Circuit/Clerk & Master Collections - Prior Years	27,618	18,801	0	376,178		
Interest and Penalty	6,371	4,003	0	84,662		
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	13,388		
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	194,205		
Payments in-Lieu-of Taxes - Other	0	0	0	130,035		
<u>County Local Option Taxes</u>						
Local Option Sales Tax	954,769	0	0	954,769		
Hotel/Motel Tax	0	31,772	0	31,772		
Wheel Tax	0	0	0	45,871		
Litigation Tax - General	0	0	0	76,378		
Litigation Tax - Special Purpose	5,897	30,322	0	36,219		
Litigation Tax - Jail, Workhouse, or Courthouse	0	55,120	0	55,120		
Business Tax	0	0	0	196,134		
Mineral Severance Tax	0	0	0	168,532		
Other County Local Option Taxes	0	0	0	68,527		
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	148,919		
Wholesale Beer Tax	0	0	0	108,498		
Coal Severance Tax	0	0	0	41,232		
Interstate Telecommunications Tax	7,096	0	0	7,096		
Total Local Taxes	\$ 1,579,374	\$ 558,214	\$ 0	\$ 9,917,061		
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	2,161		
Animal Registration	0	0	0	9,348		
Cable TV Franchise	0	0	0	104,765		
<u>Permits</u>						
Beer Permits	0	0	0	618		

(Continued)

Exhibit H-5

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

	Debt Service Fund			Capital Projects Funds		
	General	Debt	Service	General	Other	Total
	Capital	Projects	Projects	Capital	Projects	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$	0	\$	0	\$	0 \$ 4,583
Total Licenses and Permits	\$	0	\$	0	\$	0 \$ 121,475
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$	0	\$	0	\$	0 \$ 9,564
Officers Costs		0		0		6,386
Drug Control Fines		0		0		16,654
Drug Court Fees		0		0		11,969
Jail Fees		0		0		3,900
Data Entry Fee - Circuit Court		0		0		434
<u>Criminal Court</u>						
DUI Treatment Fines		0		0		3,035
Data Entry Fee - Criminal Court		0		0		375
<u>General Sessions Court</u>						
Fines		0		0		25,389
Officers Costs		0		0		45,552
Game and Fish Fines		0		0		758
Drug Control Fines		0		0		36,513
Drug Court Fees		0		0		25,908
Jail Fees		0		0		27,230
DUI Treatment Fines		0		0		8,821
Data Entry Fee - General Sessions Court		0		0		11,741
Courtroom Security Fee		0		0		72
<u>Juvenile Court</u>						
Fines		0		0		1,624
Officers Costs		0		0		4,748
<u>Chancery Court</u>						
Officers Costs		0		0		10,487
<u>Other Courts - In-county</u>						
Fines		0		0		475

(Continued)

Exhibit H-5

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

	Debt Service Fund			Capital Projects Funds			
	General	Debt	Service	General	Capital	Other	Total
				Projects	Capital	Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	\$	0	\$	0	\$	0	\$ 4
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property		0		0		0	43,291
Total Fines, Forfeitures, and Penalties	\$	0	\$	0	\$	0	\$ 294,930
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Surcharge - General	\$	0	\$	0	\$	0	\$ 5,480
Patient Charges		0		0		0	1,791,516
Other General Service Charges		0		0		0	100
<u>Fees</u>							
Copy Fees		0		0		0	15,777
Telephone Commissions		0		0		0	7,741
Special Commissioner Fees/Special Master Fees		0		0		0	23,850
Data Processing Fee - Register		0		0		0	20,124
Data Processing Fee - Sheriff		0		0		0	12,591
Sexual Offender Registration Fees - Sheriff		0		0		0	2,362
<u>Education Charges</u>							
TBI Criminal Background Fees		0		0		0	393
<u>Other Charges for Services</u>							
Other Charges for Services		0		0		0	1,068
Total Charges for Current Services	\$	0	\$	0	\$	0	\$ 1,881,002
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$	454,494	\$	0	\$	0	\$ 454,983
Lease/Rentals		0		0		0	119,302
Sale of Gasoline		0		0		0	286,302
Sale of Maps		0		0		0	1,202
Sale of Recycled Materials		0		0		0	118,811
Miscellaneous Refunds		0		0		0	5,952

(Continued)

Exhibit H-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Sale of Equipment	\$ 0	\$ 0	\$ 0	\$ 41,852
Contributions & Gifts	0	0	0	126,702
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	0	69,073
Total Other Local Revenues	<u>\$ 454,494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,224,179</u>
<u>Fees Received from County Officials</u>				
<u>Fees-In-Lieu of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 356,543
Circuit Court Clerk	0	0	0	93,127
General Sessions Court Clerk	0	0	0	267,254
Clerk and Master	0	0	0	180,623
Register	0	0	0	271,154
Sheriff	0	0	0	27,773
Trustee	0	0	0	467,936
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,664,410</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	0	0	49,231	56,816
Aging Programs	0	0	0	8,607
State Reappraisal Grant	0	0	0	17,031
Solid Waste Grants	0	13,000	0	147,746
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	437,020
<u>Public Works Grants</u>				
State Aid Program	0	0	0	178,130

(Continued)

Exhibit H-5

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

	Debt Service Fund			Capital Projects Funds			
	General	Debt	Service	General	Capital	Other	Total
				Capital	Projects		
				Projects	Capital		
				Projects	Projects		
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
Litter Program	\$	0	\$	0	\$	0	\$ 57,386
<u>Other State Revenues</u>							
Income Tax		0		0		0	65,404
Beer Tax		0		0		0	17,212
Alcoholic Beverage Tax		0		0		0	49,885
Mixed Drink Tax		0		0		0	6,487
State Revenue Sharing - T.V.A.		0		0		0	801,485
Contracted Prisoner Boarding		0		0		0	503,262
Gasoline and Motor Fuel Tax		0		0		0	1,833,875
Petroleum Special Tax		0		0		0	32,060
Registrar's Salary Supplement		0		0		0	16,380
Other State Grants		0		0		0	5,000
Other State Revenues		0		0		0	2,120
Total State of Tennessee	\$	0	\$	13,000	\$	49,231	\$ 4,244,906
<u>Federal Government</u>							
<u>Federal Through State</u>							
Appalachian Regional Commission	\$	0	\$	289,400	\$	0	\$ 289,400
Disaster Relief		0		0		0	1,881,938
Other Federal through State		0		11,650		0	282,920
Total Federal Government	\$	0	\$	301,050	\$	0	\$ 2,454,258
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Prisoner Board	\$	0	\$	0	\$	0	\$ 14,710
Contributions		1,000,000		0		0	1,108,284
Contracted Services		0		0		0	134,634
<u>Other</u>							
Other		0		0		0	42,202
Total Other Governments and Citizens Groups	\$	1,000,000	\$	0	\$	0	\$ 1,299,830
Total	\$	3,033,868	\$	872,264	\$	49,231	\$ 23,102,051

Exhibit H-6

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

General Fund

General Government

County Commission

Assistant(s)	\$	27,288	
Other Salaries & Wages		1,750	
Board and Committee Members Fees		28,132	
Social Security		7,127	
State Retirement		4,504	
Life Insurance		814	
Medical Insurance		27,453	
Employer Medicare		1,667	
Other Fringe Benefits		240	
Audit Services		9,207	
Communication		1,902	
Contracts with Government Agencies		948	
Dues and Memberships		1,600	
Postal Charges		324	
Travel		77,524	
Office Supplies		2,110	
Office Equipment		8,513	
Total County Commission			\$ 201,103

Board of Equalization

Board and Committee Members Fees	\$	3,360	
Life Insurance		27	
Medical Insurance		3,346	
Travel		263	
Total Board of Equalization			6,996

County Mayor/Executive

County Official/Administrative Officer	\$	64,734	
Assistant(s)		74,680	
Other Salaries & Wages		1,300	
Social Security		8,762	
State Retirement		4,812	
Life Insurance		212	
Medical Insurance		14,186	
Employer Medicare		2,049	
Other Fringe Benefits		45	
Communication		3,660	
Dues and Memberships		1,600	
Legal Notices, Recording, and Court Costs		247	
Maintenance & Repair Services - Office Equipment		2,033	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Maintenance & Repair Services - Vehicles	\$	572	
Postal Charges		148	
Travel		7,046	
Office Supplies		2,397	
Premiums on Corporate Surety Bonds		175	
Other Charges		400	
Office Equipment		2,033	
Total County Mayor/Executive			\$ 191,091

County Attorney

County Official/Administrative Officer	\$	25,401	
Social Security		1,387	
State Retirement		1,491	
Life Insurance		71	
Medical Insurance		9,084	
Employer Medicare		324	
Other Fringe Benefits		15	
Legal Notices, Recording, and Court Costs		3,000	
Total County Attorney			40,773

Election Commission

County Official/Administrative Officer	\$	50,443	
Supervisor/Director		27,328	
Data Processing Personnel		19,039	
Overtime Pay		866	
Election Commission		13,900	
Election Workers		232	
Social Security		5,705	
State Retirement		5,747	
Life Insurance		179	
Medical Insurance		13,705	
Employer Medicare		1,334	
Other Fringe Benefits		45	
Communication		2,377	
Legal Notices, Recording, and Court Costs		942	
Maintenance & Repair Services - Office Equipment		6,760	
Postal Charges		4,000	
Travel		9,794	
Office Supplies		2,517	
Utilities		4,162	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Building Improvements	\$	2,438	
Office Equipment		5,371	
Voting Machines		246,085	
Total Election Commission			\$ 422,969

Register of Deeds

County Official/Administrative Officer	\$	56,048	
Deputy(ies)		33,580	
Data Processing Personnel		49,781	
Social Security		7,930	
State Retirement		8,183	
Life Insurance		282	
Medical Insurance		27,793	
Employer Medicare		1,855	
Other Fringe Benefits		60	
Communication		2,305	
Contracts with Private Agencies		773	
Dues and Memberships		135	
Maintenance & Repair Services - Office Equipment		1,620	
Postal Charges		3,005	
Rentals		15,735	
Travel		176	
Data Processing Supplies		716	
Office Supplies		3,356	
Premiums on Corporate Surety Bonds		100	
Total Register of Deeds			213,433

Development

Board and Committee Members Fees	\$	2,850	
Social Security		53	
State Retirement		35	
Employer Medicare		12	
Travel		310	
Building Purchases		60,911	
Total Development			64,171

Planning

Board and Committee Members Fees	\$	7,250	
Social Security		403	
State Retirement		211	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Employer Medicare	\$	94	
Contributions		10,500	
Legal Services		1,000	
Travel		3,000	
Total Planning			\$ 22,458

County Buildings

Supervisor/Director	\$	33,442	
Custodial Personnel		45,053	
Part-time Personnel		4,892	
Social Security		5,157	
State Retirement		5,207	
Life Insurance		179	
Medical Insurance		15,750	
Employer Medicare		1,206	
Other Fringe Benefits		45	
Communication		435	
Maintenance & Repair Services - Buildings		26,789	
Maintenance & Repair Services - Equipment		11,581	
Pest Control		825	
Travel		4,501	
Custodial Supplies		11,151	
Electricity		13,258	
Uniforms		2,197	
Water and Sewer		5,204	
Total County Buildings			186,872

Other Facilities

Contracts with Private Agencies	\$	1,425	
Maintenance & Repair Services - Buildings		150	
Maintenance & Repair Services - Equipment		552	
Utilities		4,634	
Building and Contents Insurance		1,102	
Building Improvements		9,524	
Total Other Facilities			17,387

Finance

Accounting and Budgeting

Supervisor/Director	\$	60,252
Accountants/Bookkeepers		368,775

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Overtime Pay	\$	407	
Social Security		25,214	
State Retirement		25,391	
Life Insurance		728	
Medical Insurance		62,934	
Employer Medicare		5,897	
Other Fringe Benefits		180	
Communication		6,671	
Data Processing Services		5,746	
Dues and Memberships		1,328	
Maintenance & Repair Services - Equipment		4,000	
Postal Charges		6,352	
Travel		10,048	
Data Processing Supplies		8,231	
Office Supplies		4,966	
Premiums on Corporate Surety Bonds		175	
Office Equipment		6,460	
Total Accounting and Budgeting			\$ 603,755

Property Assessor's Office

County Official/Administrative Officer	\$	56,048	
Assessment Personnel		177,506	
Part-time Personnel		374	
Social Security		13,710	
State Retirement		14,061	
Life Insurance		514	
Medical Insurance		43,475	
Employer Medicare		3,207	
Other Fringe Benefits		120	
Communication		2,839	
Contracts with Private Agencies		150	
Dues and Memberships		2,160	
Maintenance & Repair Services - Office Equipment		672	
Postal Charges		2,482	
Travel		19,570	
Data Processing Supplies		5,328	
Office Supplies		2,055	
Other Charges		227,444	
Office Equipment		11,059	
Total Property Assessor's Office			582,774

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Assessment Personnel	\$	30,004	
Social Security		1,861	
State Retirement		1,762	
Employer Medicare		435	
Total Reappraisal Program			\$ 34,062

County Trustee's Office

County Official/Administrative Officer	\$	56,048	
Supervisor/Director		27,919	
Deputy(ies)		35,702	
Data Processing Personnel		24,672	
Part-time Personnel		1,743	
Social Security		8,841	
State Retirement		8,737	
Life Insurance		282	
Medical Insurance		23,091	
Employer Medicare		2,068	
Other Fringe Benefits		60	
Communication		2,882	
Data Processing Services		2,602	
Dues and Memberships		10	
Legal Notices, Recording, and Court Costs		130	
Maintenance & Repair Services - Office Equipment		647	
Postal Charges		7,990	
Travel		4,731	
Office Supplies		4,572	
Premiums on Corporate Surety Bonds		4,547	
Data Processing Equipment		50	
Office Equipment		20,337	
Total County Trustee's Office			237,661

County Clerk's Office

County Official/Administrative Officer	\$	56,048
Supervisor/Director		118,099
Deputy(ies)		35,592
Data Processing Personnel		44,020
Clerical Personnel		58,836
Other Salaries & Wages		3,410
Social Security		18,956
State Retirement		16,454

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Life Insurance	\$	565	
Medical Insurance		32,689	
Employer Medicare		4,433	
Other Fringe Benefits		165	
Communication		9,097	
Data Processing Services		9,181	
Dues and Memberships		582	
Legal Notices, Recording, and Court Costs		70	
Maintenance & Repair Services - Buildings		97	
Maintenance & Repair Services - Office Equipment		3,465	
Postal Charges		8,125	
Rentals		6,000	
Travel		7,445	
Office Supplies		6,007	
Utilities		1,054	
Premiums on Corporate Surety Bonds		300	
Office Equipment		3,320	
Total County Clerk's Office			\$ 444,010

Other Finance

Audit Services	\$	11,750	
Contracts with Government Agencies		14,519	
Data Processing Services		12,400	
Legal Notices, Recording, and Court Costs		1,793	
Maintenance & Repair Services - Office Equipment		3,526	
Printing, Stationery, and Forms		1,683	
Rentals		4,800	
Data Processing Supplies		5,536	
Library Books/Media		329	
Utilities		4,483	
Other Supplies and Materials		4,266	
Building and Contents Insurance		33,664	
Liability Insurance		82,997	
Trustee's Commission		118,292	
Other Charges		67,690	
Office Equipment		7,745	
Total Other Finance			375,473

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,048	
Supervisor/Director		142,804	
Deputy(ies)		33,470	
Data Processing Personnel		45,781	
Clerical Personnel		9,966	
Part-time Personnel		16,150	
Overtime Pay		3,854	
Jury and Witness Fees		28,861	
Social Security		18,258	
State Retirement		17,072	
Life Insurance		674	
Medical Insurance		40,871	
Employer Medicare		4,270	
Other Fringe Benefits		180	
Communication		6,011	
Data Processing Services		4,410	
Dues and Memberships		522	
Operating Lease Payments		4,730	
Maintenance & Repair Services - Office Equipment		3,271	
Postal Charges		5,500	
Travel		9,938	
Data Processing Supplies		677	
Office Supplies		8,124	
Uniforms		742	
Premiums on Corporate Surety Bonds		275	
Office Equipment		8,059	
Total Circuit Court			\$ 470,518

General Sessions Court

Judge(s)	\$	100,402
Assistant(s)		25,243
Social Security		7,253
State Retirement		7,375
Life Insurance		125
Employer Medicare		1,822
Other Fringe Benefits		30
Communication		1,877
Dues and Memberships		450
Maintenance & Repair Services - Office Equipment		300
Postal Charges		125

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Travel	\$	1,251	
Library Books/Media		284	
Office Supplies		248	
Office Equipment		91	
Total General Sessions Court			\$ 146,876

Drug Court

Other Salaries & Wages	\$	13,043	
Social Security		776	
State Retirement		766	
Life Insurance		18	
Medical Insurance		1,115	
Employer Medicare		182	
Communication		1,811	
Consultants		3,021	
Postal Charges		100	
Rentals		3,000	
Travel		430	
Office Supplies		163	
Other Supplies and Materials		1,167	
Workers' Compensation Insurance		182	
In Service/Staff Development		861	
Total Drug Court			26,635

Chancery Court

County Official/Administrative Officer	\$	56,048	
Supervisor/Director		29,404	
Deputy(ies)		31,597	
Data Processing Personnel		24,849	
Part-time Personnel		556	
Overtime Pay		6,539	
Social Security		8,446	
State Retirement		8,713	
Life Insurance		266	
Medical Insurance		23,146	
Employer Medicare		1,975	
Other Fringe Benefits		60	
Communication		1,414	
Dues and Memberships		522	
Maintenance & Repair Services - Office Equipment		183	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Postal Charges	\$	2,000	
Travel		58	
Office Supplies		5,045	
Premiums on Corporate Surety Bonds		300	
Office Equipment		1,652	
Total Chancery Court			\$ 202,773

District Attorney General

Clerical Personnel	\$	17,947	
Social Security		1,113	
State Retirement		1,053	
Employer Medicare		260	
Other Fringe Benefits		15	
Contracts with Private Agencies		57,200	
Total District Attorney General			77,588

Other Administration of Justice

Rentals	\$	1,590	
Total Other Administration of Justice			1,590

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	30,826	
Assistant(s)		15,702	
Supervisor/Director		39,122	
Deputy(ies)		458,913	
Detective(s)		70,582	
Captain(s)		37,606	
Sergeant(s)		85,920	
Data Processing Personnel		46,948	
Part-time Personnel		11,426	
Overtime Pay		102,936	
Social Security		52,138	
State Retirement		48,792	
Life Insurance		1,685	
Medical Insurance		150,452	
Employer Medicare		12,218	
Other Fringe Benefits		450	
Communication		23,735	
Contracts with Private Agencies		70	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	1,625	
Legal Notices, Recording, and Court Costs		217	
Maintenance & Repair Services - Equipment		2,529	
Maintenance & Repair Services - Vehicles		32,595	
Pest Control		235	
Postal Charges		1,442	
Rentals		3,300	
Tow-in Services		2,447	
Travel		5,563	
Gasoline		117,933	
Law Enforcement Supplies		3,930	
Office Supplies		6,598	
Uniforms		10,792	
Liability Insurance		75,214	
Premiums on Corporate Surety Bonds		5,200	
Vehicle and Equipment Insurance		31,726	
In Service/Staff Development		8,070	
Motor Vehicles		24,146	
Total Sheriff's Department			\$ 1,523,083

Traffic Control

Contracts with Private Agencies	\$	650	
Electricity		75	
Total Traffic Control			725

Wheel Tax Officer

Supervisor/Director	\$	23,587	
Social Security		1,339	
State Retirement		1,385	
Life Insurance		71	
Medical Insurance		7,093	
Employer Medicare		313	
Other Fringe Benefits		15	
Communication		1,540	
Maintenance & Repair Services - Vehicles		1,472	
Postal Charges		1,212	
Office Supplies		200	
Workers' Compensation Insurance		109	
Office Equipment		2,329	
Total Wheel Tax Officer			40,665

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Charges	\$ 820		
Total Administration of the Sexual Offender Registry		\$	820

Jail

County Official/Administrative Officer	\$ 30,826
Assistant(s)	15,702
Supervisor/Director	13,041
Deputy(ies)	51,451
Captain(s)	35,674
Sergeant(s)	57,648
Data Processing Personnel	46,949
Guards	444,762
Cafeteria Personnel	20,212
Overtime Pay	54,088
Social Security	45,406
State Retirement	42,851
Life Insurance	1,509
Medical Insurance	111,142
Employer Medicare	10,595
Other Fringe Benefits	435
Communication	1,748
Data Processing Services	6,600
Maintenance & Repair Services - Buildings	9,859
Maintenance & Repair Services - Equipment	1,890
Maintenance & Repair Services - Office Equipment	1,527
Medical and Dental Services	274,300
Pest Control	800
Postal Charges	500
Travel	6,244
Electricity	51,764
Food Preparation Supplies	30,283
Food Supplies	121,388
Natural Gas	38,657
Office Supplies	5,039
Prisoners Clothing	2,856
Uniforms	13,204
Water and Sewer	42,001
Other Supplies and Materials	9,636
Liability Insurance	144,926
Vehicle and Equipment Insurance	3,525

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Workers' Compensation Insurance	\$	27,519	
In Service/Staff Development		3,802	
Communication Equipment		1,500	
Office Equipment		1,992	
Total Jail			\$ 1,783,851

Juvenile Services

Youth Service Officer(s)	\$	16,512	
Social Security		1,024	
Employer Medicare		239	
Other Fringe Benefits		15	
Contracts with Government Agencies		23,460	
Office Supplies		92	
Total Juvenile Services			41,342

Fire Prevention and Control

Contributions	\$	2,000	
Total Fire Prevention and Control			2,000

Civil Defense

Communication	\$	1,015	
Contributions		35	
Maintenance & Repair Services - Vehicles		88	
Travel		120	
Other Contracted Services		2,100	
Gasoline		664	
Other Supplies and Materials		75,319	
Vehicle and Equipment Insurance		2,200	
Communication Equipment		1,979	
Motor Vehicles		24,971	
Other Equipment		2,300	
Total Civil Defense			110,791

Rescue Squad

Liability Insurance	\$	400	
Vehicle and Equipment Insurance		34,553	
Total Rescue Squad			34,953

Other Emergency Management

Communication	\$	1,500	
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(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Contracts with Government Agencies	\$	176,210	
Contributions		57,400	
Liability Insurance		5,767	
Vehicle and Equipment Insurance		28,732	
Workers' Compensation Insurance		7,753	
Total Other Emergency Management			\$ 277,362

County Coroner/Medical Examiner

County Official/Administrative Officer	\$	3,787	
Social Security		55	
Life Insurance		71	
Medical Insurance		9,084	
Employer Medicare		13	
Other Fringe Benefits		15	
Contracts with Vehicle Owners		8,011	
Total County Coroner/Medical Examiner			21,036

Other Public Safety

Deputy(ies)	\$	11,185	
Guards		52,985	
Overtime Pay		565	
Other Salaries & Wages		34,167	
Social Security		5,194	
State Retirement		2,363	
Medical Insurance		1,115	
Employer Medicare		1,215	
Other Fringe Benefits		30	
Postal Charges		5,500	
Law Enforcement Supplies		39,017	
Total Other Public Safety			153,336

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	12,199	
Social Security		610	
State Retirement		716	
Life Insurance		71	
Medical Insurance		7,093	
Employer Medicare		143	
Other Fringe Benefits		15	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	4,064	
Contracts with Private Agencies		1,219	
Dues and Memberships		100	
Operating Lease Payments		2,260	
Maintenance & Repair Services - Buildings		3,766	
Maintenance & Repair Services - Office Equipment		2,410	
Pest Control		420	
Postal Charges		1,746	
Travel		143	
Custodial Supplies		4,349	
Drugs and Medical Supplies		2,491	
Electricity		9,003	
Natural Gas		3,293	
Office Supplies		6,885	
Water and Sewer		1,399	
Other Supplies and Materials		330	
Building and Contents Insurance		2,294	
In Service/Staff Development		248	
Office Equipment		348	
Health Equipment		198	
Total Local Health Center			\$ 67,813

Ambulance/Emergency Medical Services

Communication	\$	446	
Dues and Memberships		100	
Operating Lease Payments		60	
Maintenance & Repair Services - Equipment		508	
Maintenance & Repair Services - Vehicles		262	
Drugs and Medical Supplies		1,758	
Office Supplies		145	
Uniforms		866	
In Service/Staff Development		150	
Other Charges		65	
Motor Vehicles		115,105	
Office Equipment		2,924	
Other Construction		33,977	
Total Ambulance/Emergency Medical Services			156,366

Dental Health Program

Drugs and Medical Supplies	\$	7,004	
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(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Health Equipment	\$ 315	
Total Dental Health Program		\$ 7,319

Crippled Children Services

Office Equipment	\$ 2,764	
Total Crippled Children Services		2,764

Other Local Health Services

Social Workers	\$ 79,678	
Medical Personnel	148,505	
Clerical Personnel	81,067	
Overtime Pay	1,200	
Social Security	18,266	
State Retirement	16,906	
Life Insurance	668	
Medical Insurance	45,097	
Employer Medicare	4,272	
Other Fringe Benefits	210	
Travel	9,193	
Other Supplies and Materials	471	
Liability Insurance	2,243	
Workers' Compensation Insurance	811	
Other Charges	200	
Total Other Local Health Services		408,787

Appropriation to State

Contracts with Other Public Agencies	\$ 13,230	
Other Supplies and Materials	766	
Office Equipment	11,270	
Total Appropriation to State		25,266

General Welfare Assistance

Pauper Burials	\$ 6,400	
Other Charges	60,000	
Total General Welfare Assistance		66,400

Postclosure Care Costs

Other Salaries & Wages	\$ 9,321	
Social Security	578	
State Retirement	547	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Postclosure Care Costs (Cont.)

Employer Medicare	\$	135	
Engineering Services		15,646	
Diesel Fuel		4,464	
Gasoline		1,379	
Other Supplies and Materials		7,493	
Other Equipment		50,500	
Total Postclosure Care Costs			\$ 90,063

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$	19,096	
Social Security		1,184	
Employer Medicare		277	
Other Fringe Benefits		30	
Contributions		12,800	
Office Supplies		843	
Other Charges		1,000	
Total Senior Citizens Assistance			35,230

Libraries

Contributions	\$	36,000	
Total Libraries			36,000

Other Social, Cultural, and Recreational

Contributions	\$	24,200	
Other Charges		8,285	
Total Other Social, Cultural, and Recreational			32,485

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$	1,563	
Contracts with Government Agencies		36,522	
Maintenance & Repair Services - Office Equipment		540	
Postal Charges		100	
Office Equipment		1,026	
Total Agriculture Extension Service			39,751

Soil Conservation

Dues and Memberships	\$	250	
Total Soil Conservation			250

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations

Industrial Development

Communication	\$	651	
Dues and Memberships		6,056	
Matching Share		4,000	
Travel		1,204	
Other Contracted Services		11,980	
Other Supplies and Materials		7,909	
Building and Contents Insurance		454	
Other Charges		1,915	
Building Purchases		416,310	
Total Industrial Development			\$ 450,479

Airport

Supervisor/Director	\$	15,600	
Medical Insurance		3,346	
Other Fringe Benefits		15	
Communication		1,642	
Maintenance & Repair Services - Buildings		12,213	
Maintenance & Repair Services - Equipment		1,500	
Electricity		6,836	
Water and Sewer		397	
Liability Insurance		3,175	
Total Airport			44,724

Veterans' Services

Supervisor/Director	\$	36,186	
Secretary(ies)		22,386	
Clerical Personnel		1,755	
Part-time Personnel		3,592	
Social Security		3,887	
State Retirement		2,903	
Life Insurance		85	
Medical Insurance		3,937	
Employer Medicare		909	
Other Fringe Benefits		45	
Communication		1,418	
Data Processing Services		2,500	
Maintenance & Repair Services - Office Equipment		716	
Postal Charges		1,200	
Travel		1,121	
Office Supplies		1,443	

(Continued)

Exhibit H-6

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Uniforms	\$	438	
Premiums on Corporate Surety Bonds		50	
Office Equipment		4,920	
Total Veterans' Services			\$ 89,491

Contributions to Other Agencies

Contributions	\$	95,450	
Other Supplies and Materials		1,981	
Total Contributions to Other Agencies			97,431

Employee Benefits

Other Salaries & Wages	\$	6,448	
Social Security		400	
State Retirement		133	
Medical Insurance		68	
Unemployment Compensation		8,897	
Employer Medicare		94	
Other Fringe Benefits		30	
Contracts with Private Agencies		4,734	
Workers' Compensation Insurance		50,711	
Total Employee Benefits			71,515

Miscellaneous

Part-time Personnel	\$	21,360	
Social Security		1,318	
Employer Medicare		310	
Travel		537	
Other Charges		1,986	
Total Miscellaneous			25,511

Instruction

Regular Instruction Program

Contributions	\$	56,093	
Total Regular Instruction Program			56,093

Total General Fund \$ 10,364,670

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Rabies and Animal Control

Supervisor/Director	\$	10,301	
Deputy(ies)		24,725	
Attendants		12,708	
Social Security		2,904	
State Retirement		2,569	
Life Insurance		76	
Medical Insurance		751	
Employer Medicare		679	
Other Fringe Benefits		30	
Communication		1,866	
Licenses		100	
Maintenance & Repair Services - Vehicles		509	
Disposal Fees		675	
Animal Food and Supplies		780	
Drugs and Medical Supplies		5,462	
Gasoline		2,166	
Law Enforcement Supplies		120	
Uniforms		719	
Utilities		13,496	
Building and Contents Insurance		1,196	
Vehicle and Equipment Insurance		992	
Building Construction		4,342	
Office Equipment		325	
Total Rabies and Animal Control			\$ 87,491

Sanitation Management

Supervisor/Director	\$	45,689
Data Processing Personnel		47,344
Other Salaries & Wages		21,520
Social Security		6,301
State Retirement		5,490
Life Insurance		212
Medical Insurance		19,373
Unemployment Compensation		938
Employer Medicare		1,474
Other Fringe Benefits		45
Communication		371
Medical and Dental Services		90
Postal Charges		500
Travel		716

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Disposal Fees	\$	39,149	
Office Supplies		539	
Building and Contents Insurance		1,864	
Liability Insurance		2,566	
Trustee's Commission		36,770	
Vehicle and Equipment Insurance		29,064	
Workers' Compensation Insurance		61,058	
Office Equipment		1,724	
Total Sanitation Management			\$ 322,797

Sanitation Education/Information

Deputy(ies)	\$	52,903	
Other Salaries & Wages		4,800	
Social Security		3,543	
State Retirement		3,339	
Life Insurance		141	
Medical Insurance		9,084	
Employer Medicare		828	
Other Fringe Benefits		30	
Communication		1,537	
Maintenance & Repair Services - Vehicles		647	
Gasoline		5,344	
Instructional Supplies and Materials		1,142	
Uniforms		497	
Total Sanitation Education/Information			83,835

Convenience Centers

Foremen	\$	36,097	
Mechanic(s)		22,654	
Truck Drivers		124,192	
Attendants		259,048	
Overtime Pay		31,761	
Social Security		27,909	
State Retirement		22,422	
Life Insurance		1,044	
Medical Insurance		85,000	
Employer Medicare		6,527	
Other Fringe Benefits		420	
Communication		4,515	
Contracts with Private Agencies		354,560	

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Maintenance & Repair Services - Equipment	\$	2,248	
Maintenance & Repair Services - Vehicles		26,951	
Rentals		5,522	
Custodial Supplies		838	
Diesel Fuel		67,343	
Gasoline		1,832	
Office Supplies		153	
Uniforms		9,818	
Utilities		5,942	
Other Construction		35,161	
Total Convenience Centers			\$ 1,131,957

Transfer Stations

Equipment Operators	\$	23,482	
Overtime Pay		2,251	
Social Security		1,432	
State Retirement		1,511	
Life Insurance		72	
Medical Insurance		7,533	
Employer Medicare		335	
Other Fringe Benefits		15	
Rentals		475	
Total Transfer Stations			37,106

Recycling Center

Foremen	\$	30,145	
Equipment Operators		21,235	
Truck Drivers		47,525	
Laborers		49,497	
Overtime Pay		1,422	
Social Security		8,640	
State Retirement		8,795	
Life Insurance		423	
Medical Insurance		29,805	
Employer Medicare		2,021	
Other Fringe Benefits		105	
Communication		1,962	
Maintenance & Repair Services - Equipment		10,521	
Maintenance & Repair Services - Vehicles		9,691	
Pest Control		378	

(Continued)

Exhibit H-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Custodial Supplies	\$	1,199	
Diesel Fuel		16,013	
Gasoline		4,139	
Office Supplies		361	
Propane Gas		225	
Small Tools		92	
Uniforms		7,849	
Utilities		16,180	
Wire		2,150	
Motor Vehicles		119,117	
Solid Waste Equipment		15,250	
Total Recycling Center			\$ 404,740

Other Waste Disposal

Foremen	\$	25,348	
Equipment Operators		35,621	
Nightwatchmen		15,123	
Overtime Pay		2,855	
Social Security		4,628	
State Retirement		3,301	
Life Insurance		174	
Medical Insurance		14,876	
Employer Medicare		1,082	
Other Fringe Benefits		75	
Licenses		2,086	
Utilities		2,608	
Other Supplies and Materials		62	
Total Other Waste Disposal			107,839

Total Solid Waste/Sanitation Fund \$ 2,175,765

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	61,554
Medical Personnel		557,518
Clerical Personnel		58,915
Maintenance Personnel		18,291
Part-time Personnel		106,303
Overtime Pay		65,546

(Continued)

Exhibit H-6

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Salaries & Wages	\$	17,131	
Social Security		52,166	
State Retirement		45,108	
Life Insurance		1,497	
Medical Insurance		122,940	
Unemployment Compensation		1,505	
Employer Medicare		12,200	
Other Fringe Benefits		600	
Communication		14,016	
Contracts with Government Agencies		100,000	
Data Processing Services		4,600	
Dues and Memberships		160	
Operating Lease Payments		1,071	
Licenses		1,067	
Maintenance & Repair Services - Buildings		1,870	
Maintenance & Repair Services - Equipment		3,820	
Maintenance & Repair Services - Vehicles		17,223	
Postal Charges		2,382	
Travel		957	
Custodial Supplies		1,975	
Diesel Fuel		40,623	
Drugs and Medical Supplies		27,414	
Gasoline		1,986	
Office Supplies		4,051	
Uniforms		5,421	
Utilities		13,867	
Building and Contents Insurance		496	
Liability Insurance		1,459	
Trustee's Commission		17,284	
Vehicle and Equipment Insurance		5,948	
Workers' Compensation Insurance		110,551	
In Service/Staff Development		10,603	
Other Charges		130	
Building Improvements		10,545	
Office Equipment		236	
Health Equipment		7,200	
Total Ambulance/Emergency Medical Services			\$ 1,528,229

Total Ambulance Service Fund

\$ 1,528,229

(Continued)

Exhibit H-6

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

Drug Control Fund

Public Safety

Drug Enforcement

Overtime Pay	\$	24,848	
Social Security		1,541	
State Retirement		1,459	
Employer Medicare		360	
Communication		3,929	
Confidential Drug Enforcement Payments		22,790	
Operating Lease Payments		9,912	
Maintenance & Repair Services - Vehicles		3,607	
Rentals		1,365	
Tow-in Services		1,756	
Travel		365	
Veterinary Services		1,430	
Animal Food and Supplies		912	
Gasoline		6,208	
Law Enforcement Supplies		15,117	
Uniforms		4,156	
Workers' Compensation Insurance		918	
In Service/Staff Development		661	
Total Drug Enforcement			\$ 101,334

Total Drug Control Fund \$ 101,334

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	23,850	
Total Chancery Court			\$ 23,850

Total Constitutional Officers - Fees Fund 23,850

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,652	
Assistant(s)		61,462	
Social Security		7,281	
State Retirement		7,227	
Life Insurance		125	
Medical Insurance		16,177	
Employer Medicare		1,703	

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Fringe Benefits	\$	45	
Dues and Memberships		3,736	
Maintenance & Repair Services - Equipment		330	
Postal Charges		248	
Printing, Stationery, and Forms		351	
Travel		679	
Office Supplies		1,795	
Office Equipment		589	
Total Administration			\$ 163,400

Highway and Bridge Maintenance

Foremen	\$	92,479	
Equipment Operators		98,887	
Truck Drivers		239,107	
Laborers		157,204	
Overtime Pay		20,567	
Social Security		35,524	
State Retirement		35,704	
Life Insurance		1,480	
Medical Insurance		105,621	
Employer Medicare		8,298	
Other Fringe Benefits		390	
Contracts with Private Agencies		3,600	
Engineering Services		67,030	
Asphalt - Cold Mix		39,784	
Asphalt - Hot Mix		432,570	
Concrete		1,292	
General Construction Materials		5,590	
Pipe - Metal		13,148	
Road Signs		9,411	
Structural Steel		3,430	
Other Charges		8,166	
Total Highway and Bridge Maintenance			1,379,282

Operation and Maintenance of Equipment

Mechanic(s)	\$	52,089
Laborers		42,550
Overtime Pay		1,703
Social Security		5,361
State Retirement		5,655

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Life Insurance	\$	266	
Medical Insurance		26,022	
Employer Medicare		1,254	
Other Fringe Benefits		60	
Contracts with Private Agencies		786	
Maintenance & Repair Services - Vehicles		1,793	
Rentals		28	
Tow-in Services		160	
Diesel Fuel		256,185	
Equipment Parts - Heavy		37,502	
Equipment and Machinery Parts		37,910	
Garage Supplies		846	
Gasoline		205,641	
Lubricants		7,485	
Natural Gas		2,694	
Small Tools		658	
Tires and Tubes		18,689	
Total Operation and Maintenance of Equipment	\$		705,337

Quarry Operations

Foremen	\$	26,288	
Truck Drivers		21,420	
Laborers		62,557	
Overtime Pay		356	
Social Security		6,545	
State Retirement		6,493	
Life Insurance		336	
Medical Insurance		18,520	
Employer Medicare		1,531	
Other Fringe Benefits		75	
Explosive and Drilling Services		26,188	
Licenses		3,126	
Electricity		28,881	
Total Quarry Operations			202,316

Traffic Control

Engineering Services	\$	70,176	
Matching Share		266,491	
Other Charges		1,458,641	
Highway Construction		221,897	

(Continued)

Exhibit H-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Traffic Control (Cont.)

Highway Equipment	\$	75,520	
Other Construction		184,899	
Total Traffic Control			\$ 2,277,624

Other Charges

Communication	\$	7,005	
Electricity		4,349	
Uniforms		16,637	
Water and Sewer		917	
Building and Contents Insurance		1,730	
Liability Insurance		41,994	
Trustee's Commission		29,830	
Vehicle and Equipment Insurance		28,156	
Total Other Charges			130,618

Employee Benefits

Medical Insurance	\$	408	
Unemployment Compensation		5,864	
Medical and Dental Services		394	
Workers' Compensation Insurance		81,668	
Total Employee Benefits			88,334

Capital Outlay

Bridge Construction	\$	14,764	
Building Improvements		94,950	
Highway Equipment		154,977	
Motor Vehicles		21,311	
State Aid Projects		227,100	
Total Capital Outlay			513,102

Principal on Debt

Highways and Streets

Principal on Notes	\$	26,875	
Total Highways and Streets			26,875

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,664	
Total Highways and Streets			1,664

Total Highway/Public Works Fund \$ 5,488,552

(Continued)

Exhibit H-6

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 1,440,000	
Principal on Notes	<u>1,150,000</u>	
Total General Government		\$ 2,590,000

Interest on Debt

General Government

Interest on Bonds	\$ 187,612	
Interest on Notes	4,222	
Interest on Other Loans	<u>599,938</u>	
Total General Government		791,772

Other Debt Service

General Government

Trustee's Commission	\$ 31,747	
Other Debt Service	<u>3,275</u>	
Total General Government		<u>35,022</u>

Total General Debt Service Fund \$ 3,416,794

General Capital Projects Fund

Public Health and Welfare

Other Waste Disposal

Solid Waste Equipment	\$ 15,222	
Total Other Waste Disposal		\$ 15,222

Capital Projects

General Administration Projects

Engineering Services	\$ 6,561	
Trustee's Commission	10,669	
Building Improvements	<u>22,418</u>	
Total General Administration Projects		39,648

Public Safety Projects

Architects	\$ 34,983	
Engineering Services	35,000	
Matching Share	1,300	
Other Charges	14,000	
Airport Improvement	11,700	
Building Construction	2,792,968	
Motor Vehicles	<u>63,399</u>	
Total Public Safety Projects		2,953,350

(Continued)

Exhibit H-6

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects

Engineering Services	\$	24,671	
Matching Share		51,567	
Motor Vehicles		2,855	
Site Development		33,248	
Other Equipment		909	
Other Construction		225,491	
Other Capital Outlay		<u>6,525</u>	
Total Public Health and Welfare Projects	\$		345,266

Highway & Street Capital Projects

Highway Construction	\$	541,786	
Highway Equipment		153,520	
Site Development		<u>15,966</u>	
Total Highway & Street Capital Projects			<u>711,272</u>

Total General Capital Projects Fund \$ 4,064,758

Other Capital Projects Fund

Capital Projects

Public Safety Projects

Matching Share	\$	5,470	
Other Charges		3,318	
Airport Improvement		49,231	
Highway Construction		170,355	
Highway Equipment		27,460	
Land		<u>607,905</u>	
Total Public Safety Projects	\$		863,739

Highway & Street Capital Projects

Highway Construction	\$	<u>20,000</u>	
Total Highway & Street Capital Projects			20,000

Education Capital Projects

Contributions	\$	1,000,000	
Other Debt Issuance Charges		<u>98,719</u>	
Total Education Capital Projects			<u>1,098,719</u>

Total Other Capital Projects Fund 1,982,458

Total Governmental Funds - Primary Government \$ 29,146,410

Exhibit H-7

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

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,972,925
Total Cash Receipts	<u>\$ 2,972,925</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,942,996
Trustee's Commission	29,929
Total Cash Disbursements	<u>\$ 2,972,925</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>

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor 4

ANDREW WAY, CPA
CHRIS SIZEMORE
DOUG SANDIDGE, CISA, CFE
State Auditors

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

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

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

Scope

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

Results

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

Our audit resulted in two findings and recommendations, which we have reviewed with Campbell County School Department management. The detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

CAMPBELL COUNTY SCHOOL DEPARTMENT

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles.

OTHER FINDING

- ◆ The county's travel policy permits undocumented travel allowances for certain county officials and employees which violates state statutes.

INTRODUCTORY SECTION

Campbell County School Officials
June 30, 2006

Official

Dr. Judy Blevins, Director of Schools

Board of Education

Delbert Buckner
Johnny Byrge
J. L. Collins
Mary Gillum
Walter Goins

Faye Heatherly
Eugene Lawson
Homer Rutherford
Bobby Snodderly
Mark Wells

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

November 22, 2006

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

To the Director of Schools and the Board of Education:

We have audited the accompanying financial statements of each major fund of the Campbell County School Department, a component unit of Campbell County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 28, which collectively comprise a portion of the Campbell County School Department's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Campbell County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Campbell County School Department as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2006, on our consideration of the Campbell County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 31 through 35 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Campbell County School Department's basic financial statements. The introductory section and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 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/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Major Funds			Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 177	\$ 0	\$ 3,582	\$ 3,759
Equity in Pooled Cash and Investments	4,443,417	80,785	709,823	5,234,025
Accounts Receivable	8,603	1,515	224	10,342
Due from Other Governments	815,186	273,229	59,640	1,148,055
Due from Other Funds	250,000	0	0	250,000
Property Taxes Receivable	3,923,591	0	0	3,923,591
Allowance for Uncollectible Property Taxes	(301,129)	0	0	(301,129)
Total Assets	\$ 9,139,845	\$ 355,529	\$ 773,269	\$ 10,268,643
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 22,062	\$ 0	\$ 0	\$ 22,062
Payroll Deductions Payable	302,506	75,180	26,927	404,613
Due to Other Funds	0	250,000	0	250,000
Due to State of Tennessee	500	0	0	500
Deferred Revenue - Current Property Taxes	3,406,974	0	0	3,406,974
Deferred Revenue - Delinquent Property Taxes	204,165	0	0	204,165
Other Deferred Revenues	248,935	0	0	248,935
Total Liabilities	\$ 4,185,142	\$ 325,180	\$ 26,927	\$ 4,537,249
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 1,495,516	\$ 0	\$ 97,336	\$ 1,592,852
Reserved for Noncurrent Interfund Receivables	250,000	0	0	250,000
Reserved for Career Ladder - Extended Contract	25,642	0	0	25,642
Other State Education Reserves	1,292	0	0	1,292
Reserved for Title I Grants to Local Education Agencies	0	136	0	136
Reserved for Special Education - Grants to States	0	25,961	0	25,961
Other Federal Reserves	0	4,252	0	4,252
Unreserved, Reported In:				
General Fund	3,182,253	0	0	3,182,253
Special Revenue Funds	0	0	649,006	649,006
Total Fund Balances	\$ 4,954,703	\$ 30,349	\$ 746,342	\$ 5,731,394
Total Liabilities and Fund Balances	\$ 9,139,845	\$ 355,529	\$ 773,269	\$ 10,268,643

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

Exhibit B

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

	Major Funds			Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 7,740,667	\$ 0	\$ 0	\$ 7,740,667
Licenses and Permits	2,161	0	0	2,161
Charges for Current Services	11,436	0	804,938	816,374
Other Local Revenues	93,703	0	40,793	134,496
State of Tennessee	24,787,639	0	36,510	24,824,149
Federal Government	277,587	4,892,944	1,924,931	7,095,462
Other Governments and Citizens Groups	1,025,688	0	0	1,025,688
Total Revenues	\$ 33,938,881	\$ 4,892,944	\$ 2,807,172	\$ 41,638,997
<u>Expenditures</u>				
Current:				
Instruction	\$ 19,365,672	\$ 3,858,147	\$ 0	\$ 23,223,819
Support Services	10,539,387	1,045,751	0	11,585,138
Operation of Non-Instructional Services	891,870	171,641	3,000,610	4,064,121
Capital Outlay	1,489,899	0	0	1,489,899
Debt Service:				
Other Debt Service	1,000,000	0	0	1,000,000
Total Expenditures	\$ 33,286,828	\$ 5,075,539	\$ 3,000,610	\$ 41,362,977
Excess (Deficiency) of Revenues Over Expenditures	\$ 652,053	\$ (182,595)	\$ (193,438)	\$ 276,020
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 56,364	\$ 5,048	\$ 77,785	\$ 139,197
Transfers Out	(82,833)	(56,364)	0	(139,197)
Total Other Financing Sources (Uses)	\$ (26,469)	\$ (51,316)	\$ 77,785	\$ 0
Net Change in Fund Balances	\$ 625,584	\$ (233,911)	\$ (115,653)	\$ 276,020
Fund Balance, July 1, 2005	4,329,119	264,260	861,995	5,455,374
Fund Balance, June 30, 2006	\$ 4,954,703	\$ 30,349	\$ 746,342	\$ 5,731,394

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

approval. The School Department's taxes are levied under the taxing authority of Campbell County and are included as part of Campbell County's total tax levy.

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

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

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

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

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

The School Department reports the following major governmental funds:

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

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

Central Cafeteria Fund – This fund is used to account for transactions related to school food services.

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

1. **Deposits and Investments**

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

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

2. **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. These advances between funds, as

reported in the fund financial statements, are offset by a fund balance reserve to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 4.3 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.

Payables are disaggregated on the face of the financial statements.

3. Capital Assets

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

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

4. Compensated Absences

The School Department does not have a policy to permit employees to accumulate earned but unused vacation. General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

5. Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose. The reserve for noncurrent interfund receivables in the General Purpose School Fund is recorded to reflect that the amount due from the School Federal Projects Fund is not available for appropriation.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Campbell County, the School Department's primary government, is authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have

a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2006.

B. Construction Commitments

At June 30, 2006, the School Department reflected encumbrances of \$1,239,716 in the General Purpose School Fund for land acquisition, architect, and other preliminary construction costs relating to the school building program. Funding has been received for these future expenditures, including \$1,000,000 which was contributed by the primary government from long-term debt proceeds. In addition to these construction costs, the primary government is accounting for other construction costs of the school building program through its Other Capital Projects Fund. At June 30, 2006, the primary government of Campbell County reflected encumbrances for uncompleted school construction contracts totaling \$8,454,443. Funding for those is being provided through long-term debt issues of the primary government.

C. Interfund Receivables, Payables and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	School Federal Projects	\$ 250,000

This balance is the result of an advance from the General Purpose School Fund to the School Federal Projects Fund approved by the Board of Education and the Campbell County Commission for cash flow due to reimbursable grants.

Interfund Transfers:

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

Transfers Out	Transfers In		
	General Purpose School Fund	School Federal Projects Fund	Central Cafeteria Fund
General Purpose School Fund	\$ 0	\$ 5,048	\$ 77,785
School Federal Projects Fund	56,364	0	0
Total	\$ 56,364	\$ 5,048	\$ 77,785

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

D. Other Commitments

By resolution, the Board of Education pledged a portion of its sales tax revenues and at least \$500,000 per year of the non-classroom state Basic Education Program funding for the next three years to the primary government's General Debt Service Fund to provide funds for the retirement of debt issued for school purposes. During the year, the School Department paid \$1,000,000 to the primary government's General Debt Service Fund to be applied toward the retirement of school debt.

IV. OTHER INFORMATION

A. Risk Management

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

The School Department also 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.

B. Accounting Changes

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

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Campbell County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. 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 Campbell County may prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

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

Department will be required to disclose net assets restricted by enabling legislation in subsequent years.

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

C. Contingent Liabilities

There are several pending lawsuits in which the School Department is involved. Based on a letter from the School Department's attorney, management believes that any claims resulting from such litigation would not materially affect the School Department's financial statements.

D. Retirement Commitments

Plan Description

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

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

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

SCHOOL TEACHERS

Plan Description

The Campbell 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 Campbell 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 Campbell 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 \$1,041,804, \$1,037,970, and \$606,281, respectively, equal to the required contributions for each year.

E. Other Post-employment Benefits

In addition to the retirement commitments described above, the Campbell County School Department provides post-retirement health insurance benefits in accordance with a May 2006 resolution of the Board of Education to employees who have at least five consecutive years of experience with the Campbell County Board of Education immediately prior to retiring and have either 30 years of experience with the State of Tennessee or have 20 years experience with the State of Tennessee and are at least 60 years of age. This resolution became effective June 1, 2006, and as of June 30, 2006, no retirees are participating in the benefit plan. The first eligible retirees to participate in the plan began in September 2006. Under this resolution, the Campbell County School Department will pay 75 percent of the cost of an individual health policy premium not to exceed 100 percent of the actual participant premium inclusive of any state contributions toward the certified employee retiree health insurance premium. This benefit will be provided to qualifying retirees for either a period not to exceed five years or with the onset of Medicare eligibility whether by age or disability.

F. Office of Central Accounting

Campbell County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

G. Purchasing Law

Purchasing procedures for the School Department are governed by provisions of the County Financial Management System of 1981, which provide for purchases to be made by the purchasing agent under the supervision of the Financial Management Committee. The director of finance serves as the purchasing agent for the county. The committee established a policy that purchases exceeding \$5,000 are to be made on a competitive bid basis.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit C-1

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Campbell 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	\$ 7,740,667	\$ 0	\$ 0	\$ 7,740,667	\$ 7,687,404	\$ 7,698,984	\$ 41,683
Licenses and Permits	2,161	0	0	2,161	5,500	5,500	(3,339)
Charges for Current Services	11,436	0	0	11,436	13,372	15,288	(3,852)
Other Local Revenues	93,703	0	0	93,703	53,234	90,559	3,144
State of Tennessee	24,787,639	0	0	24,787,639	24,543,921	24,874,841	(87,202)
Federal Government	277,587	0	0	277,587	269,663	287,491	(9,904)
Other Governments and Citizens Groups	1,025,688	0	0	1,025,688	0	2,525,688	(1,500,000)
Total Revenues	\$ 33,938,881	\$ 0	\$ 0	\$ 33,938,881	\$ 32,573,094	\$ 35,498,351	\$ (1,559,470)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 15,694,471	\$ (20,429)	\$ 3,022	\$ 15,677,064	\$ 16,111,657	\$ 16,066,180	\$ 389,116
Alternative Instruction Program	125,169	0	0	125,169	154,842	154,842	29,673
Special Education Program	1,888,617	(169)	200	1,888,648	1,923,606	1,931,025	42,377
Vocational Education Program	1,524,782	(836)	70	1,524,016	1,538,301	1,544,401	20,385
Adult Education Program	132,633	(614)	2,858	134,877	131,180	137,493	2,616
<u>Support Services</u>							
Attendance	60,015	0	0	60,015	67,118	62,783	2,768
Health Services	116,380	0	0	116,380	116,679	124,085	7,705
Other Student Support	933,653	0	0	933,653	925,843	961,080	27,427
Regular Instruction Program	1,254,754	(28,588)	36,112	1,262,278	1,311,199	1,327,905	65,627
Special Education Program	344,707	(1,944)	174	342,937	346,509	350,060	7,123
Vocational Education Program	128,385	(50)	122	128,457	132,781	130,804	2,347
Adult Programs	49,816	0	0	49,816	57,426	56,321	6,505
Board of Education	641,362	0	6,690	648,052	681,664	695,859	47,807
Director of Schools	207,712	(1,961)	7,307	213,058	248,308	245,196	32,138

(Continued)

Exhibit C-1

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Campbell 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	\$ 2,238,212	\$ 0	\$ 788	\$ 2,239,000	\$ 2,196,045	\$ 2,255,126	\$ 16,126
Fiscal Services	98,684	0	0	98,684	98,684	98,684	0
Operation of Plant	2,764,894	(506)	2,321	2,766,709	2,829,228	2,864,938	98,229
Maintenance of Plant	557,108	(25,097)	38,816	570,827	589,304	610,331	39,504
Transportation	1,143,705	(3,024)	3,776	1,144,457	1,122,077	1,163,647	19,190
<u>Operation of Non-Instructional Services</u>							
Community Services	217,199	(411)	15,953	232,741	100,000	306,029	73,288
Early Childhood Education	674,671	0	0	674,671	688,529	694,462	19,791
<u>Capital Outlay</u>							
Regular Capital Outlay	1,489,899	(209,404)	1,377,307	2,657,802	1,397,588	3,877,588	1,219,786
<u>Other Debt Service</u>							
Education	1,000,000	0	0	1,000,000	1,000,000	1,000,000	0
Total Expenditures	\$ 33,286,828	\$ (293,033)	\$ 1,495,516	\$ 34,489,311	\$ 33,768,568	\$ 36,658,839	\$ 2,169,528
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 652,053	\$ 293,033	\$ (1,495,516)	\$ (550,430)	\$ (1,195,474)	\$ (1,160,488)	\$ 610,058
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 0	\$ 0
Transfers In	56,364	0	0	56,364	57,613	62,045	(5,681)
Transfers Out	(82,833)	0	0	(82,833)	(82,833)	(82,833)	0
Total Other Financing Sources (Uses)	\$ (26,469)	\$ 0	\$ 0	\$ (26,469)	\$ 974,780	\$ (20,788)	\$ (5,681)
Net Change in Fund Balance	\$ 625,584	\$ 293,033	\$ (1,495,516)	\$ (576,899)	\$ (220,694)	\$ (1,181,276)	\$ 604,377
Fund Balance, July 1, 2005	4,329,119	(293,033)	0	4,036,086	3,794,367	3,794,367	241,719
Fund Balance, June 30, 2006	\$ 4,954,703	\$ 0	\$ (1,495,516)	\$ 3,459,187	\$ 3,573,673	\$ 2,613,091	\$ 846,096

Exhibit C-2

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Campbell 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	\$ 4,892,944	\$ 5,285,124	\$ 5,468,632	\$ (575,688)
Total Revenues	\$ 4,892,944	\$ 5,285,124	\$ 5,468,632	\$ (575,688)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,577,545	\$ 2,537,639	\$ 2,696,547	\$ 119,002
Special Education Program	1,086,817	1,256,895	1,233,493	146,676
Vocational Education Program	193,785	205,585	194,085	300
<u>Support Services</u>				
Attendance	17,469	0	17,493	24
Health Services	48,929	66,306	68,071	19,142
Other Student Support	89,164	123,968	139,981	50,817
Regular Instruction Program	591,709	821,261	808,321	216,612
Special Education Program	166,614	174,149	172,802	6,188
Vocational Education Program	46,444	66,550	47,050	606
Operation of Plant	10,950	3,500	15,659	4,709
Maintenance of Plant	2,000	1,000	2,000	0
Transportation	72,472	70,345	91,962	19,490
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	171,641	180,226	188,406	16,765
Total Expenditures	\$ 5,075,539	\$ 5,507,424	\$ 5,675,870	\$ 600,331
Excess (Deficiency) of Revenues Over Expenditures	\$ (182,595)	\$ (222,300)	\$ (207,238)	\$ 24,643
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 5,048	\$ 5,048	\$ 5,048	\$ 0
Transfers Out	(56,364)	(57,613)	(62,045)	5,681
Total Other Financing Sources (Uses)	\$ (51,316)	\$ (52,565)	\$ (56,997)	\$ 5,681
Net Change in Fund Balance	\$ (233,911)	\$ (274,865)	\$ (264,235)	\$ 30,324
Fund Balance, July 1, 2005	264,260	525,043	525,043	(260,783)
Fund Balance, June 30, 2006	\$ 30,349	\$ 250,178	\$ 260,808	\$ (230,459)

Exhibit C-3

Campbell County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Campbell County School Department
Central Cafeteria 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	\$ 804,938	\$ 0	\$ 0	\$ 804,938	\$ 833,805	\$ 833,805	\$ (28,867)
Other Local Revenues	40,793	0	0	40,793	6,500	36,905	3,888
State of Tennessee	36,510	0	0	36,510	38,000	38,000	(1,490)
Federal Government	1,924,931	0	0	1,924,931	1,920,166	1,920,166	4,765
Total Revenues	\$ 2,807,172	\$ 0	\$ 0	\$ 2,807,172	\$ 2,798,471	\$ 2,828,876	\$ (21,704)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 3,000,610	\$ (279,384)	\$ 97,336	\$ 2,818,562	\$ 2,896,446	\$ 2,913,661	\$ 95,099
Total Expenditures	\$ 3,000,610	\$ (279,384)	\$ 97,336	\$ 2,818,562	\$ 2,896,446	\$ 2,913,661	\$ 95,099
Excess (Deficiency) of Revenues Over Expenditures	\$ (193,438)	\$ 279,384	\$ (97,336)	\$ (11,390)	\$ (97,975)	\$ (84,785)	\$ 73,395
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 77,785	\$ 0	\$ 0	\$ 77,785	\$ 97,975	\$ 77,785	\$ 0
Total Other Financing Sources (Uses)	\$ 77,785	\$ 0	\$ 0	\$ 77,785	\$ 97,975	\$ 77,785	\$ 0
Net Change in Fund Balance	\$ (115,653)	\$ 279,384	\$ (97,336)	\$ 66,395	\$ 0	\$ (7,000)	\$ 73,395
Fund Balance, July 1, 2005	861,995	(279,384)	0	582,611	565,284	565,284	17,327
Fund Balance, June 30, 2006	\$ 746,342	\$ 0	\$ (97,336)	\$ 649,006	\$ 565,284	\$ 558,284	\$ 90,722

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

BUDGETARY INFORMATION

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

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

The School Department's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

MISCELLANEOUS SCHEDULES

Exhibit D-1

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	Central Cafeteria	To provide funds for employee insurance	\$ 77,785
General Purpose School	School Federal Projects	Indirect costs - rent reimbursement	5,048
School Federal Projects	General Purpose School	Indirect costs - administrative cost	<u>56,364</u>
Total Transfers			<u><u>\$ 139,197</u></u>

Exhibit D-2

Campbell County, Tennessee
Schedule of Salary and Official Bond of Principal Official
Campbell County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and County Board of Education	\$ 96,048 (1)	\$ 50,000	Western Surety Company

(1) Includes \$3,000 chief executive officer supplement and \$2,400 annuity contribution.
 Does not include an annual travel allowance of \$6,000.

Exhibit D-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,207,436	\$ 0	\$ 0	\$ 3,207,436
Discount on Property Taxes	(27,495)	0	0	(27,495)
Trustee's Collections - Prior Year	210,378	0	0	210,378
Circuit/Clerk & Master Collections - Prior Years	187,090	0	0	187,090
Interest and Penalty	41,235	0	0	41,235
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,987,215	0	0	2,987,215
Wheel Tax	1,089,062	0	0	1,089,062
<u>Statutory Local Taxes</u>				
Coal Severance Tax	41,232	0	0	41,232
Interstate Telecommunications Tax	4,514	0	0	4,514
Total Local Taxes	\$ 7,740,667	\$ 0	\$ 0	\$ 7,740,667
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,161	\$ 0	\$ 0	\$ 2,161
Total Licenses and Permits	\$ 2,161	\$ 0	\$ 0	\$ 2,161
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other State Systems	\$ 3,100	\$ 0	\$ 0	\$ 3,100
Lunch Payments - Children	0	0	366,399	366,399
Lunch Payments - Adults	0	0	84,389	84,389
Income from Breakfast	0	0	135,048	135,048
A la carte Sales	0	0	219,102	219,102
TBI Criminal Background Fees	7,776	0	0	7,776
<u>Other Charges for Services</u>				
Other Charges for Services	560	0	0	560
Total Charges for Current Services	\$ 11,436	\$ 0	\$ 804,938	\$ 816,374
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 10,388	\$ 10,388
Miscellaneous Refunds	63,874	0	0	63,874
<u>Nonrecurring Items</u>				
Contributions & Gifts	29,829	0	30,405	60,234
Total Other Local Revenues	\$ 93,703	\$ 0	\$ 40,793	\$ 134,496
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 23,589,934	\$ 0	\$ 0	\$ 23,589,934
School Food Service	0	0	36,510	36,510
Driver Education	19,095	0	0	19,095
Other State Education Funds	540,857	0	0	540,857
Career Ladder Program	421,706	0	0	421,706
Career Ladder - Extended Contract	151,238	0	0	151,238

(Continued)

Exhibit D-3

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Grants	\$ 64,809	\$ 0	\$ 0	\$ 64,809
Total State of Tennessee	\$ 24,787,639	\$ 0	\$ 36,510	\$ 24,824,149
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,418,039	\$ 1,418,039
Breakfast	0	0	485,340	485,340
USDA - Other	0	0	21,552	21,552
Adult Education State Grant Program	103,524	0	0	103,524
Vocational Education - Basic Grants to States	0	235,615	0	235,615
Other Vocational	0	4,618	0	4,618
Title I Grants to Local Education Agencies	0	2,005,320	0	2,005,320
Innovative Education Program Strategies	0	794,391	0	794,391
Special Education - Grants to States	20,239	1,248,188	0	1,268,427
Special Education Preschool Grants	0	42,511	0	42,511
Eisenhower Professional Development State Grants	0	33,945	0	33,945
Other Federal through State	28,989	528,356	0	557,345
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	124,835	0	0	124,835
Total Federal Government	\$ 277,587	\$ 4,892,944	\$ 1,924,931	\$ 7,095,462
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 1,025,688	\$ 0	\$ 0	\$ 1,025,688
Total Other Governments and Citizens Groups	\$ 1,025,688	\$ 0	\$ 0	\$ 1,025,688
Total	\$ 33,938,881	\$ 4,892,944	\$ 2,807,172	\$ 41,638,997

Exhibit D-4

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,634,583	
Career Ladder Program	256,210	
Career Ladder Extended Contracts	97,000	
Homebound Teachers	30,584	
Educational Assistants	314,607	
Other Salaries & Wages	3,424	
Certified Substitute Teachers	141,577	
Non-certified Substitute Teachers	257,968	
Social Security	686,363	
State Retirement	605,577	
Life Insurance	24,915	
Medical Insurance	1,946,367	
Employer Medicare	160,462	
Other Fringe Benefits	1,100	
Instructional Supplies and Materials	141,098	
Textbooks	360,323	
Other Supplies and Materials	9,444	
Regular Instruction Equipment	22,869	
Total Regular Instruction Program		\$ 15,694,471

Alternative Instruction Program

Teachers	\$ 97,801	
Career Ladder Program	1,000	
Social Security	5,850	
State Retirement	5,434	
Life Insurance	188	
Medical Insurance	13,528	
Employer Medicare	1,368	
Total Alternative Instruction Program		125,169

Special Education Program

Teachers	\$ 1,266,404
Career Ladder Program	24,630
Career Ladder Extended Contracts	4,000
Homebound Teachers	25,741
Educational Assistants	50,872
Non-certified Substitute Teachers	37,736
Social Security	83,017
State Retirement	73,557

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	3,143	
Medical Insurance		247,729	
Employer Medicare		19,386	
Contracts with Private Agencies		40,634	
Instructional Supplies and Materials		8,023	
Special Education Equipment		3,745	
Total Special Education Program			\$ 1,888,617

Vocational Education Program

Teachers	\$	1,069,678	
Career Ladder Program		24,945	
Career Ladder Extended Contracts		2,000	
Non-certified Substitute Teachers		23,580	
Social Security		65,488	
State Retirement		60,313	
Life Insurance		2,524	
Medical Insurance		212,291	
Employer Medicare		15,316	
Maintenance & Repair Services - Equipment		4,881	
Instructional Supplies and Materials		21,996	
Vocational Instruction Equipment		21,770	
Total Vocational Education Program			1,524,782

Adult Education Program

Teachers	\$	78,671	
Other Salaries & Wages		31,624	
Social Security		6,838	
State Retirement		500	
Employer Medicare		1,599	
Instructional Supplies and Materials		13,401	
Total Adult Education Program			132,633

Support Services

Attendance

Supervisor/Director	\$	33,995	
Career Ladder Program		3,000	
Clerical Personnel		12,401	
Social Security		3,191	
State Retirement		2,694	

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Life Insurance	\$	47	
Medical Insurance		3,447	
Employer Medicare		686	
Travel		554	
Total Attendance			\$ 60,015

Health Services

Medical Personnel	\$	81,298	
Social Security		4,611	
State Retirement		4,655	
Life Insurance		212	
Medical Insurance		17,702	
Employer Medicare		1,078	
Dues and Memberships		240	
Travel		5,944	
Drugs and Medical Supplies		640	
Total Health Services			116,380

Other Student Support

Career Ladder Program	\$	10,000	
Guidance Personnel		480,180	
Career Ladder Extended Contracts		1,000	
Social Workers		15,408	
School Resource Officer		46,586	
Other Salaries & Wages		161,750	
Social Security		42,621	
State Retirement		36,609	
Life Insurance		1,080	
Medical Insurance		81,369	
Employer Medicare		9,968	
Contracts with Government Agencies		25,937	
Evaluation and Testing		21,145	
Total Other Student Support			933,653

Regular Instruction Program

Supervisor/Director	\$	131,046	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		4,000	
Librarians		386,835	

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Materials Supervisor	\$	40,569	
Instructional Computer Personnel		86,484	
Secretary(ies)		26,372	
Clerical Personnel		9,447	
Educational Assistants		32,526	
Other Salaries & Wages		8,860	
Social Security		43,709	
State Retirement		40,338	
Life Insurance		1,315	
Medical Insurance		104,186	
Employer Medicare		10,283	
Maintenance & Repair Services - Equipment		28,125	
Travel		16,352	
Library Books/Media		50,316	
Other Supplies and Materials		19,791	
In Service/Staff Development		3,361	
Other Charges		40,026	
Other Equipment		158,813	
Total Regular Instruction Program			\$ 1,254,754

Special Education Program

Supervisor/Director	\$	67,989	
Career Ladder Program		5,000	
Psychological Personnel		40,671	
Assessment Personnel		93,220	
Clerical Personnel		48,743	
Social Security		15,470	
State Retirement		14,247	
Life Insurance		435	
Medical Insurance		21,458	
Employer Medicare		3,618	
Maintenance & Repair Services - Equipment		5,082	
Travel		15,916	
Other Supplies and Materials		976	
Other Charges		11,882	
Total Special Education Program			344,707

Vocational Education Program

Supervisor/Director	\$	67,989	
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(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	2,000	
Secretary(ies)		26,372	
Social Security		5,849	
State Retirement		5,397	
Life Insurance		143	
Medical Insurance		3,965	
Employer Medicare		1,368	
Travel		11,409	
Other Supplies and Materials		928	
Other Charges		2,965	
Total Vocational Education Program			\$ 128,385

Adult Programs

Clerical Personnel	\$	22,473	
Other Salaries & Wages		113	
Social Security		1,308	
State Retirement		1,326	
Life Insurance		71	
Medical Insurance		3,340	
Employer Medicare		306	
Travel		3,463	
In Service/Staff Development		4,465	
Other Charges		12,951	
Total Adult Programs			49,816

Board of Education

Secretary to Board	\$	5,999	
Other Salaries & Wages		11,984	
Board and Committee Members Fees		18,031	
Social Security		4,998	
State Retirement		968	
Life Insurance		488	
Medical Insurance		638	
Employer Medicare		1,169	
Audit Services		9,900	
Dues and Memberships		6,071	
Legal Services		25,662	
Travel		71,084	
Other Contracted Services		3,250	

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Liability Insurance	\$	66,421	
Premiums on Corporate Surety Bonds		446	
Trustee's Commission		193,418	
Workers' Compensation Insurance		211,624	
Criminal Investigation of Applicants - TBI		7,776	
Other Charges		1,435	
Total Board of Education			\$ 641,362

Director of Schools

County Official/Administrative Officer	\$	90,648	
Assistant(s)		1,996	
Career Ladder Program		3,000	
Secretary(ies)		26,373	
Clerical Personnel		22,043	
Other Salaries & Wages		2,399	
Social Security		8,694	
State Retirement		8,569	
Life Insurance		203	
Medical Insurance		6,679	
Unemployment Compensation		5,448	
Employer Medicare		2,168	
Communication		9,925	
Dues and Memberships		2,182	
Postal Charges		4,568	
Travel		7,568	
Other Contracted Services		4,073	
Office Supplies		1,176	
Total Director of Schools			207,712

Office of the Principal

Principals	\$	769,804	
Career Ladder Program		28,500	
Career Ladder Extended Contracts		3,000	
Assistant Principals		511,024	
Secretary(ies)		346,209	
Other Salaries & Wages		56,025	
Social Security		100,235	
State Retirement		96,705	
Life Insurance		3,301	

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Medical Insurance	\$	288,981	
Employer Medicare		23,442	
Other Charges		10,986	
Total Office of the Principal			\$ 2,238,212

Fiscal Services

Other Charges	\$	98,684	
Total Fiscal Services			98,684

Operation of Plant

Custodial Personnel	\$	811,379	
Social Security		45,684	
State Retirement		46,818	
Life Insurance		2,779	
Medical Insurance		229,567	
Employer Medicare		10,684	
Other Contracted Services		14,404	
Custodial Supplies		71,725	
Electricity		900,523	
Natural Gas		255,351	
Water and Sewer		180,567	
Building and Contents Insurance		195,413	
Total Operation of Plant			2,764,894

Maintenance of Plant

Supervisor/Director	\$	37,995	
Maintenance Personnel		270,949	
Social Security		17,523	
State Retirement		17,680	
Life Insurance		753	
Medical Insurance		72,089	
Employer Medicare		4,098	
Maintenance & Repair Services - Buildings		125,594	
Maintenance & Repair Services - Vehicles		1,463	
Other Contracted Services		280	
Gasoline		8,014	
Other Charges		670	
Total Maintenance of Plant			557,108

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	32,737	
Bus Drivers		17,681	
Clerical Personnel		13,186	
Social Security		3,897	
State Retirement		2,575	
Life Insurance		452	
Medical Insurance		40,173	
Employer Medicare		911	
Contracts with Vehicle Owners		965,242	
Maintenance & Repair Services - Vehicles		1,869	
Medical and Dental Services		1,553	
Travel		119	
Gasoline		2,296	
Vehicle and Equipment Insurance		57,269	
Other Charges		3,745	
Total Transportation			\$ 1,143,705

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	45,618	
Teachers		21,240	
Clerical Personnel		2,284	
Educational Assistants		10,280	
Other Salaries & Wages		38,798	
Non-certified Substitute Teachers		165	
Social Security		7,194	
State Retirement		6,067	
Life Insurance		125	
Medical Insurance		8,214	
Employer Medicare		1,702	
Travel		4,552	
Other Contracted Services		4,509	
Instructional Supplies and Materials		479	
Other Supplies and Materials		60,812	
Other Charges		1,178	
Other Equipment		3,982	
Total Community Services			217,199

(Continued)

Exhibit D-4

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	304,747	
Career Ladder Program		8,950	
Educational Assistants		85,953	
Non-certified Substitute Teachers		1,650	
Social Security		23,132	
State Retirement		20,237	
Life Insurance		1,259	
Medical Insurance		98,170	
Employer Medicare		5,410	
Other Supplies and Materials		119,403	
In Service/Staff Development		2,784	
Other Charges		<u>2,976</u>	
Total Early Childhood Education	\$		674,671

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	41,555	
Other Charges		365,069	
Land		350,000	
Other Capital Outlay		<u>733,275</u>	
Total Regular Capital Outlay			1,489,899

Other Debt Service

Education

Other Debt Service	\$	<u>1,000,000</u>	
Total Education			<u>1,000,000</u>

Total General Purpose School Fund \$ 33,286,828

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,416,860
Educational Assistants		157,256
Other Salaries & Wages		83,475
Certified Substitute Teachers		11,896
Non-certified Substitute Teachers		36,740
Social Security		101,009
State Retirement		81,070

(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	3,711	
Medical Insurance		273,375	
Employer Medicare		23,623	
Instructional Supplies and Materials		151,580	
Other Supplies and Materials		224,738	
Other Charges		1,483	
Regular Instruction Equipment		10,729	
Total Regular Instruction Program			\$ 2,577,545

Special Education Program

Teachers	\$	250,555	
Educational Assistants		363,224	
Other Salaries & Wages		23,594	
Social Security		36,048	
State Retirement		33,137	
Life Insurance		2,010	
Medical Insurance		151,847	
Employer Medicare		8,431	
Contracts with Private Agencies		155,562	
Maintenance & Repair Services - Equipment		6,000	
Instructional Supplies and Materials		12,909	
Other Supplies and Materials		43,500	
Total Special Education Program			1,086,817

Vocational Education Program

Educational Assistants	\$	18,482	
Social Security		964	
State Retirement		1,085	
Life Insurance		125	
Medical Insurance		12,739	
Employer Medicare		225	
Instructional Supplies and Materials		51,634	
Other Supplies and Materials		34,279	
Vocational Instruction Equipment		74,252	
Total Vocational Education Program			193,785

Support Services

Attendance

Social Workers	\$	15,408	
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(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Social Security	\$	938	
State Retirement		904	
Employer Medicare		219	
Total Attendance			\$ 17,469

Health Services

Medical Personnel	\$	41,346	
Social Security		2,563	
State Retirement		768	
Life Insurance		65	
Employer Medicare		600	
Travel		2,957	
Other Supplies and Materials		630	
Total Health Services			48,929

Other Student Support

Social Workers	\$	30,371	
Other Salaries & Wages		22,585	
Social Security		3,228	
State Retirement		3,041	
Life Insurance		100	
Medical Insurance		12,487	
Employer Medicare		755	
Travel		400	
Other Supplies and Materials		6,964	
Other Charges		9,233	
Total Other Student Support			89,164

Regular Instruction Program

Supervisor/Director	\$	69,874
Secretary(ies)		26,372
Clerical Personnel		20,202
Other Salaries & Wages		129,640
In-Service Training		1,500
Social Security		14,753
State Retirement		12,880
Life Insurance		383
Medical Insurance		42,357
Employer Medicare		3,451

(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Maintenance & Repair Services - Equipment	\$	2,880	
Travel		30,470	
Other Supplies and Materials		8,879	
In Service/Staff Development		226,880	
Other Charges		1,188	
Total Regular Instruction Program			\$ 591,709

Special Education Program

Psychological Personnel	\$	87,315	
Clerical Personnel		22,065	
Social Security		6,649	
State Retirement		5,418	
Life Insurance		188	
Medical Insurance		18,990	
Employer Medicare		1,555	
Travel		7,000	
In Service/Staff Development		17,434	
Total Special Education Program			166,614

Vocational Education Program

Travel	\$	38,513	
In Service/Staff Development		7,931	
Total Vocational Education Program			46,444

Operation of Plant

Guards	\$	6,205	
Social Security		385	
Employer Medicare		90	
Custodial Supplies		240	
Electricity		2,960	
Natural Gas		623	
Water and Sewer		192	
Building and Contents Insurance		255	
Total Operation of Plant			10,950

Maintenance of Plant

Maintenance & Repair Services - Buildings	\$	2,000	
Total Maintenance of Plant			2,000

(Continued)

Exhibit D-4

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	26,603	
Other Salaries & Wages		13,294	
Social Security		2,474	
State Retirement		1,106	
Employer Medicare		578	
Maintenance & Repair Services - Vehicles		7,592	
Diesel Fuel		13,491	
Gasoline		7,334	
Total Transportation			\$ 72,472

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	101,852	
Educational Assistants		25,376	
Social Security		7,528	
State Retirement		6,828	
Life Insurance		376	
Medical Insurance		27,920	
Employer Medicare		1,761	
Total Early Childhood Education			171,641

Total School Federal Projects Fund \$ 5,075,539

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,474
Accountants/Bookkeepers		26,372
Clerical Personnel		22,582
Cafeteria Personnel		925,186
Other Salaries & Wages		77,401
In-Service Training		681
Social Security		64,355
State Retirement		51,678
Life Insurance		4,314
Medical Insurance		234,703
Employer Medicare		15,051
Communication		7,262
Maintenance & Repair Services - Equipment		15,530

(Continued)

Exhibit D-4

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Travel	\$	2,577	
Other Contracted Services		95,330	
Food Preparation Supplies		117,608	
Food Supplies		1,008,409	
Other Supplies and Materials		7,660	
In Service/Staff Development		4,438	
Other Charges		49,481	
Food Service Equipment		<u>204,518</u>	
Total Food Service			<u>\$ 3,000,610</u>

Total Central Cafeteria Fund

\$ 3,000,610

Total Governmental Funds - Campbell County School Department

\$ 41,362,977

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

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

F. CLIFFORD TUCKER, CPA
Audit Manager

BRYAN W. BURKLIN, CPA, CGFM
Auditor

ANDREW WAY, CPA
CHRIS SIZEMORE
DOUG SANDIDGE, CISA, CFE
State Auditors

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

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

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

November 22, 2006

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

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Campbell County, Tennessee, and the financial statements of each major fund of the Campbell County School Department, as of and for the year ended June 30, 2006, which collectively comprise a portion of Campbell County's and the Campbell County School Department's basic financial statements, and have issued our reports thereon dated November 22, 2006. Our reports on the financial statements of Campbell County, Tennessee, and the Campbell County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Campbell County's and the Campbell County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, 06.05, and 06.07.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 06.02, 06.03, and 06.05 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell County's and the Campbell County School Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01, 06.04, and 06.06.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



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

November 22, 2006

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

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

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Campbell County's and the Campbell County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Campbell County's and the Campbell County School Department's compliance with those requirements.

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

Internal Control Over Compliance

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

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

Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Campbell County, Tennessee, and the financial statements of each major fund of the Campbell County School Department, as of and for the year ended June 30, 2006, which collectively comprise a portion of Campbell County's and the Campbell County School Department's basic financial statements, and have issued our reports thereon dated November 22, 2006. Our reports on the financial statements of Campbell County, Tennessee, and the Campbell County School Department express adverse opinions because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming opinions on these financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is

presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 238,170
Total Passed-through State Department of Agriculture			\$ 238,170
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 485,340
National School Lunch Program	10.555	N/A	1,439,591
Total Passed-through State Department of Education			\$ 1,924,931
Total U.S. Department of Agriculture			\$ 2,163,101
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Formula Grant Program	16.579	Z-99-088462-00	\$ 18,770
Total U.S. Department of Justice			\$ 18,770
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-04-018932-00	\$ 11,650
Total U.S. Department of Transportation			\$ 11,650
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development	23.001	(2)	\$ 289,400
Passed through Upper Cumberland Development District:			
Appalachian Regional Development	23.001	GG-05-11735-00	10,000
Total Appalachian Regional Commission			\$ 299,400
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(2)	\$ 103,524
Title I Grants to Local Educational Agencies	84.010	N/A	2,046,934
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,172,698
Special Education - Preschool Grants	84.173	N/A	232,559
Vocational Education - Basic Grants to States	84.048	N/A	240,233
Safe and Drug Free Schools and Communities - National Grants	84.184	N/A	10,841
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	38,766
State Grants for Innovative Programs	84.298	N/A	22,459
Education Technology State Grants	84.318	(2)	33,945
Reading Excellence	84.338	N/A	39,204
Reading First State Grants	84.357	(2)	411,000
Rural Education	84.358	N/A	234,972
Improving Teacher Quality State Grants	84.367	N/A	639,986
Hurricane Education Recovery	84.938	N/A	28,545
Total U.S. Department of Education			\$ 5,255,666

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Election Assistance Commission:			
Passed-through Secretary of State:			
Help America Vote Act Requirement Payments	90.401	(2)	\$ 242,500
Total U.S. Department of Election Assistance Commission			<u>\$ 242,500</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Job Opportunities and Basic Skills Training	93.561	(2)	\$ 28,989
Total U.S. Department of Health and Human Services			<u>\$ 28,989</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022421-02	\$ 186,059
Disaster Grants - Public Assistance	97.036	(3)	2,593,006
Homeland Security Grant Program	97.067	Z-05-025136-00	4,522
Total U.S. Department of Homeland Security			<u>\$ 2,783,587</u>
Total Expenditures of Federal Awards			<u>\$ 10,803,663</u>

State Grants

	Contract Number	
Reappraisal Program - Comptroller of the Treasury	N/A (2)	\$ 17,031
Waste Tire Program - State Department of Environment & Conservation	N/A (2)	142,525
Litter Program - State Department of Transportation	N/A (2)	60,959
Airport Maintenance - State Department of Transportation	N/A (2)	9,443
Aging Program - State Commission on Aging	N/A (2)	8,607
Health Department Programs - State Department of Health	N/A (2)	408,786
Juvenile Service Program - State Commission on Children and Youth	N/A (2)	9,000
Safe Schools Act - State Department of Education	N/A (2)	65,429
Early Childhood Education Program - State Department of Education	N/A (2)	64,305
Families First State Grant - State Department of Labor	N/A (2)	18,278
Family Resource Center State Grant - State Department of Education	N/A (2)	64,809
Lottery for Education: After School Program	N/A (2)	136,119
Lottery for Education: Preschool	N/A (2)	256,119
Total State Grants		<u>\$ 1,261,410</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

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

(2) - Information not available.

(3) - Z-05-024710-00: \$2,529,756; Z-03-015835-00: \$41,995; Z-03-017831-00: \$21,255

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

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

CAMPBELL COUNTY AND CAMPBELL COUNTY SCHOOL DEPARTMENT

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

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.02	13	Docket trial balances were not reconciled with general ledger accounts

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.03	13	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Adverse opinions were issued on the financial statements of Campbell County and the Campbell County School Department.
2. The audit of the financial statements of Campbell County disclosed reportable conditions in internal control. Three of these conditions were considered to be material weaknesses. The audit of the financial statements of the Campbell County School Department disclosed no reportable conditions in internal control.
3. The audit disclosed three instances of noncompliance that are material to the financial statements of Campbell County, and two instances of noncompliance that are material to the financial statements of the Campbell County School Department.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Disaster Grants – Public Assistance (CFDA No. 97.036), and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A threshold of \$324,110 was used to distinguish between Type A and Type B federal programs.
9. Campbell County and the Campbell County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

CAMPBELL COUNTY AND CAMPBELL COUNTY SCHOOL DEPARTMENT

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

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

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

RECOMMENDATION

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

OFFICE OF COUNTY CLERK

FINDING 06.02 **AN EMPLOYEE STOLE CASH COLLECTIONS OF AT LEAST \$3,969 FROM THE COUNTY CLERK'S OFFICE**
(Internal Control – Material Weakness Under Government Auditing Standards)

The District Attorney General's Office notified the Comptroller's Office on October 17, 2006, that an employee of the County Clerk's Office had apparently stolen some collections.

We met with the county clerk, and he advised us that in September 2006, he had confronted an employee after he discovered 23 motor vehicle renewal transactions totaling \$1,357 that the employee had deleted from the office computer system. The clerk advised us that upon discovering the deleted transactions, he restored those collections from his personal funds and reprocessed the deleted transactions which had been inappropriately deleted. The clerk stated that the employee continued to work in the office; however, on October 13, 2006, the clerk found the employee's cash drawer was short \$740. The clerk asked the employee to liquidate the \$740 shortage and not return to work. The employee paid the \$740 on October 16, 2006, and was mailed a letter of employment termination on October 18, 2006.

We expanded our audit procedures in the office to review documentation of the improprieties detected by the clerk and to determine if there were indications of other amounts that had been diverted but not detected. Our audit revealed that several other motor vehicle transactions had been deleted by the former employee; however, the former employee had restored these funds and processed the transactions. These transactions have not been included as part of the cash shortage. Our audit also discovered an additional six motor vehicle transactions totaling \$1,872, that had been deleted by the employee that had not been reprocessed or the funds restored. The county clerk paid the \$1,872 from his personal funds and reprocessed the corresponding transactions.

In summary, the audit of the office revealed that funds of at least \$3,969 had been stolen. This theft consisted of (1) \$3,229 which had been stolen by deleting motor vehicle transactions from the office computer system and removing a like amount of collections, and (2) the \$740 shortage in the employee's cash drawer.

Although the clerk had discovered the initial problem with the diverted funds in September 2006, he did not notify our office or the District Attorney General's Office until after the cash drawer shortage was discovered on October 13, 2006.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

The county clerk should periodically review the computer generated audit log to determine the propriety of deleted transactions. County officials should be alert for any information provided by customers that may indicate that other collections had been diverted and not detected. The Comptroller's Office should be notified immediately upon detection of funds diverted from any county office.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I agree with this finding. A daily audit of motor vehicle transactions is now run and checked to verify that all transactions are properly entered and that all deletions are explained and justified. The Office of County Audit will be notified immediately if any discrepancies are discovered.

FINDING 06.03 **INTERNAL CONTROL WEAKNESSES CONTRIBUTED TO THE ABILITY TO DIVERT COLLECTIONS**
(Internal Control – Material Weakness Under Government Auditing Standards)

The following internal control weaknesses contributed to the ability to divert collections discussed in the previous finding:

- A. The office copies of registrations were not being compared with the corresponding daily collection reports and/or deletion reports.

- B. The make-up of cash and checks collected and remitted by deputy clerks for deposit preparation were not being compared with the cash and check totals on their daily collection reports. Collections were only being compared in total to the daily collection reports.

It is important to maintain adequate internal controls over cash collections to ensure that all collections are properly receipted and deposited.

RECOMMENDATION

Internal control procedures should be implemented to ensure cash collections are accounted for properly.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I agree with this finding. All transactions are now being compared to corresponding collection reports and/or deletion reports on a daily basis. All cash and checks turned in by deputy clerks for deposit preparation are now being compared with the cash and check totals on the daily collection reports.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 06.04 **DOCKET TRIAL BALANCES WERE NOT RECONCILED WITH CASH CONTROL RECORDS IN CIRCUIT AND GENERAL SESSIONS COURTS**

(Material Noncompliance Under Government Auditing Standards)

The office's computerized accounting system generates execution docket trial balance reports as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, the clerk had not reconciled amounts on those reports with general ledger control accounts for either Circuit or General Sessions Courts. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, 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.

RECOMMENDATION

The clerk should reconcile trial balances of execution docket cause balances with general ledger accounts. To 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.

FINDING 06.05 **THE GENERAL LEDGERS IN CIRCUIT AND GENERAL SESSIONS COURTS CONTAINED POSTING ERRORS**

(Internal Control – Material Weakness Under Government Auditing Standards)

General ledger accounts in Circuit and General Sessions Courts contained posting errors that left several of the accounts with unreasonable balances at June 30, 2006. Several liability accounts reflected materially overpaid balances while others remained materially underpaid. For example, the general ledgers in Circuit and General Sessions Courts reflected \$9,548 and \$46,761, respectively, due to the State Department of Revenue as of June 30, 2006. However, due to the posting errors we are unable to determine if the balances shown as due to the State Department of Revenue are correct. Since these balances represented 41 percent of collections in Circuit Court and 29 percent for General Sessions Court for the year, it is apparent that funds are not being reported and paid on a current basis. The general ledgers should accurately reflect the operations of the offices.

RECOMMENDATION

Immediate steps should be taken to correct posting errors in the general ledger accounts in Circuit and General Sessions Courts.

MANAGEMENT'S RESPONSE – CIRCUIT COURT CLERK

In response let me first assure you that every step is being taken to correct the areas of concern. Through further research into both the daily and monthly reports and with ongoing assistance from both the Central Accounting Office and Bridge Computer Systems, we believe that a major cause for the unreasonable account balances has been determined. At this time it appears that many of the general ledger accounts under the headings of the Department of Revenue in the computer software were set up to collect but not disburse the funds in both Circuit and General Sessions Courts. We anticipate that the software problem will be resolved shortly which will correct the accounts.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.06 **THE COUNTY'S TRAVEL POLICY PERMITS UNDOCUMENTED TRAVEL ALLOWANCES FOR CERTAIN COUNTY OFFICIALS AND EMPLOYEES WHICH VIOLATES STATE STATUTES**

(Material Noncompliance Under Government Auditing Standards)

The travel policies adopted by the Campbell County Commission provide for certain officials and employees to receive a specified taxable annual travel allowance for in-county travel without filing a detailed listing of the travel for which they are being compensated. All 15 county commissioners (\$4,500 each), all ten school board members (\$4,500 each), the director of schools (\$6,000), a planning commissioner who was also a county commissioner (an additional \$3,000), the county trustee (\$4,500), the circuit court clerk (\$4,500), the county clerk (\$4,500), the assessor of property (\$6,000), and four employees (one at \$3,000, two at \$4,500, and one at \$6,000) received the allowance for the year ended June 30, 2006.

Section 8-26-109, Tennessee Code Annotated (TCA), states in part “every state and county officer, who is authorized by law to incur official expenses which are to be paid by the state or any county or out of any public funds of any character, is directed and required to make out accurate, itemized statements of such expenses, showing date and amount of each separate item, and the purpose for which it was expended.”

Campbell County's travel policy is in violation of the above statute. Since the amount of travel varies among the various individuals so compensated, these payments in some instances could result in a salary supplement rather than a reimbursement of expenses incurred. Such supplements could also have the effect of violating statutes governing elected officials' salaries as provided by Section 8-24-102, TCA.

RECOMMENDATION

County officials should revise the adopted travel policies to bring them in compliance with state statutes. Any and all amounts paid for travel expenses should be supported by itemized documentation submitted by each official and employee to receive the reimbursement as required by Section 8-26-109, TCA.

FINDING 06.07

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Reportable Condition Under Government Auditing Standards)

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

MANAGEMENT'S RESPONSE – COUNTY CLERK

I agree with this finding. The employer is now in the process to better segregate duties.

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

There were no findings and questioned costs for federal awards.

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

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