

**ANNUAL FINANCIAL REPORT**  
**TIPTON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2006**

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

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

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

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*State Auditors*

This financial report is available at [www.comptroller.state.tn.us](http://www.comptroller.state.tn.us)

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# *Audit Highlights*

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

## *Scope*

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

## *Results*

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors. Also, our report on the aggregate remaining fund information is qualified because the financial statements did not include the Tipton County Library, a special revenue fund, whose financial statements were not available from other auditors. Our report on the governmental activities and each major fund is unqualified.

Our audit resulted in four findings and recommendations, which we have reviewed with Tipton County management. Detailed findings and recommendations are included in the Single Audit Section of this report.

## *Findings*

The following are summaries of the audit findings:

### **OFFICE OF COUNTY EXECUTIVE**

- ◆ The Public Library Fund, a special revenue fund, was not budgeted.

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### **OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF PUBLIC WORKS**

- ◆ The animal control operations have been improperly accounted for in the Highway/Public Works Fund since the 2002-03 fiscal year.
-

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The assistant to the Transportation Department's secretary was paid for services she did not perform.
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## **OTHER FINDING**

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

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## INTRODUCTORY SECTION

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# Tipton County Officials

## June 30, 2006

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### **Officials**

Jeff Huffman, County Executive  
Leon Davenport, Director of Public Works  
Tim Fite, Director of Schools  
Laura Max Racine, Trustee  
Bill Stimpson, Assessor of Property  
Pam Deen, County Clerk  
Mike Forbess, Circuit, General Sessions, and Juvenile Courts Clerk  
Judy Barkelew Billings, Clerk and Master  
Peggy Spain, Register  
Clyde Devon Lewis, Jr., Sheriff  
Bruce Petty, Director of Accounts and Budget

### **Board of County Commissioners**

Jeff Huffman, Chairman	Dale Smith
William E. Bibb, Jr., Chairman Pro-Tem	James Lamont Sneed
Quincy Barlow	Michael Taylor
Steve Bringle	Harold Twisdale
Patsy Fee	Charles Walker
David Gordon	Clifford Wilson
Joseph Johnson	Robert Wilson
Jeff Mason	Rusty Wooten
John McIntyre	Billy Yancy
Jeff Scott	

### **Board of Education**

Rodney Eubank, Chairman  
Don Clark, Vice-Chairman  
Wayne Bouler  
Susan Griffin  
Marty Haywood  
Patricia Jackson  
Inez Mills  
Jack Strong  
Thomas Taylor

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**FINANCIAL SECTION**

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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**

**INDEPENDENT AUDITOR'S REPORT**

August 28, 2006

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

To the County Executive and Board of County Commissioners:

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

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

The financial statements of the Tipton County Emergency Communications District had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units referred to above do not include the financial statements of the Tipton County Emergency Communications District which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements are not reasonably determinable.

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

In our opinion, except for the effects of not including the financial statements of the Tipton County Emergency Communications District, a discretely presented component unit, and the Tipton County Library, a nonmajor special revenue fund, as discussed in the two preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2006, on our consideration of Tipton 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 management of Tipton County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 53 through 59 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 Tipton County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Tipton County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements,

budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Tipton County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Tipton County School Department</u>
<u>ASSETS</u>		
Cash	\$ 46,084	\$ 0
Equity in Pooled Cash and Investments	18,846,806	10,689,343
Accounts Receivable	17,162	0
Due from Other Governments	433,142	1,157,103
Property Taxes Receivable	10,916,908	9,825,218
Allowance for Uncollectible Property Taxes	(305,997)	(275,397)
Deferred Charges - Debt Issuance Costs	27,150	0
Capital Assets Not Depreciated:		
Land	2,228,266	3,547,240
Construction in Progress	549,056	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	3,648,079	19,927,008
Infrastructure	1,347,830	0
Other Capital Assets	761,000	3,227,365
Total Assets	<u>\$ 38,515,486</u>	<u>\$ 48,097,880</u>
<u>LIABILITIES</u>		
Payroll Deductions Payable	\$ 0	\$ 1,883,836
Accrued Interest Payable	219,161	0
Deferred Revenue - Current Property Taxes	10,269,702	9,242,733
Noncurrent Liabilities:		
Due Within One Year	4,472,811	20,071
Due in More Than One Year	38,185,744	381,364
Total Liabilities	<u>\$ 53,147,418</u>	<u>\$ 11,528,004</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,942,316	\$ 0
Invested in Capital Assets	0	26,701,613
Restricted for:		
Capital Projects	132,793	602,163
Debt Service	10,284,720	0
Solid Waste/Sanitation	603,023	0
Highway/Public Works	758,284	0
Central Cafeteria	0	1,463,562
Other Purposes	436,987	285,571
Unrestricted	(32,790,055)	7,516,967
Total Net Assets	<u>\$ (14,631,932)</u>	<u>\$ 36,569,876</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Activities	Unit Tipton County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,639,569	\$ 549,558	\$ 36,380	\$ 0	\$ (1,053,631)	\$ 0
Finance	1,412,960	1,145,964	17,712	0	(249,284)	0
Administration of Justice	1,339,001	1,142,318	52,646	0	(144,037)	0
Public Safety	5,301,722	576,964	23,115	111,490	(4,590,153)	0
Public Health and Welfare	1,605,583	172,469	298,751	0	(1,134,363)	0
Social, Cultural, and Recreational Services	143,200	0	0	0	(143,200)	0
Agriculture & Natural Resources	142,103	14,542	0	0	(127,561)	0
Other Operations	559,494	8,010	0	140,475	(411,009)	0
Highways/Public Works	4,736,898	20,131	1,947,838	547,670	(2,221,259)	0
Interest on Long-term Debt	1,624,600	0	0	0	(1,624,600)	0
Other Debt Service	179,157	0	475,000	0	295,843	0
<b>Total Primary Government</b>	<b>\$ 18,684,287</b>	<b>\$ 3,629,956</b>	<b>\$ 2,851,442</b>	<b>\$ 799,635</b>	<b>\$ (11,403,254)</b>	<b>\$ 0</b>
Component Unit:						
Tipton County School Department	\$ 73,221,565	\$ 2,409,837	\$ 9,510,542	\$ 0	\$ 0	\$ (61,301,186)
<b>Total Component Unit</b>	<b>\$ 73,221,565</b>	<b>\$ 2,409,837</b>	<b>\$ 9,510,542</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (61,301,186)</b>

(Continued)

Exhibit B

Tipton County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total	Unit Tipton County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 5,293,892	\$ 9,223,690	
Property Taxes Levied for Debt Service				4,896,292	0	
Local Option Sales Tax				360,472	3,106,050	
Other Local Taxes				3,672,608	124,353	
Grants and Contributions Not Restricted to Specific Programs				1,270,349	48,607,642	
Unrestricted Investment Earnings				1,227,513	0	
Miscellaneous				93,011	210,797	
Total General Revenues				<u>\$ 16,814,137</u>	<u>\$ 61,272,532</u>	
Extraordinary Item - Tornado Damage				\$ 0	\$ 490,609	
Change in Net Assets				\$ 5,410,883	\$ 461,955	
Net Assets, July 1, 2005				(19,993,625)	36,107,921	
Prior Period Adjustment				(49,190)	0	
Net Assets, June 30, 2006				<u>\$ (14,631,932)</u>	<u>\$ 36,569,876</u>	

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 46,084	\$ 46,084
Equity in Pooled Cash and Investments	7,158,588	526,301	10,339,434	822,483	18,846,806
Accounts Receivable	16,495	0	667	0	17,162
Due from Other Governments	106,305	326,837	0	0	433,142
Due from Other Funds	46,084	0	0	0	46,084
Property Taxes Receivable	5,094,557	436,676	5,240,116	145,559	10,916,908
Allowance for Uncollectible Property Taxes	(142,798)	(12,240)	(146,879)	(4,080)	(305,997)
Total Assets	<u>\$ 12,279,231</u>	<u>\$ 1,277,574</u>	<u>\$ 15,433,338</u>	<u>\$ 1,010,046</u>	<u>\$ 30,000,189</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 46,084	\$ 46,084
Deferred Revenue - Current Property Taxes	4,792,528	410,788	4,929,457	136,929	10,269,702
Deferred Revenue - Delinquent Property Taxes	148,855	12,759	153,108	4,254	318,976
Other Deferred Revenues	48,000	163,400	0	0	211,400
Total Liabilities	<u>\$ 4,989,383</u>	<u>\$ 586,947</u>	<u>\$ 5,082,565</u>	<u>\$ 187,267</u>	<u>\$ 10,846,162</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 412,713	\$ 5,222	\$ 0	\$ 0	\$ 417,935
Reserved for Drug Court	16,523	0	0	0	16,523
Reserved for Sexual Offender Registration	6,714	0	0	0	6,714
Reserved for Computer System - Register	44,899	0	0	0	44,899
Reserved for Automation Purposes - General Sessions Court	12,127	0	0	0	12,127
Reserved for Other General Purposes	265,507	0	0	0	265,507
Unreserved, Reported In:					
General Fund	6,531,365	0	0	0	6,531,365
Special Revenue Funds	0	685,405	0	689,986	1,375,391
Debt Service Funds	0	0	10,350,773	0	10,350,773
Capital Projects Funds	0	0	0	132,793	132,793
Total Fund Balances	<u>\$ 7,289,848</u>	<u>\$ 690,627</u>	<u>\$ 10,350,773</u>	<u>\$ 822,779</u>	<u>\$ 19,154,027</u>
Total Liabilities and Fund Balances	<u>\$ 12,279,231</u>	<u>\$ 1,277,574</u>	<u>\$ 15,433,338</u>	<u>\$ 1,010,046</u>	<u>\$ 30,000,189</u>

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 19,154,027	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Add: land	\$	2,228,266	
Add: construction in progress		549,056	
Add: buildings and improvements net of accumulated depreciation		3,648,079	
Add: infrastructure net of accumulation depreciation		1,347,830	
Add: other capital assets net of accumulated depreciation		<u>761,000</u>	8,534,231
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: notes payable	\$	(1,101,650)	
Less: other loans payable		(18,626,024)	
Less: capitalized leases payable		(51,325)	
Less: bonds payable		(21,965,000)	
Add: deferred charges - debt issuance costs		27,150	
Less: compensated absences payable		(515,150)	
Less: landfill closure/postclosure care costs		(399,406)	
Less: accrued interest on bonds and notes		<u>(219,161)</u>	(42,850,566)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			<u>530,376</u>
Net assets of governmental activities (Exhibit A)			<u>\$ (14,631,932)</u>

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

## Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 7,426,651	\$ 1,929,797	\$ 5,331,068	\$ 151,367	\$ 14,838,883
Licenses and Permits	75,427	41,812	0	0	117,239
Fines, Forfeitures, and Penalties	328,511	0	0	86,577	415,088
Charges for Current Services	164,949	2,148	0	82,275	249,372
Other Local Revenues	161,055	18,310	1,227,513	49,986	1,456,864
Fees Received from County Officials	2,263,289	0	0	0	2,263,289
State of Tennessee	946,716	2,144,929	0	506,540	3,598,185
Federal Government	181,824	0	0	348,299	530,123
Other Governments and Citizens Groups	70,395	7,808	475,000	0	553,203
<b>Total Revenues</b>	<b>\$ 11,618,817</b>	<b>\$ 4,144,804</b>	<b>\$ 7,033,581</b>	<b>\$ 1,225,044</b>	<b>\$ 24,022,246</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,576,710	\$ 0	\$ 0	\$ 0	\$ 1,576,710
Finance	1,322,173	0	0	87,874	1,410,047
Administration of Justice	1,278,817	0	0	1,122	1,279,939
Public Safety	5,224,538	0	0	68,556	5,293,094
Public Health and Welfare	575,124	148,166	0	21,105	744,395
Social, Cultural, and Recreational Services	73,200	0	0	0	73,200
Agricultural and Natural Resources	139,717	0	0	0	139,717
Other Operations	562,723	0	0	0	562,723
Highways	0	4,411,603	0	721,057	5,132,660
Debt Service:					
Principal on Debt	7,479	83,000	4,150,000	0	4,240,479
Interest on Debt	2,174	4,789	1,642,789	0	1,649,752
Other Debt Service	0	0	177,657	0	177,657
Capital Projects	0	0	0	509,521	509,521
<b>Total Expenditures</b>	<b>\$ 10,762,655</b>	<b>\$ 4,647,558</b>	<b>\$ 5,970,446</b>	<b>\$ 1,409,235</b>	<b>\$ 22,789,894</b>
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 856,162	\$ (502,754)	\$ 1,063,135	\$ (184,191)	\$ 1,232,352
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 249,650	\$ 0	\$ 0	\$ 249,650
Capital Leases Issued	21,808	0	0	0	21,808
Other Loans Issued	611,734	0	0	0	611,734
Transfers Out	(70,000)	0	0	0	(70,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 563,542</b>	<b>\$ 249,650</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 813,192</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2005	\$ 5,870,144	\$ (253,104)	\$ 1,063,135	\$ (184,191)	\$ 2,045,544
Fund Balance, July 1, 2005	5,870,144	943,731	9,287,638	1,006,970	17,108,483
<b>Fund Balance, June 30, 2006</b>	<b>\$ 7,289,848</b>	<b>\$ 690,627</b>	<b>\$ 10,350,773</b>	<b>\$ 822,779</b>	<b>\$ 19,154,027</b>

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

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,045,544
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differs from depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 460,961	
Less: current year depreciation expense	<u>(532,702)</u>	(71,741)
(2) The net effect of various miscellaneous transactions involving the sale of capital assets is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (5,317)	
Less: proceeds received from the disposal of assets	<u>(1,765)</u>	(7,082)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 530,376	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(455,687)</u>	74,689
(4) The issuance of long-term debt (e.g. other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (249,650)	
Less: other loan proceeds	(611,734)	
Less: capital lease proceeds	(21,808)	
Less: change in deferred debt issuance costs	(1,500)	
Add: principal payment on bonds	2,730,000	
Add: principal payment on notes	923,000	
Add: principal payment on other loans	580,000	
Add: principal payment on capital leases	<u>7,479</u>	3,355,787
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ 25,152	
Change in compensated absences	(32,571)	
Change in landfill closure/postclosure care costs	<u>21,105</u>	13,686
Change in net assets of governmental activities (Exhibit B)		<u>\$ 5,410,883</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,758,353
Accounts Receivable	3,371
Due from Other Governments	<u>441,865</u>
Total Assets	<u>\$ 2,203,589</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 441,865
Due to Litigants, Heirs, and Others	<u>1,761,724</u>
Total Liabilities	<u>\$ 2,203,589</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Tipton County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Tipton County (the primary government) and its component units. Although required by GAAP, the financial statements of the Tipton County Library, a special revenue fund, were not available from other auditors in time for inclusion in this report. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Tipton County School Department operates the public school system in the county, and the voters of Tipton 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 Tipton County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Tipton County, and the Tipton 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 financial statements of the Tipton County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Tipton County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Tipton County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Tipton County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Tipton County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Tipton County Emergency Communications District  
220 Hwy 51 North, Suite 4  
Covington, TN 38019

**B. Government-wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Tipton County issues all debt for the discretely presented Tipton County School Department.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

Tipton County reports the following major governmental funds:

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

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

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

Additionally, Tipton County reports the following fund type:

**General Capital Projects Fund** – This fund accounts for general capital projects of the county.

**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 Tipton County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Tipton County School Department reports the following major governmental fund:

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

Additionally, the Tipton County School Department reports the following fund types:

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

**Education Capital Projects Fund** – This fund is used to account for the receipt of debt issued by Tipton County and contributed to the School Department for building construction and renovations.

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

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

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

## **D. Assets, Liabilities, and Net Assets or Equity**

### **1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds, and the discretely presented Tipton County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Tipton County and the Tipton County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment

company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.49 percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

**3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5, 10, or 12
Infrastructure:	
Roads	10 or 20
Bridges	5, 15, or 30

Tipton County has recognized infrastructure assets acquired after July 1, 2002, in the financial statements of this report, and plans to retroactively report infrastructure assets acquired between July 1, 1980, and June 30, 2002, by the fiscal year ending June 30, 2007.

**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 Tipton County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and its discretely presented component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**5. Long-term Obligations**

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

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

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

**6. Net Assets and Fund Equity**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2006, Tipton County had \$39,152,084 in outstanding debt for capital purposes for the discretely presented Tipton County School Department. The debt is a liability of Tipton County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Tipton County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

#### Primary Government

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

#### Discretely Presented Tipton County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

#### Primary Government

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

Discretely Presented Tipton County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**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 General 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, Beer Board, County Mayor, Election Commission, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

the balance sheets or statements of net assets 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. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

**Investments**

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

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

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 14,587,508</u>
Total		<u><u>\$ 14,587,508</u></u>

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

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

**B. Capital Assets**

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

Primary Government

**Governmental Activities:**

	Balance 7-1-05	Prior Period Adjustment	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:					
Land	\$ 2,329,516	\$ (101,250)	\$ 0	\$ 0	\$ 2,228,266
Construction in Progress	544,703	0	4,353	0	549,056
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,874,219</b>	<b>\$ (101,250)</b>	<b>\$ 4,353</b>	<b>\$ 0</b>	<b>\$ 2,777,322</b>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 5,692,168	\$ 0	\$ 0	\$ 0	\$ 5,692,168
Infrastructure	1,331,529	101,250	0	0	1,432,779
Other Capital Assets	5,427,183	(47,032)	456,608	(676,192)	5,160,567
<b>Total Capital Assets Depreciated</b>	<b>\$ 12,450,880</b>	<b>\$ 54,218</b>	<b>\$ 456,608</b>	<b>\$ (676,192)</b>	<b>\$ 12,285,514</b>

**Governmental Activities: (Cont.)**

	Balance 7-1-05	Prior Period Adjustment	Increases	Decreases	Balance 6-30-06
Less Accumulated Depreciation For: Buildings and Improvements	\$ 1,861,333	\$ 0	\$ 182,756	\$ 0	\$ 2,044,089
Infrastructure	84,949	0	0	0	84,949
Other Capital Assets	4,716,573	2,158	349,946	(669,110)	4,399,567
Total Accumulated Depreciation	\$ 6,662,855	\$ 2,158	\$ 532,702	\$ (669,110)	\$ 6,528,605
Total Capital Assets Depreciated, Net	\$ 5,788,025	\$ 52,060	\$ (76,094)	\$ (7,082)	\$ 5,756,909
Governmental Activities Capital Assets, Net	\$ 8,662,244	\$ (49,190)	\$ (71,741)	\$ (7,082)	\$ 8,534,231

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

**Governmental Activities:**

General Government	\$ 58,733
Administration of Justice	52,586
Public Safety	196,401
Public Health and Welfare	5,929
Highways/Public Works	219,053
Total Depreciation Expense - Governmental Activities	<u>\$ 532,702</u>

Discretely Presented Tipton County School Department

**Governmental Activities:**

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 3,547,240	\$ 0	\$ 0	\$ 3,547,240
Construction in Progress	2,666,283	0	(2,666,283)	0
Total Capital Assets Not Depreciated	\$ 6,213,523	\$ 0	\$ (2,666,283)	\$ 3,547,240

**Governmental Activities: (Cont.)**

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 78,935,261	\$ 2,666,283	\$ 0	\$ 81,601,544
Other Capital Assets	6,681,538	955,620	0	7,637,158
<b>Total Capital Assets</b>				
Depreciated	<u>\$ 85,616,799</u>	<u>\$ 3,621,903</u>	<u>\$ 0</u>	<u>\$ 89,238,702</u>
Less Accumulated				
Depreciated For:				
Buildings and				
Improvements	\$ 58,851,863	\$ 2,822,673	\$ 0	\$ 61,674,536
Other Capital Assets	3,886,143	523,650	0	4,409,793
<b>Total Accumulated</b>				
Depreciation	<u>\$ 62,738,006</u>	<u>\$ 3,346,323</u>	<u>\$ 0</u>	<u>\$ 66,084,329</u>
<b>Total Capital Assets</b>				
Depreciated, Net	<u>\$ 22,878,793</u>	<u>\$ 275,580</u>	<u>\$ 0</u>	<u>\$ 23,154,373</u>
<b>Governmental Activities</b>				
Capital Assets, Net	<u>\$ 29,092,316</u>	<u>\$ 275,580</u>	<u>\$ (2,666,283)</u>	<u>\$ 26,701,613</u>

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

Governmental Activities:

Instruction	\$ 2,417,397
Support Services	658,307
Operation of Non-Instructional Services	<u>270,619</u>
<b>Total Depreciation Expense -</b>	
Governmental Activities	<u><u>\$ 3,346,323</u></u>

**C. Interfund Receivables, Payables, and Transfers**

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

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	<u>\$ 46,084</u>

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

**Interfund Transfers:**

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

**Primary Government**

	Transfers In Nonmajor Governmental Funds
Transfers Out	
General Fund	\$ 70,000

**Discretely Presented Tipton County School Department**

	Transfers In General Purpose School Fund
Transfers Out	
Nonmajor governmental fund	\$ 126,055

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

The \$70,000 transfer from the county's General Fund was made to the Public Library Fund. The Public Library Fund, a nonmajor special revenue fund, was not available from other auditors in time for inclusion in this report. Therefore, the financial statements in this report reflect the transfer out in the General Fund without a corresponding transfer in.

**D. Contributions to Primary Government's General Debt Service Fund**

During the year, the discretely presented Tipton County School Department contributed \$475,000 from the General Purpose School Fund to the primary government's General Debt Service Fund to be applied toward the retirement of general obligation debt that was issued by the county for school capital purposes.

**E. Capital Leases**

On June 12, 2006, Tipton County entered into a five-year lease-purchase agreement for copy machines. The terms of the agreement require total lease payments of \$21,808 plus interest of 3.32 percent. Title to the copy machines transfers to Tipton County at the end of the lease period. The lease payments are made by the General Fund.

On December 14, 2004, Tipton County entered into a five-year lease-purchase agreement for six copy machines. The terms of the agreement require total lease payments of \$41,141 plus interest of 6.47 percent. Title to the copy machines transfers to Tipton County at the end of the lease period. The lease payments are made by the General Fund.

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

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2007	\$ 14,394
2008	14,392
2009	14,393
2010	8,763
2011	4,740
Total Minimum Lease Payments	\$ 56,682
Amounts Representing Interest	(5,357)
Present Value of Minimum Lease Payments	<u>\$ 51,325</u>

**F. Long-term Debt**

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to five 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, notes, and other loans 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, other loans, capital outlay notes, and capital leases outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds -	2.5 to 4.625 %	\$ 9,000,000	\$ 8,500,000
General Obligation Bonds - Refunding	2.5 to 5.35	25,685,000	13,465,000
Other Loans	variable	20,426,024	18,626,024
Capital Outlay Note	4.73	249,650	166,650
Capital Outlay Note - Refunding	2.5	3,730,000	935,000
Capital Leases	3.32 to 6.47	62,949	51,325

During the 1998-99 year, Tipton County entered into two loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned Tipton County \$10,897,089. These loans are repayable at a variable interest rate based on the weekly Bank of America Thursday National Non-AMT Index (BOA). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with these loans. At June 30, 2006, the variable interest rate was four percent based on the BOA rate and other fees amounted to approximately .35 percent of the outstanding loan principal.

During the 2002-03 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$5,100,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2006, Tipton County had borrowed \$4,428,935. This loan is repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2006, the variable interest rate was 4.1 percent based on the LIBOR rate and other fees amounted to approximately .3 percent of the outstanding loan principal.

During the 2004-05 year, Tipton County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provided for the authority to make \$6,000,000 available for loan to Tipton County on an as-needed basis for various capital projects. As of June 30, 2006, Tipton County had borrowed \$5,100,000. This loan is

repayable at a variable interest rate based on the daily London Interbank Offer Rate (LIBOR). In addition, the county pays various other fees (administration, debt remarketing, etc.) in connection with this loan. At June 30, 2006, the variable interest rate was 4.1 percent based on the LIBOR rate and other fees amounted to approximately .3 percent of the outstanding loan principal.

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

Year Ending June 30	Bonds		Note	
	Principal	Interest	Principal	Interest
2007	\$ 2,610,000	\$ 908,785	\$ 1,018,000	\$ 31,257
2008	2,785,000	812,468	83,650	3,956
2009	2,445,000	708,260	0	0
2010	2,075,000	613,110	0	0
2011	1,780,000	532,260	0	0
2012-2016	6,545,000	1,545,943	0	0
2017-2021	3,025,000	570,775	0	0
2022	700,000	32,375	0	0
Total	\$ 21,965,000	\$ 5,723,976	\$ 1,101,650	\$ 35,213

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2007	\$ 787,000	\$ 753,520	\$ 60,952	\$ 1,601,472
2008	1,344,000	721,803	58,316	2,124,119
2009	1,851,000	667,299	53,984	2,572,283
2010	1,959,000	592,008	48,131	2,599,139
2011	1,967,000	512,389	41,904	2,521,293
2012-2016	5,887,935	1,668,111	137,467	7,693,513
2017-2021	4,589,089	489,272	39,062	5,117,423
2022	241,000	9,881	723	251,604
Total	\$ 18,626,024	\$ 5,414,283	\$ 440,539	\$ 24,480,846

There is \$10,350,773 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$428, based on the 2000 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases, amounted to \$814, based on the 2000 federal census.

#### Changes in Long-term Liabilities

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

**Governmental Activities:**

	Bonds	Note	Other Loans
Balance, July 1, 2005	\$ 24,695,000	\$ 1,775,000	\$ 18,594,290
Additions	0	249,650	611,734
Deductions	(2,730,000)	(923,000)	(580,000)
Balance, June 30, 2006	\$ 21,965,000	\$ 1,101,650	\$ 18,626,024
Balance Due Within One Year	\$ 2,610,000	\$ 1,018,000	\$ 787,000

  

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2005	\$ 36,996	\$ 482,579	\$ 420,511
Additions	21,808	295,373	0
Deductions	(7,479)	(262,802)	(21,105)
Balance, June 30, 2006	\$ 51,325	\$ 515,150	\$ 399,406
Balance Due Within One Year	\$ 12,055	\$ 25,756	\$ 20,000

## Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 42,658,555
Less: Balance Due Within One Year	<u>(4,472,811)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 38,185,744</u>

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

Discretely Presented Tipton County School DepartmentChanges in Long-term Liabilities

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

**Governmental Activities:**

	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 364,892
Additions	164,915
Deductions	<u>(128,372)</u>
Balance, June 30, 2006	<u>\$ 401,435</u>
Balance Due Within One Year	<u>\$ 20,071</u>

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

**G. Short-term Debt**

Tipton County issued a tax anticipation note in advance of property tax collections and deposited the proceeds in the Highway/Public Works Fund. This note was necessary because funds were not available to meet operating expenses coming due before current tax collections. Short-term debt activity for the year ended June 30, 2006, was as follows:

	<u>Balance 7-1-05</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6-30-06</u>
Tax Anticipation Note	\$ 0	\$ 500,000	\$ (500,000)	\$ 0

**H. Extraordinary Items**

During the year, Tipton County received damage from a tornado. The discretely presented Tipton County School Department's General Purpose School Fund received insurance recovery funds of \$490,609 to restore the damaged property to its original value.

**I. Prior-period Adjustment**

Capital assets contain a prior-period adjustment of \$49,190 because certain assets of the County Executive's Office (\$22,058) and Highway Department (\$27,132) were restated.

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government

##### Liability, Property, and Casualty

Tipton County is exposed to various risks related to general liability, property, and casualty losses. Tipton County carries commercial insurance for risks to property. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

The county participates in the Local Government Property and Casualty Fund (LGPCF) which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

##### Workers' Compensation Insurance

Tipton County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, Tennessee Code Annotated (TCA), by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

##### Employee Health Insurance

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

## Discretely Presented Tipton County School Department

### Liability, Property, and Casualty

Tipton County School Department is exposed to various risks related to general liability, property, and casualty losses. Tipton County School Department carries commercial insurance for risks to property. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

Tipton County School Department participates in the Local Government Property and Casualty Fund (LGPCF) which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

### Workers' Compensation Insurance

Tipton County School Department does not provide workers' compensation insurance coverage for its employees.

### Employee Health Insurance

Tipton County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF 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 that require GASB 42 disclosures 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 Tipton 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 Tipton County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

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

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

offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Tipton County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

**C. Subsequent Events**

On August 31, 2006, Laura Racine left the Office of Trustee and was succeeded by Kristi Maxwell, Peggy Spain left the Office of Register and was succeeded by Claudia Peeler, and Clyde Lewis, Jr., left the Office of Sheriff and was succeeded by J.T. Chumley.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney and the attorney for the Board of Education estimate that the potential claims against the county and board not covered by insurance resulting from such litigation would not materially affect the county's or board's financial statements.

**E. Landfill Closure/Postclosure Care Costs**

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The county stopped accepting household waste at the landfill during the 1996-97 year and began transporting the household waste to a private landfill in an adjoining county. As a result, the Solid Waste Fund was closed at June 30, 1997, and effective July 1, 1997, the Solid Waste/Sanitation Fund (special revenue fund) began reporting all activities of Tipton County's solid waste activities.

An accrued liability of \$399,406 for landfill postclosure care costs at June 30, 2006, representing the remaining estimated costs for future postclosure care functions, is reported as a liability in the government-wide financial statements. Actual postclosure care cost may be higher due to inflation, changes in technology, or changes in regulations.

**F. Retirement Commitments**

**Plan Description**

Employees of Tipton 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 Tipton 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](http://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**

Tipton 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 9.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Tipton County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2006, Tipton County's annual pension cost of \$1,214,337 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. Tipton County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 19 years.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$1,214,337	100%	\$0
6-30-05	1,401,428	100	0
6-30-04	1,234,960	100	0

**Required Supplementary Information**  
Schedule of Funding Progress for Tipton County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$16,588	\$21,186	\$4,598	78.30%	\$12,469	36.88%
6-30-01	12,401	17,184	4,783	72.17	11,146	42.91
6-30-99	8,496	10,269	1,773	82.73	9,821	18.05

**SCHOOL TEACHERS**

**Plan Description**

The Tipton 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://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 Tipton 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 Tipton 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 \$1,884,196, \$1,810,772, and \$1,019,560, respectively, equal to the required contributions for each year.

### **G. Purchasing Laws**

#### Office of County Executive

Purchasing procedures for the County Executive's Office are governed by provisions of Chapter 518, Private Acts of 1941, as amended. This act provides for the Purchasing Committee to make all purchases estimated to exceed \$5,000. Purchases estimated to be \$5,000 or less may be made by the county executive or other county officials. This act also requires that competitive bids be solicited by the Purchasing Committee through advertisement in a local newspaper on all purchases estimated to exceed \$5,000.

#### Office of Director of Public Works

Purchasing procedures for the Public Works Department are governed by provisions of Chapter 114, Private Acts of 1973, as amended, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. These

statutes provide for the Public Works Committee to make all purchases, and all purchases exceeding \$10,000 are to be made on a competitive basis solicited through public advertisement.

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Tipton 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	\$ 7,426,651	\$ 0	\$ 0	\$ 7,426,651	\$ 7,472,240	\$ 7,472,240	\$ (45,589)
Licenses and Permits	75,427	0	0	75,427	70,000	70,000	5,427
Fines, Forfeitures, and Penalties	328,511	0	0	328,511	304,500	304,500	24,011
Charges for Current Services	164,949	0	0	164,949	172,450	172,450	(7,501)
Other Local Revenues	161,055	0	0	161,055	86,200	89,200	71,855
Fees Received from County Officials	2,263,289	0	0	2,263,289	1,958,500	1,958,500	304,789
State of Tennessee	946,716	0	0	946,716	876,827	932,896	13,820
Federal Government	181,824	0	0	181,824	820,100	1,350,100	(1,168,276)
Other Governments and Citizens Groups	70,395	0	0	70,395	0	0	70,395
<b>Total Revenues</b>	<b>\$ 11,618,817</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,618,817</b>	<b>\$ 11,760,817</b>	<b>\$ 12,349,886</b>	<b>\$ (731,069)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 111,312	\$ (125)	\$ 0	\$ 111,187	\$ 144,707	\$ 144,707	\$ 33,520
Beer Board	3,917	0	0	3,917	4,135	4,945	1,028
County Mayor/Executive	188,230	0	58	188,288	195,962	196,154	7,866
Election Commission	232,075	0	312,000	544,075	271,705	581,880	37,805
Register of Deeds	256,710	(1,580)	938	256,068	260,236	264,609	8,541
Planning	214,215	0	0	214,215	228,354	228,529	14,314
Building	281,543	(1,922)	0	279,621	287,031	292,493	12,872
Codes Compliance	10,210	0	0	10,210	14,395	14,395	4,185
Geographical Information Systems	117,417	(200)	0	117,217	123,352	123,397	6,180
County Buildings	161,081	(82,500)	0	78,581	75,460	81,260	2,679
<u>Finance</u>							
Accounting and Budgeting	185,003	0	3,997	189,000	192,469	192,559	3,559
Property Assessor's Office	410,534	(102)	0	410,432	418,623	430,389	19,957
Reappraisal Program	42,606	0	0	42,606	52,003	52,031	9,425

(Continued)

Exhibit E-1

Tipton 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	\$ 255,080	\$ 0	\$ 0	\$ 255,080	\$ 266,528	\$ 267,555	\$ 12,475
County Clerk's Office	428,950	(36)	0	428,914	443,678	447,334	18,420
<u>Administration of Justice</u>							
Circuit Court	457,185	(8,139)	798	449,844	460,784	461,089	11,245
General Sessions Court	209,628	0	205	209,833	211,653	212,759	2,926
Chancery Court	271,481	(355)	1,769	272,895	297,656	298,113	25,218
Juvenile Court	239,914	(463)	0	239,451	187,959	250,443	10,992
Probate Court	67,841	0	27	67,868	69,841	71,571	3,703
Other Administration of Justice	32,768	0	0	32,768	71,400	71,400	38,632
<u>Public Safety</u>							
Sheriff's Department	2,608,526	(16,206)	763	2,593,083	2,754,906	2,771,965	178,882
Administration of the Sexual Offender Registry	192	0	0	192	0	500	308
Jail	1,839,975	(577)	2,999	1,842,397	1,720,969	2,015,563	173,166
Workhouse	145,305	0	1,446	146,751	142,702	158,133	11,382
Fire Prevention and Control	284,169	0	0	284,169	243,665	328,296	44,127
Civil Defense	182,781	(10,503)	0	172,278	821,928	860,973	688,695
Other Emergency Management	163,590	0	0	163,590	161,527	164,927	1,337
<u>Public Health and Welfare</u>							
Local Health Center	84,763	(1,488)	17	83,292	85,327	90,642	7,350
Ambulance/Emergency Medical Services	100,000	0	0	100,000	100,000	100,000	0
Dental Health Program	242,916	0	0	242,916	231,927	244,270	1,354
General Welfare Assistance	32,850	0	0	32,850	37,431	37,431	4,581
Sanitation Management	114,595	(2,512)	96	112,179	142,758	143,649	31,470
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	49,500	0	0	49,500	49,500	49,500	0
Libraries	14,600	0	0	14,600	84,600	14,600	0

(Continued)

Exhibit E-1

Tipton 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>Social, Cultural, and Recreational Services (Cont.)</u>							
Parks and Fair Boards	\$ 6,100	\$ 0	\$ 0	\$ 6,100	\$ 8,100	\$ 8,100	\$ 2,000
Other Social, Cultural, and Recreational	3,000	0	0	3,000	3,000	3,000	0
<u>Agriculture &amp; Natural Resources</u>							
Agriculture Extension Service	63,813	(3,000)	0	60,813	100,907	100,907	40,094
Soil Conservation	75,904	0	0	75,904	85,903	86,028	10,124
<u>Other Operations</u>							
Tourism	50,000	0	0	50,000	50,000	50,000	0
Industrial Development	41,600	0	450	42,050	125,000	164,000	121,950
Other Economic and Community Development	189,782	(26,792)	87,150	250,140	520,000	700,000	449,860
Veterans' Services	12,523	0	0	12,523	12,645	12,645	122
Miscellaneous	268,818	0	0	268,818	289,184	317,184	48,366
<u>Principal on Debt</u>							
General Government	7,479	0	0	7,479	7,480	7,480	1
<u>Interest on Debt</u>							
General Government	2,174	0	0	2,174	2,180	2,180	6
Total Expenditures	\$ 10,762,655	\$ (156,500)	\$ 412,713	\$ 11,018,868	\$ 12,059,570	\$ 13,119,585	\$ 2,100,717
Excess (Deficiency) of Revenues Over Expenditures	\$ 856,162	\$ 156,500	\$ (412,713)	\$ 599,949	\$ (298,753)	\$ (769,699)	\$ 1,369,648
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 21,808	\$ 0	\$ 0	\$ 21,808	\$ 0	\$ 23,700	\$ (1,892)
Other Loans Issued	611,734	0	0	611,734	500,000	500,000	111,734
Transfers Out	(70,000)	0	0	(70,000)	0	(70,000)	0
Total Other Financing Sources (Uses)	\$ 563,542	\$ 0	\$ 0	\$ 563,542	\$ 500,000	\$ 453,700	\$ 109,842
Net Change in Fund Balance	\$ 1,419,704	\$ 156,500	\$ (412,713)	\$ 1,163,491	\$ 201,247	\$ (315,999)	\$ 1,479,490
Fund Balance, July 1, 2005	5,870,144	(156,500)	0	5,713,644	5,909,379	5,909,379	(195,735)
Fund Balance, June 30, 2006	\$ 7,289,848	\$ 0	\$ (412,713)	\$ 6,877,135	\$ 6,110,626	\$ 5,593,380	\$ 1,283,755

Exhibit E-2

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,929,797	\$ 0	\$ 0	\$ 1,929,797	\$ 2,022,492	\$ 2,022,492	\$ (92,695)
Licenses and Permits	41,812	0	0	41,812	45,010	45,010	(3,198)
Charges for Current Services	2,148	0	0	2,148	3,000	3,000	(852)
Other Local Revenues	18,310	0	0	18,310	400	400	17,910
State of Tennessee	2,144,929	0	0	2,144,929	2,741,297	2,741,297	(596,368)
Other Governments and Citizens Groups	7,808	0	0	7,808	200	200	7,608
<b>Total Revenues</b>	<b>\$ 4,144,804</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,144,804</b>	<b>\$ 4,812,399</b>	<b>\$ 4,812,399</b>	<b>\$ (667,595)</b>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Rabies and Animal Control	\$ 148,166	\$ 0	\$ 0	\$ 148,166	\$ 0	\$ 153,989	\$ 5,823
<u>Highways</u>							
Administration	331,094	0	0	331,094	337,078	340,081	8,987
Highway and Bridge Maintenance	1,360,433	0	5,131	1,365,564	1,594,678	1,557,178	191,614
Operation and Maintenance of Equipment	526,239	(65)	91	526,265	459,800	569,300	43,035
Other Charges	182,113	0	0	182,113	332,223	187,634	5,521
Employee Benefits	593,814	0	0	593,814	595,328	595,328	1,514
Capital Outlay	1,417,910	0	0	1,417,910	1,640,500	1,672,250	254,340
<u>Principal on Debt</u>							
Highways and Streets	83,000	0	0	83,000	0	83,000	0
<u>Interest on Debt</u>							
Highways and Streets	4,789	0	0	4,789	0	4,789	0
<b>Total Expenditures</b>	<b>\$ 4,647,558</b>	<b>\$ (65)</b>	<b>\$ 5,222</b>	<b>\$ 4,652,715</b>	<b>\$ 4,959,607</b>	<b>\$ 5,163,549</b>	<b>\$ 510,834</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (502,754)</b>	<b>\$ 65</b>	<b>\$ (5,222)</b>	<b>\$ (507,911)</b>	<b>\$ (147,208)</b>	<b>\$ (351,150)</b>	<b>\$ (156,761)</b>

(Continued)

Exhibit E-2

Tipton 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	\$ 249,650	\$ 0	\$ 0	\$ 249,650	\$ 0	\$ 249,650	\$ 0
Total Other Financing Sources (Uses)	\$ 249,650	\$ 0	\$ 0	\$ 249,650	\$ 0	\$ 249,650	\$ 0
Net Change in Fund Balance	\$ (253,104)	\$ 65	\$ (5,222)	\$ (258,261)	\$ (147,208)	\$ (101,500)	\$ (156,761)
Fund Balance, July 1, 2005	943,731	(65)	0	943,666	672,704	672,704	270,962
Fund Balance, June 30, 2006	\$ 690,627	\$ 0	\$ (5,222)	\$ 685,405	\$ 525,496	\$ 571,204	\$ 114,201

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

**BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Tipton 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, Beer Board, County Executive, Election Commission, etc.). Management may make revisions within major categories, but only the Tipton County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Tipton County’s garbage collection operations.

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

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

## Capital Projects Fund

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 46,084	\$ 46,084	\$ 0	\$ 46,084
Equity in Pooled Cash and Investments	598,473	91,217	0	689,690	132,793	822,483
Property Taxes Receivable	145,559	0	0	145,559	0	145,559
Allowance for Uncollectible Property Taxes	(4,080)	0	0	(4,080)	0	(4,080)
<b>Total Assets</b>	<b>\$ 739,952</b>	<b>\$ 91,217</b>	<b>\$ 46,084</b>	<b>\$ 877,253</b>	<b>\$ 132,793</b>	<b>\$ 1,010,046</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 46,084	\$ 46,084	\$ 0	\$ 46,084
Deferred Revenue - Current Property Taxes	136,929	0	0	136,929	0	136,929
Deferred Revenue - Delinquent Property Taxes	4,254	0	0	4,254	0	4,254
<b>Total Liabilities</b>	<b>\$ 141,183</b>	<b>\$ 0</b>	<b>\$ 46,084</b>	<b>\$ 187,267</b>	<b>\$ 0</b>	<b>\$ 187,267</b>
<u>Fund Balances</u>						
Unreserved	\$ 598,769	\$ 91,217	\$ 0	\$ 689,986	\$ 132,793	\$ 822,779
<b>Total Fund Balances</b>	<b>\$ 598,769</b>	<b>\$ 91,217</b>	<b>\$ 0</b>	<b>\$ 689,986</b>	<b>\$ 132,793</b>	<b>\$ 822,779</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 739,952</b>	<b>\$ 91,217</b>	<b>\$ 46,084</b>	<b>\$ 877,253</b>	<b>\$ 132,793</b>	<b>\$ 1,010,046</b>

Exhibit F-2

Tipton 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
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 151,367	\$ 0	\$ 0	\$ 151,367	\$ 0	\$ 151,367
Fines, Forfeitures, and Penalties	0	86,577	0	86,577	0	86,577
Charges for Current Services	81,153	0	1,122	82,275	0	82,275
Other Local Revenues	49,576	410	0	49,986	0	49,986
State of Tennessee	506,540	0	0	506,540	0	506,540
Federal Government	0	0	0	0	348,299	348,299
<b>Total Revenues</b>	<b>\$ 788,636</b>	<b>\$ 86,987</b>	<b>\$ 1,122</b>	<b>\$ 876,745</b>	<b>\$ 348,299</b>	<b>\$ 1,225,044</b>
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 87,874	\$ 87,874	\$ 0	\$ 87,874
Administration of Justice	0	0	1,122	1,122	0	1,122
Public Safety	0	68,556	0	68,556	0	68,556
Public Health and Welfare	21,105	0	0	21,105	0	21,105
Highways	721,057	0	0	721,057	0	721,057
Capital Projects	0	0	0	0	509,521	509,521
<b>Total Expenditures</b>	<b>\$ 742,162</b>	<b>\$ 68,556</b>	<b>\$ 88,996</b>	<b>\$ 899,714</b>	<b>\$ 509,521</b>	<b>\$ 1,409,235</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,474	\$ 18,431	\$ (87,874)	\$ (22,969)	\$ (161,222)	\$ (184,191)
Net Change in Fund Balances	\$ 46,474	\$ 18,431	\$ (87,874)	\$ (22,969)	\$ (161,222)	\$ (184,191)
Fund Balance, July 1, 2005	552,295	72,786	87,874	712,955	294,015	1,006,970
Fund Balance, June 30, 2006	\$ 598,769	\$ 91,217	\$ 0	\$ 689,986	\$ 132,793	\$ 822,779

Exhibit F-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 151,367	\$ 144,614	\$ 144,614	\$ 6,753
Charges for Current Services	81,153	85,000	85,000	(3,847)
Other Local Revenues	49,576	30,220	30,220	19,356
State of Tennessee	506,540	495,860	495,860	10,680
Total Revenues	<u>\$ 788,636</u>	<u>\$ 755,694</u>	<u>\$ 755,694</u>	<u>\$ 32,942</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Postclosure Care Costs	\$ 21,105	\$ 15,000	\$ 21,105	\$ 0
<u>Highways</u>				
Litter and Trash Collection	721,057	703,738	731,233	10,176
Total Expenditures	<u>\$ 742,162</u>	<u>\$ 718,738</u>	<u>\$ 752,338</u>	<u>\$ 10,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,474</u>	<u>\$ 36,956</u>	<u>\$ 3,356</u>	<u>\$ 43,118</u>
Net Change in Fund Balance	\$ 46,474	\$ 36,956	\$ 3,356	\$ 43,118
Fund Balance, July 1, 2005	<u>552,295</u>	<u>506,780</u>	<u>506,780</u>	<u>45,515</u>
Fund Balance, June 30, 2006	<u>\$ 598,769</u>	<u>\$ 543,736</u>	<u>\$ 510,136</u>	<u>\$ 88,633</u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 86,577	\$ 39,000	\$ 60,500	\$ 26,077
Other Local Revenues	410	200	200	210
Total Revenues	<u>\$ 86,987</u>	<u>\$ 39,200</u>	<u>\$ 60,700</u>	<u>\$ 26,287</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 68,556	\$ 43,250	\$ 75,340	\$ 6,784
Total Expenditures	<u>\$ 68,556</u>	<u>\$ 43,250</u>	<u>\$ 75,340</u>	<u>\$ 6,784</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,431</u>	<u>\$ (4,050)</u>	<u>\$ (14,640)</u>	<u>\$ 33,071</u>
Net Change in Fund Balance	\$ 18,431	\$ (4,050)	\$ (14,640)	\$ 33,071
Fund Balance, July 1, 2005	<u>72,786</u>	<u>72,786</u>	<u>72,786</u>	<u>0</u>
Fund Balance, June 30, 2006	<u><u>\$ 91,217</u></u>	<u><u>\$ 68,736</u></u>	<u><u>\$ 58,146</u></u>	<u><u>\$ 33,071</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

Exhibit G

Tipton 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	\$ 5,331,068	\$ 5,223,190	\$ 5,223,190	\$ 107,878
Other Local Revenues	1,227,513	400,000	400,000	827,513
Other Governments and Citizens Groups	475,000	475,000	475,000	0
Total Revenues	<u>\$ 7,033,581</u>	<u>\$ 6,098,190</u>	<u>\$ 6,098,190</u>	<u>\$ 935,391</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 4,150,000	\$ 4,150,000	\$ 4,150,000	\$ 0
<u>Interest on Debt</u>				
General Government	109,777	225,000	225,000	115,223
Education	1,533,012	1,766,566	1,706,705	173,693
<u>Other Debt Service</u>				
General Government	129,237	106,929	129,237	0
Education	48,420	60,000	97,253	48,833
Total Expenditures	<u>\$ 5,970,446</u>	<u>\$ 6,308,495</u>	<u>\$ 6,308,195</u>	<u>\$ 337,749</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,063,135</u>	<u>\$ (210,305)</u>	<u>\$ (210,005)</u>	<u>\$ 1,273,140</u>
Net Change in Fund Balance	\$ 1,063,135	\$ (210,305)	\$ (210,005)	\$ 1,273,140
Fund Balance, July 1, 2005	9,287,638	8,907,427	8,907,427	380,211
Fund Balance, June 30, 2006	<u>\$ 10,350,773</u>	<u>\$ 8,697,122</u>	<u>\$ 8,697,422</u>	<u>\$ 1,653,351</u>

# Fiduciary Funds

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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.

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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, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Tipton 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	\$ 1,758,353	\$ 1,758,353
Accounts Receivable	0	3,371	3,371
Due from Other Governments	441,865	0	441,865
Total Assets	<u>\$ 441,865</u>	<u>\$ 1,761,724</u>	<u>\$ 2,203,589</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 441,865	\$ 0	\$ 441,865
Due to Litigants, Heirs, and Others	0	1,761,724	1,761,724
Total Liabilities	<u>\$ 441,865</u>	<u>\$ 1,761,724</u>	<u>\$ 2,203,589</u>

Exhibit H-2

Tipton 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	\$ 2,700,254	\$ 2,700,254	\$ 0
Due from Other Governments	416,290	441,865	416,290	441,865
Total Assets	\$ 416,290	\$ 3,142,119	\$ 3,116,544	\$ 441,865
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 416,290	\$ 3,142,119	\$ 3,116,544	\$ 441,865
Total Liabilities	\$ 416,290	\$ 3,142,119	\$ 3,116,544	\$ 441,865
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,283,962	\$ 12,310,614	\$ 11,836,223	\$ 1,758,353
Accounts Receivable	1,785	3,371	1,785	3,371
Total Assets	\$ 1,285,747	\$ 12,313,985	\$ 11,838,008	\$ 1,761,724
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,285,747	\$ 12,313,985	\$ 11,838,008	\$ 1,761,724
Total Liabilities	\$ 1,285,747	\$ 12,313,985	\$ 11,838,008	\$ 1,761,724
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,700,254	\$ 2,700,254	\$ 0
Cash	1,283,962	12,310,614	11,836,223	1,758,353
Accounts Receivable	1,785	3,371	1,785	3,371
Due from Other Governments	416,290	441,865	416,290	441,865
Total Assets	\$ 1,702,037	\$ 15,456,104	\$ 14,954,552	\$ 2,203,589
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 416,290	\$ 3,142,119	\$ 3,116,544	\$ 441,865
Due to Litigants, Heirs, and Others	1,285,747	12,313,985	11,838,008	1,761,724
Total Liabilities	\$ 1,702,037	\$ 15,456,104	\$ 14,954,552	\$ 2,203,589

# Tipton County School Department

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

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

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

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

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

Exhibit I-1

Tipton County, Tennessee  
Statement of Activities  
Discretely Presented Tipton County School Department  
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:				
Governmental Activities:				
Instruction	\$ 47,844,464	\$ 527,934	\$ 4,862,964	\$ (42,453,566)
Support Services	18,991,786	110,468	1,423,498	(17,457,820)
Operation of Noninstructional Services	5,910,315	1,771,435	3,224,080	(914,800)
Other Debt Service	475,000	0	0	(475,000)
Total Governmental Activities	<u>\$ 73,221,565</u>	<u>\$ 2,409,837</u>	<u>\$ 9,510,542</u>	<u>\$ (61,301,186)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 9,223,690
Local Option Sales Tax				3,106,050
Other Local Taxes				124,353
Grants and Contributions Not Restricted to Specific Programs				48,607,642
Miscellaneous				210,797
Total General Revenues				<u>\$ 61,272,532</u>
Extraordinary Item - Tornado Damage				<u>\$ 490,609</u>
Change in Net Assets				\$ 461,955
Net Assets, July 1, 2005				<u>36,107,921</u>
Net Assets, June 30, 2006				<u>\$ 36,569,876</u>

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 8,435,374	\$ 2,253,969	\$ 10,689,343
Due from Other Governments	1,121,582	35,521	1,157,103
Property Taxes Receivable	9,825,218	0	9,825,218
Allowance for Uncollectible Property Taxes	(275,397)	0	(275,397)
Total Assets	<u>\$ 19,106,777</u>	<u>\$ 2,289,490</u>	<u>\$ 21,396,267</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Payroll Deductions Payable	\$ 1,883,836	\$ 0	\$ 1,883,836
Deferred Revenue - Current Property Taxes	9,242,733	0	9,242,733
Deferred Revenue - Delinquent Property Taxes	287,077	0	287,077
Other Deferred Revenues	264,000	0	264,000
Total Liabilities	<u>\$ 11,677,646</u>	<u>\$ 0</u>	<u>\$ 11,677,646</u>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 1,083,773	\$ 0	\$ 1,083,773
Other Local Education Reserves	30,470	0	30,470
Reserved for Career Ladder - Extended Contract	20,036	0	20,036
Reserved for Career Ladder Program	11,300	0	11,300
Reserved for Title I Grants to Local Education Agencies	0	117,676	117,676
Reserved for Innovative Education Program Strategies	0	5,188	5,188
Reserved for Special Education - Grants to States	0	82,956	82,956
Other Federal Reserves	0	17,945	17,945
Unreserved, Reported In:			
General Fund	6,283,552	0	6,283,552
Special Revenue Funds	0	1,463,562	1,463,562
Capital Projects Funds	0	602,163	602,163
Total Fund Balances	<u>\$ 7,429,131</u>	<u>\$ 2,289,490</u>	<u>\$ 9,718,621</u>
Total Liabilities and Fund Balances	<u>\$ 19,106,777</u>	<u>\$ 2,289,490</u>	<u>\$ 21,396,267</u>

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	9,718,621
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Add: land	\$	3,547,240	
Add: buildings and improvements net of accumulated depreciation		19,927,008	
Add: other capital assets net of accumulated depreciation		<u>3,227,365</u>	26,701,613
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: compensated absences payable			(401,435)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
			<u>551,077</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>36,569,876</u></u>

Exhibit I-4

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 12,955,935	\$ 0	\$ 12,955,935
Licenses and Permits	5,386	0	5,386
Fines, Forfeitures, and Penalties	6,845	0	6,845
Charges for Current Services	621,410	1,771,435	2,392,845
Other Local Revenues	214,803	27,069	241,872
State of Tennessee	48,007,411	0	48,007,411
Federal Government	454,520	8,751,892	9,206,412
Total Revenues	<u>\$ 62,266,310</u>	<u>\$ 10,550,396</u>	<u>\$ 72,816,706</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 39,676,450	\$ 5,296,922	\$ 44,973,372
Support Services	18,628,120	523,628	19,151,748
Operation of Non-Instructional Services	1,157,074	4,198,485	5,355,559
Capital Outlay	449,250	0	449,250
Debt Service:			
Other Debt Service	475,000	0	475,000
Capital Projects	0	109,111	109,111
Total Expenditures	<u>\$ 60,385,894</u>	<u>\$ 10,128,146</u>	<u>\$ 70,514,040</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,880,416</u>	<u>\$ 422,250</u>	<u>\$ 2,302,666</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 126,055	\$ 0	\$ 126,055
Transfers Out	0	(126,055)	(126,055)
Total Other Financing Sources (Uses)	<u>\$ 126,055</u>	<u>\$ (126,055)</u>	<u>\$ 0</u>
Extraordinary Item - Tornado Damage	<u>\$ 490,609</u>	<u>\$ 0</u>	<u>\$ 490,609</u>
Net Change in Fund Balances	\$ 2,497,080	\$ 296,195	\$ 2,793,275
Fund Balance, July 1, 2005	4,932,051	1,993,295	6,925,346
Fund Balance, June 30, 2006	<u>\$ 7,429,131</u>	<u>\$ 2,289,490</u>	<u>\$ 9,718,621</u>

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 2,793,275
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differs from depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 955,620	
Less: current year depreciation expense	<u>(3,346,323)</u>	(2,390,703)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 551,077	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(455,151)</u>	95,926
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		<u>(36,543)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 461,955</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 188,244	\$ 1,463,562	\$ 1,651,806	\$ 602,163	\$ 2,253,969
Due from Other Governments	35,521	0	35,521	0	35,521
Total Assets	\$ 223,765	\$ 1,463,562	\$ 1,687,327	\$ 602,163	\$ 2,289,490
<u>FUND BALANCES</u>					
Reserved for Title I Grants to Local Education Agencies	\$ 117,676	\$ 0	\$ 117,676	\$ 0	\$ 117,676
Reserved for Innovative Education Program Strategies	5,188	0	5,188	0	5,188
Reserved for Special Education - Grants to States	82,956	0	82,956	0	82,956
Other Federal Reserves	17,945	0	17,945	0	17,945
Unreserved	0	1,463,562	1,463,562	602,163	2,065,725
Total Fund Balances	\$ 223,765	\$ 1,463,562	\$ 1,687,327	\$ 602,163	\$ 2,289,490

Exhibit I-7

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,771,435	\$ 1,771,435	\$ 0	\$ 1,771,435
Other Local Revenues	0	27,069	27,069	0	27,069
Federal Government	5,893,191	2,858,701	8,751,892	0	8,751,892
Total Revenues	\$ 5,893,191	\$ 4,657,205	\$ 10,550,396	\$ 0	\$ 10,550,396
<u>Expenditures</u>					
Current:					
Instruction	\$ 5,296,922	\$ 0	\$ 5,296,922	\$ 0	\$ 5,296,922
Support Services	523,628	0	523,628	0	523,628
Operation of Non-Instructional Services	0	4,198,485	4,198,485	0	4,198,485
Capital Projects	0	0	0	109,111	109,111
Total Expenditures	\$ 5,820,550	\$ 4,198,485	\$ 10,019,035	\$ 109,111	\$ 10,128,146
Excess (Deficiency) of Revenues Over Expenditures	\$ 72,641	\$ 458,720	\$ 531,361	\$ (109,111)	\$ 422,250
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (126,055)	\$ 0	\$ (126,055)	\$ 0	\$ (126,055)
Total Other Financing Sources (Uses)	\$ (126,055)	\$ 0	\$ (126,055)	\$ 0	\$ (126,055)
Net Change in Fund Balances	\$ (53,414)	\$ 458,720	\$ 405,306	\$ (109,111)	\$ 296,195
Fund Balance, July 1, 2005	277,179	1,004,842	1,282,021	711,274	1,993,295
Fund Balance, June 30, 2006	\$ 223,765	\$ 1,463,562	\$ 1,687,327	\$ 602,163	\$ 2,289,490

Exhibit I-8

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Tipton 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	\$ 12,955,935	\$ 0	\$ 0	\$ 12,955,935	\$ 12,400,000	\$ 12,438,000	\$ 517,935
Licenses and Permits	5,386	0	0	5,386	15,000	6,000	(614)
Fines, Forfeitures, and Penalties	6,845	0	0	6,845	0	7,000	(155)
Charges for Current Services	621,410	0	0	621,410	745,000	660,000	(38,590)
Other Local Revenues	214,803	0	0	214,803	130,000	283,515	(68,712)
State of Tennessee	48,007,411	0	0	48,007,411	46,990,000	47,478,000	529,411
Federal Government	454,520	0	0	454,520	670,000	291,000	163,520
<b>Total Revenues</b>	<b>\$ 62,266,310</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 62,266,310</b>	<b>\$ 60,950,000</b>	<b>\$ 61,163,515</b>	<b>\$ 1,102,795</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 30,729,557	\$ (70,820)	\$ 239,825	\$ 30,898,562	\$ 31,478,000	\$ 30,898,562	\$ 0
Alternative Instruction Program	463,839	0	0	463,839	416,000	470,562	6,723
Special Education Program	6,338,210	0	0	6,338,210	6,436,000	6,372,000	33,790
Vocational Education Program	2,053,636	(5,035)	0	2,048,601	2,065,000	2,065,000	16,399
Adult Education Program	91,208	0	0	91,208	125,000	96,000	4,792
<u>Support Services</u>							
Health Services	519,153	0	0	519,153	516,000	529,000	9,847
Other Student Support	1,247,636	(245)	128	1,247,519	1,315,000	1,255,000	7,481
Regular Instruction Program	1,582,448	0	0	1,582,448	1,661,000	1,600,000	17,552
Special Education Program	212,135	0	0	212,135	223,000	223,000	10,865
Vocational Education Program	105,690	0	0	105,690	106,000	106,000	310
Adult Programs	69,670	0	0	69,670	90,000	70,000	330
Board of Education	620,572	0	0	620,572	593,000	656,000	35,428
Director of Schools	231,071	0	0	231,071	241,000	241,000	9,929
Office of the Principal	4,594,903	0	0	4,594,903	4,534,000	4,600,000	5,097

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 425,703	\$ (150)	\$ 5,232	\$ 430,785	\$ 440,000	\$ 440,000	\$ 9,215
Operation of Plant	3,480,678	(998)	0	3,479,680	3,497,000	3,691,000	211,320
Maintenance of Plant	972,680	(51,867)	20,280	941,093	1,085,000	1,073,000	131,907
Transportation	4,565,781	(2,814)	21,540	4,584,507	4,505,000	4,670,000	85,493
<u>Operation of Non-Instructional Services</u>							
Food Service	166,932	0	0	166,932	169,000	169,000	2,068
Community Services	472,344	0	0	472,344	630,000	565,000	92,656
Early Childhood Education	517,798	0	27,486	545,284	0	549,000	3,716
<u>Capital Outlay</u>							
Regular Capital Outlay	449,250	(329,162)	769,282	889,370	400,000	890,000	630
<u>Other Debt Service</u>							
Education	475,000	0	0	475,000	475,000	475,000	0
Total Expenditures	\$ 60,385,894	\$ (461,091)	\$ 1,083,773	\$ 61,008,576	\$ 61,000,000	\$ 61,704,124	\$ 695,548
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,880,416	\$ 461,091	\$ (1,083,773)	\$ 1,257,734	\$ (50,000)	\$ (540,609)	\$ 1,798,343
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 126,055	\$ 0	\$ 0	\$ 126,055	\$ 50,000	\$ 50,000	\$ 76,055
Total Other Financing Sources (Uses)	\$ 126,055	\$ 0	\$ 0	\$ 126,055	\$ 50,000	\$ 50,000	\$ 76,055
Extraordinary Item - Tornado Damage							
	\$ 490,609	\$ 0	\$ 0	\$ 490,609	\$ 0	\$ 490,609	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 4,932,051	(461,091)	0	4,470,960	3,499,064	3,499,064	971,896
Fund Balance, June 30, 2006	\$ 7,429,131	\$ 0	\$ (1,083,773)	\$ 6,345,358	\$ 3,499,064	\$ 3,499,064	\$ 2,846,294

Exhibit I-9

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Tipton 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	\$ 5,893,191	\$ 6,675,928	\$ 6,675,928	\$ (782,737)
Total Revenues	\$ 5,893,191	\$ 6,675,928	\$ 6,675,928	\$ (782,737)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,666,804	\$ 2,858,210	\$ 2,996,495	\$ 329,691
Special Education Program	2,427,239	2,599,018	2,588,527	161,288
Vocational Education Program	202,879	199,379	202,879	0
<u>Support Services</u>				
Other Student Support	35,000	35,000	35,000	0
Regular Instruction Program	389,626	1,006,254	939,038	549,412
Special Education Program	30,653	16,489	30,653	0
Vocational Education Program	3,749	7,000	3,749	0
Transportation	64,600	64,600	64,600	0
Total Expenditures	\$ 5,820,550	\$ 6,785,950	\$ 6,860,941	\$ 1,040,391
Excess (Deficiency) of Revenues Over Expenditures	\$ 72,641	\$ (110,022)	\$ (185,013)	\$ 257,654
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (126,055)	\$ (136,369)	\$ (135,857)	\$ 9,802
Total Other Financing Sources (Uses)	\$ (126,055)	\$ (136,369)	\$ (135,857)	\$ 9,802
Net Change in Fund Balance	\$ (53,414)	\$ (246,391)	\$ (320,870)	\$ 267,456
Fund Balance, July 1, 2005	277,179	246,391	320,870	(43,691)
Fund Balance, June 30, 2006	\$ 223,765	\$ 0	\$ 0	\$ 223,765

Exhibit I-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,771,435	\$ 2,155,000	\$ 1,875,000	\$ (103,565)
Other Local Revenues	27,069	10,000	25,000	2,069
Federal Government	2,858,701	2,335,000	2,500,000	358,701
Total Revenues	<u>\$ 4,657,205</u>	<u>\$ 4,500,000</u>	<u>\$ 4,400,000</u>	<u>\$ 257,205</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 4,198,485	\$ 4,500,000	\$ 4,400,000	\$ 201,515
Total Expenditures	<u>\$ 4,198,485</u>	<u>\$ 4,500,000</u>	<u>\$ 4,400,000</u>	<u>\$ 201,515</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 458,720</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 458,720</u>
Net Change in Fund Balance	\$ 458,720	\$ 0	\$ 0	\$ 458,720
Fund Balance, July 1, 2005	<u>1,004,842</u>	<u>737,105</u>	<u>737,105</u>	<u>267,737</u>
Fund Balance, June 30, 2006	<u>\$ 1,463,562</u>	<u>\$ 737,105</u>	<u>\$ 737,105</u>	<u>\$ 726,457</u>

Exhibit I-11

Tipton County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Tipton County School Department  
Education Capital Projects Fund  
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures</u>				
<u>Capital Projects</u>				
Education Capital Projects	\$ 109,111	\$ 973,448	\$ 498,000	\$ 388,889
Total Expenditures	\$ 109,111	\$ 973,448	\$ 498,000	\$ 388,889
Excess (Deficiency) of Revenues Over Expenditures	\$ (109,111)	\$ (973,448)	\$ (498,000)	\$ 388,889
Net Change in Fund Balance	\$ (109,111)	\$ (973,448)	\$ (498,000)	\$ 388,889
Fund Balance, July 1, 2005	711,274	973,448	973,448	(262,174)
Fund Balance, June 30, 2006	\$ 602,163	\$ 0	\$ 475,448	\$ 126,715

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Capital Outlay Note - Series 2005	\$ 249,650	4.73%	12-7-05	5-1-08	\$ 0	\$ 249,650	\$ 83,000	\$ 166,650
<u>Payable through General Debt Service Fund</u>								
School Refunding Capital Outlay Notes	3,730,000	2.50	9-1-02	4-1-07	1,775,000	0	840,000	935,000
Total Notes Payable					<u>\$ 1,775,000</u>	<u>\$ 249,650</u>	<u>\$ 923,000</u>	<u>\$ 1,101,650</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Copy Machines	41,141	6.47	12-14-04	11-14-09	\$ 36,996	\$ 0	\$ 7,479	\$ 29,517
Copy Machines	21,808	3.32	6-12-06	7-28-11	0	21,808	0	21,808
Total Capital Leases Payable					<u>\$ 36,996</u>	<u>\$ 21,808</u>	<u>\$ 7,479</u>	<u>\$ 51,325</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction	5,000,000	Variable	9-8-1998	5-25-14	\$ 4,600,000	\$ 0	\$ 300,000	\$ 4,300,000
School Construction	5,897,089	Variable	5-17-1999	5-25-19	5,897,089	0	50,000	5,847,089
Various Purposes	(1)	Variable	8-30-02	5-25-12	3,217,201	611,734	0	3,828,935
School Construction	(2)	Variable	7-21-04	5-25-22	4,880,000	0	230,000	4,650,000
Total Other Loans Payable					<u>\$ 18,594,290</u>	<u>\$ 611,734</u>	<u>\$ 580,000</u>	<u>\$ 18,626,024</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds	5,005,000	5 to 5.35	3-1-1997	4-1-14	\$ 4,795,000	\$ 0	\$ 35,000	\$ 4,760,000
School Refunding Bonds	8,295,000	4 to 4.7	8-1-1998	4-1-15	3,260,000	0	530,000	2,730,000
School Refunding Bonds	3,425,000	4.65 to 5.25	6-1-00	6-1-09	1,735,000	0	430,000	1,305,000
School Refunding Bonds	8,960,000	2.5 to 3.35	9-1-02	4-1-11	6,155,000	0	1,485,000	4,670,000
Elementary School Bonds	9,000,000	2.5 to 4.625	9-1-02	4-1-22	8,750,000	0	250,000	8,500,000
Total Bonds Payable					<u>\$ 24,695,000</u>	<u>\$ 0</u>	<u>\$ 2,730,000</u>	<u>\$ 21,965,000</u>

(1) - Total amount available under this Montgomery County Public Authority Loan Agreement is \$5,100,000, of which \$4,428,935 has been drawn as of June 30, 2006.

(2) - Total amount available under this Montgomery County Public Authority Loan Agreement is \$6,000,000, of which \$5,100,000 has been drawn as of June 30, 2006.

Exhibit J-2

Tipton County, Tennessee

Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 2,610,000	\$ 908,785	\$ 3,518,785
2008	2,785,000	812,468	3,597,468
2009	2,445,000	708,260	3,153,260
2010	2,075,000	613,110	2,688,110
2011	1,780,000	532,260	2,312,260
2012	1,695,000	458,663	2,153,663
2013	1,720,000	381,875	2,101,875
2014	1,755,000	302,255	2,057,255
2015	850,000	219,425	1,069,425
2016	525,000	183,725	708,725
2017	550,000	162,725	712,725
2018	575,000	140,175	715,175
2019	600,000	116,025	716,025
2020	650,000	90,225	740,225
2021	650,000	61,625	711,625
2022	700,000	32,375	732,375
<b>Total</b>	<b>\$ 21,965,000</b>	<b>\$ 5,723,976</b>	<b>\$ 27,688,976</b>

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Public Library	To provide funds for operations	<u>\$ 70,000</u>
Total Transfers Primary Government			<u><u>\$ 70,000</u></u>
<u>Discretely Presented Tipton County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 126,055</u>
Total Transfers Discretely Presented Tipton County School Department			<u><u>\$ 126,055</u></u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <u>TCA</u>	\$ 85,380	\$ 50,000	Hartford Fire Insurance Company
Director of Public Works	Section 8-24-102, <u>TCA</u>	85,402	100,000	"
Director of Schools	and Public Works Committee State Board of Education and Tipton County Board of Education	107,128 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	67,033	1,424,800	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	67,033	10,000	Ohio Casualty Insurance Company
Budget and Accounts Director	County Commission	53,149 (2)	10,000	Hartford Fire Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	67,033	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	67,033	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> and Chancery Court Judge	68,155 (3)	75,000	United States Fidelity and Guaranty Company
Register	Section 8-24-102, <u>TCA</u>	67,033	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	74,255 (4)	50,000	"
Employees Bonds:				
General Fund Employees and Deputies			150,000	Local Government Property and Casualty Fun
Public Works Administration			150,000	"
Sanitation			150,000	"
Animal Control			150,000	"
Education Central Office Bookkeeping Staff			150,000	"
Education Administrative Staff in each School			150,000	"

- (1) Includes chief executive officer training supplement of \$1,000.
- (2) Includes \$4,925 paid as compensation for fire department accountant and \$1,250 paid as longevity pay.
- (3) Includes special commissioner/special masters fees of \$1,122.
- (4) Includes law enforcement training supplement of \$519.

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 4,483,840	\$ 128,410	\$ 0	\$ 0	\$ 385,223	\$ 4,622,618	\$ 0	\$ 9,620,091
Trustee's Collections - Prior Year	127,272	7,273	0	0	7,273	130,908	0	272,726
Trustee's Collections - Bankruptcy	2,013	101	0	0	129	2,070	0	4,313
Circuit/Clerk & Master Collections - Prior Years	70,304	3,686	0	0	4,349	72,313	0	150,652
Interest and Penalty	28,981	1,369	0	0	1,880	29,809	0	62,039
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	1,486	0	1,486
Payments in-Lieu-of Taxes - Other	305,969	8,743	0	0	26,226	314,710	0	655,648
<u>County Local Option Taxes</u>								
Local Option Sales Tax	366,048	0	0	0	0	2,244	0	368,292
Hotel/Motel Tax	47,715	0	0	0	0	0	0	47,715
Wheel Tax	1,499,619	0	0	0	1,499,618	0	0	2,999,237
Litigation Tax - General	200,170	0	0	0	0	0	0	200,170
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	61,937	0	61,937
Business Tax	60,233	1,785	0	0	5,099	61,954	0	129,071
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	31,019	0	31,019
Wholesale Beer Tax	229,848	0	0	0	0	0	0	229,848
Interstate Telecommunications Tax	4,639	0	0	0	0	0	0	4,639
<b>Total Local Taxes</b>	<b>\$ 7,426,651</b>	<b>\$ 151,367</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,929,797</b>	<b>\$ 5,331,068</b>	<b>\$ 0</b>	<b>\$ 14,838,883</b>
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,812	\$ 0	\$ 0	\$ 41,812
Cable TV Franchise	23,723	0	0	0	0	0	0	23,723
<u>Permits</u>								
Building Permits	51,704	0	0	0	0	0	0	51,704
<b>Total Licenses and Permits</b>	<b>\$ 75,427</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 41,812</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 117,239</b>
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 7,195	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,195
Officers Costs	14,296	0	0	0	0	0	0	14,296

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Drug Control Fines	\$ 4,168	\$ 0	\$ 3,109	\$ 0	\$ 0	\$ 0	\$ 0	7,277
Drug Court Fees	1,053	0	0	0	0	0	0	1,053
DUI Treatment Fines	2,830	0	0	0	0	0	0	2,830
Data Entry Fee - Circuit Court	337	0	0	0	0	0	0	337
<u>General Sessions Court</u>								
Fines	72,072	0	0	0	0	0	0	72,072
Officers Costs	80,588	0	0	0	0	0	0	80,588
Game and Fish Fines	376	0	0	0	0	0	0	376
Drug Control Fines	23,534	0	26,185	0	0	0	0	49,719
Drug Court Fees	15,470	0	0	0	0	0	0	15,470
Jail Fees	76,960	0	0	0	0	0	0	76,960
DUI Treatment Fines	9,342	0	0	0	0	0	0	9,342
Data Entry Fee - General Sessions Court	9,667	0	0	0	0	0	0	9,667
<u>Juvenile Court</u>								
Fines	2,066	0	0	0	0	0	0	2,066
Officers Costs	3,096	0	0	0	0	0	0	3,096
Drug Court Fees	30	0	0	0	0	0	0	30
Data Entry Fee - Juvenile Court	260	0	0	0	0	0	0	260
<u>Chancery Court</u>								
Officers Costs	2,511	0	0	0	0	0	0	2,511
Data Entry Fee - Chancery Court	2,660	0	0	0	0	0	0	2,660
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	57,283	0	0	0	0	57,283
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 328,511</b>	<b>\$ 0</b>	<b>\$ 86,577</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>415,088</b>
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 44,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	44,012
Solid Waste Disposal Fees	0	987	0	0	0	0	0	987
Other General Service Charges	93,485	0	0	0	0	0	0	93,485
<u>Fees</u>								
Copy Fees	490	0	0	0	0	0	0	490

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt	Capital	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
<b>Charges for Current Services (Cont.)</b>								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 36,061	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,061
Vending Machine Collections	231	0	0	0	2,148	0	0	2,379
Constitutional Officers' Fees and Commissions	0	0	0	1,122	0	0	0	1,122
Data Processing Fee - Register	29,596	0	0	0	0	0	0	29,596
Data Processing Fee - Sheriff	1,501	0	0	0	0	0	0	1,501
Sexual Offender Registration Fees - Sheriff	3,585	0	0	0	0	0	0	3,585
<u>Other Charges for Services</u>								
Other Charges for Services	0	36,154	0	0	0	0	0	36,154
<b>Total Charges for Current Services</b>	<b>\$ 164,949</b>	<b>\$ 81,153</b>	<b>\$ 0</b>	<b>\$ 1,122</b>	<b>\$ 2,148</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 249,372</b>
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,227,513	\$ 0	\$ 1,227,513
Lease/Rentals	27,842	0	0	0	0	0	0	27,842
Sale of Materials and Supplies	16,253	0	0	0	10,175	0	0	26,428
Sale of Gasoline	8,010	0	0	0	0	0	0	8,010
Sale of Maps	2,791	0	0	0	0	0	0	2,791
Sale of Recycled Materials	0	49,504	0	0	0	0	0	49,504
Miscellaneous Refunds	86,047	72	410	0	2,560	0	0	89,089
<u>Nonrecurring Items</u>								
Revenue from Joint Ventures	20,000	0	0	0	0	0	0	20,000
Insurance Recovery	0	0	0	0	5,575	0	0	5,575
Damages Recovered from Individuals	112	0	0	0	0	0	0	112
<b>Total Other Local Revenues</b>	<b>\$ 161,055</b>	<b>\$ 49,576</b>	<b>\$ 410</b>	<b>\$ 0</b>	<b>\$ 18,310</b>	<b>\$ 1,227,513</b>	<b>\$ 0</b>	<b>\$ 1,456,864</b>
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
Trustee	\$ 87,874	\$	\$	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,874
<u>Fees-In-Lieu of Salary</u>								
County Clerk	429,094	0	0	0	0	0	0	429,094
Circuit Court Clerk	93,357	0	0	0	0	0	0	93,357
General Sessions Court Clerk	285,759	0	0	0	0	0	0	285,759
Clerk and Master	223,386	0	0	0	0	0	0	223,386
Juvenile Court Clerk	75,104	0	0	0	0	0	0	75,104

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees-In-Lieu of Salary (Cont.)</u>								
Register	\$ 424,491	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	424,491
Sheriff	15,718	0	0	0	0	0	0	15,718
Trustee	628,506	0	0	0	0	0	0	628,506
Total Fees Received from County Officials	\$ 2,263,289	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,263,289
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,938	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,938
State Reappraisal Grant	17,712	0	0	0	0	0	0	17,712
Solid Waste Grants	0	26,215	0	0	0	0	0	26,215
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	17,636	0	0	0	0	0	0	17,636
<u>Health and Welfare Grants</u>								
Health Department Programs	231,540	0	0	0	0	0	0	231,540
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	199,371	0	0	199,371
Litter Program	40,996	0	0	0	0	0	0	40,996
<u>Other State Revenues</u>								
Income Tax	26,484	0	0	0	0	0	0	26,484
Beer Tax	17,212	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	58,300	0	0	0	0	0	0	58,300
State Revenue Sharing - T.V.A.	0	480,325	0	0	0	0	0	480,325
Board of Jurors	5,479	0	0	0	0	0	0	5,479
Contracted Prisoner Boarding	462,331	0	0	0	0	0	0	462,331
Gasoline and Motor Fuel Tax	0	0	0	0	1,904,314	0	0	1,904,314
Petroleum Special Tax	0	0	0	0	41,244	0	0	41,244
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	42,708	0	0	0	0	0	0	42,708
Total State of Tennessee	\$ 946,716	\$ 506,540	\$ 0	\$ 0	\$ 2,144,929	\$ 0	\$ 0	3,598,185

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 70,334	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,334
Homeland Security Grants	111,490	0	0	0	0	0	0	111,490
Other Federal through State	0	0	0	0	0	0	348,299	348,299
Total Federal Government	\$ 181,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 348,299	\$ 530,123
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 254	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 254
Paving and Maintenance	0	0	0	0	7,808	0	0	7,808
Contributions	0	0	0	0	0	475,000	0	475,000
Contracted Services	70,141	0	0	0	0	0	0	70,141
Total Other Governments and Citizens Groups	\$ 70,395	\$ 0	\$ 0	\$ 0	\$ 7,808	\$ 475,000	\$ 0	\$ 553,203
Total	\$ 11,618,817	\$ 788,636	\$ 86,987	\$ 1,122	\$ 4,144,804	\$ 7,033,581	\$ 348,299	\$ 24,022,246

Exhibit J-6

Tipton County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Tipton 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	\$ 8,667,419	\$ 0	\$ 0	\$ 8,667,419
Trustee's Collections - Prior Year	286,753	0	0	286,753
Trustee's Collections - Bankruptcy	3,692	0	0	3,692
Circuit/Clerk & Master Collections - Prior Years	135,588	0	0	135,588
Interest and Penalty	57,913	0	0	57,913
Payments in-Lieu-of Taxes - Other	597,768	0	0	597,768
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,081,758	0	0	3,081,758
Business Tax	116,164	0	0	116,164
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	8,880	0	0	8,880
Total Local Taxes	\$ 12,955,935	\$ 0	\$ 0	\$ 12,955,935
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 4,332	\$ 0	\$ 0	\$ 4,332
<u>Permits</u>				
Other Permits	1,054	0	0	1,054
Total Licenses and Permits	\$ 5,386	\$ 0	\$ 0	\$ 5,386
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 6,845	\$ 0	\$ 0	\$ 6,845
Total Fines, Forfeitures, and Penalties	\$ 6,845	\$ 0	\$ 0	\$ 6,845
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 8,125	\$ 0	\$ 0	\$ 8,125
Tuition - Other	502,817	0	0	502,817
Lunch Payments - Children	0	0	1,219,293	1,219,293
Lunch Payments - Adults	0	0	150,486	150,486
Income from Breakfast	0	0	108,593	108,593
A la carte Sales	0	0	288,878	288,878
Receipts from Individual Schools	110,468	0	0	110,468
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	4,185	4,185
Total Charges for Current Services	\$ 621,410	\$ 0	\$ 1,771,435	\$ 2,392,845
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 21,982	\$ 21,982
Miscellaneous Refunds	195,651	0	5,087	200,738
<u>Nonrecurring Items</u>				
Insurance Recovery	10,059	0	0	10,059
Damages Recovered from Individuals	9,093	0	0	9,093
Total Other Local Revenues	\$ 214,803	\$ 0	\$ 27,069	\$ 241,872

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 45,990,600	\$ 0	\$ 0	\$ 45,990,600
School Food Service	63,118	0	0	63,118
Driver Education	28,920	0	0	28,920
Other State Education Funds	218,689	0	0	218,689
Career Ladder Program	521,254	0	0	521,254
Career Ladder - Extended Contract	205,211	0	0	205,211
Other Vocational	300	0	0	300
<u>Other State Revenues</u>				
Mixed Drink Tax	4,670	0	0	4,670
Other State Grants	974,649	0	0	974,649
Total State of Tennessee	<u>\$ 48,007,411</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,007,411</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,967,687	\$ 1,967,687
Breakfast	0	0	683,054	683,054
USDA - Other	0	0	207,960	207,960
Adult Education State Grant Program	155,222	0	0	155,222
Vocational Education - Basic Grants to States	0	243,349	0	243,349
Title I Grants to Local Education Agencies	0	1,746,941	0	1,746,941
Innovative Education Program Strategies	0	252,706	0	252,706
Special Education - Grants to States	38,251	2,506,970	0	2,545,221
Special Education Preschool Grants	0	116,529	0	116,529
Eisenhower Professional Development State Grants	0	668,484	0	668,484
Other Federal through State	250,422	358,212	0	608,634
<u>Direct Federal Revenue</u>				
Public Law 874 - Maintenance and Operation	10,625	0	0	10,625
Total Federal Government	<u>\$ 454,520</u>	<u>\$ 5,893,191</u>	<u>\$ 2,858,701</u>	<u>\$ 9,206,412</u>
Total	<u>\$ 62,266,310</u>	<u>\$ 5,893,191</u>	<u>\$ 4,657,205</u>	<u>\$ 72,816,706</u>

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	51,675	
Social Security		5,050	
State Retirement		1,427	
Unemployment Compensation		72	
Audit Services		12,978	
Dues and Memberships		7,325	
Legal Services		20,748	
Legal Notices, Recording, and Court Costs		4,584	
Travel		6,916	
Liability Insurance		487	
Premiums on Corporate Surety Bonds		50	
Total County Commission			\$ 111,312

Beer Board

Board and Committee Members Fees	\$	3,525	
Social Security		268	
State Retirement		64	
Office Supplies		60	
Total Beer Board			3,917

County Mayor/Executive

County Official/Administrative Officer	\$	85,380	
Secretary(ies)		29,094	
Part-time Personnel		9,814	
Longevity Pay		1,250	
Social Security		9,061	
State Retirement		11,356	
Employee and Dependent Insurance		14,627	
Unemployment Compensation		93	
Communication		2,204	
Printing, Stationery, and Forms		899	
Travel		3,399	
Other Contracted Services		1,950	
Office Supplies		4,351	
Utilities		3,941	
Other Supplies and Materials		893	
Building and Contents Insurance		485	
Liability Insurance		675	
Premiums on Corporate Surety Bonds		43	
Vehicle and Equipment Insurance		391	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Workers' Compensation Insurance	\$	710	
Other Charges		4,654	
Office Equipment		2,960	
Total County Mayor/Executive			\$ 188,230

Election Commission

County Official/Administrative Officer	\$	58,718	
Secretary(ies)		29,096	
Clerical Personnel		24,328	
Part-time Personnel		7,702	
Longevity Pay		3,100	
Overtime Pay		203	
Election Commission		8,100	
Election Workers		1,887	
Social Security		9,695	
State Retirement		10,684	
Employee and Dependent Insurance		19,642	
Unemployment Compensation		294	
Communication		1,844	
Dues and Memberships		375	
Janitorial Services		6,000	
Legal Notices, Recording, and Court Costs		286	
Maintenance & Repair Services - Buildings		9,791	
Maintenance & Repair Services - Equipment		5,446	
Postal Charges		6,866	
Printing, Stationery, and Forms		766	
Travel		3,941	
Office Supplies		3,167	
Utilities		7,895	
Building and Contents Insurance		494	
Liability Insurance		1,069	
Premiums on Corporate Surety Bonds		173	
Workers' Compensation Insurance		688	
Other Charges		467	
Data Processing Equipment		9,048	
Office Equipment		310	
Total Election Commission			232,075

Register of Deeds

County Official/Administrative Officer	\$	67,033	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Clerical Personnel	\$	86,388	
Longevity Pay		2,050	
Social Security		11,501	
State Retirement		14,590	
Employee and Dependent Insurance		18,716	
Unemployment Compensation		210	
Communication		1,882	
Dues and Memberships		150	
Travel		939	
Duplicating Supplies		2,438	
Office Supplies		9,378	
Utilities		5,779	
Building and Contents Insurance		705	
Liability Insurance		903	
Premiums on Corporate Surety Bonds		129	
Workers' Compensation Insurance		900	
Data Processing Equipment		33,019	
Total Register of Deeds			\$ 256,710

Planning

Supervisor/Director	\$	50,289
Secretary(ies)		4,102
Clerical Personnel		29,096
Longevity Pay		1,050
Other Salaries & Wages		65,733
Board and Committee Members Fees		4,290
Social Security		11,544
State Retirement		14,218
Employee and Dependent Insurance		13,522
Unemployment Compensation		288
Communication		2,077
Maintenance & Repair Services - Buildings		13
Maintenance & Repair Services - Vehicles		1,291
Travel		1,656
Tuition		936
Gasoline		4,528
Office Supplies		2,212
Utilities		2,798
Building and Contents Insurance		650
Liability Insurance		921

(Continued)

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Premiums on Corporate Surety Bonds	\$	173	
Vehicle and Equipment Insurance		896	
Workers' Compensation Insurance		989	
Data Processing Equipment		943	
Total Planning			\$ 214,215

Building

Custodial Personnel	\$	48,657	
Maintenance Personnel		73,278	
Longevity Pay		1,650	
Social Security		9,234	
State Retirement		9,672	
Employee and Dependent Insurance		41,251	
Unemployment Compensation		398	
Communication		2,888	
Contracts with Private Agencies		11,650	
Maintenance & Repair Services - Buildings		9,463	
Maintenance & Repair Services - Vehicles		7,911	
Custodial Supplies		8,077	
Gasoline		9,140	
Small Tools		3,586	
Utilities		14,375	
Building and Contents Insurance		1,453	
Liability Insurance		272	
Vehicle and Equipment Insurance		1,774	
Workers' Compensation Insurance		9,137	
Building Improvements		3,764	
Maintenance Equipment		4,513	
Motor Vehicles		9,400	
Total Building			281,543

Codes Compliance

Secretary(ies)	\$	4,337	
Other Salaries & Wages		4,335	
Social Security		657	
State Retirement		825	
Unemployment Compensation		4	
Office Supplies		52	
Total Codes Compliance			10,210

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Supervisor/Director	\$	42,000	
Clerical Personnel		12,540	
Social Security		3,972	
State Retirement		3,994	
Employee and Dependent Insurance		10,120	
Unemployment Compensation		180	
Communication		350	
Maintenance & Repair Services - Office Equipment		8,984	
Travel		1,979	
Other Contracted Services		25,000	
Office Supplies		3,524	
Liability Insurance		65	
Premiums on Corporate Surety Bonds		43	
Workers' Compensation Insurance		249	
Data Processing Equipment		4,417	
Total Geographical Information Systems			\$ 117,417

County Buildings

Communication	\$	904	
Contracts with Private Agencies		1,769	
Janitorial Services		18,358	
Maintenance & Repair Services - Buildings		16,999	
Custodial Supplies		4,049	
Utilities		739	
Liability Insurance		263	
Building Improvements		118,000	
Total County Buildings			161,081

Finance

Accounting and Budgeting

Supervisor/Director	\$	46,974	
Secretary(ies)		29,096	
Clerical Personnel		29,096	
Longevity Pay		2,800	
Social Security		8,022	
State Retirement		10,001	
Employee and Dependent Insurance		13,283	
Unemployment Compensation		238	
Communication		2,146	
Maintenance & Repair Services - Office Equipment		6,115	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Postal Charges	\$	23,823	
Travel		2,701	
Office Supplies		3,116	
Utilities		3,718	
Building and Contents Insurance		455	
Liability Insurance		671	
Premiums on Corporate Surety Bonds		86	
Workers' Compensation Insurance		587	
Data Processing Equipment		1,475	
Office Equipment		600	
Total Accounting and Budgeting			\$ 185,003

Property Assessor's Office

County Official/Administrative Officer	\$	67,033	
Secretary(ies)		121,451	
Clerical Personnel		31,565	
Longevity Pay		3,500	
Other Salaries & Wages		520	
Social Security		16,622	
State Retirement		21,326	
Employee and Dependent Insurance		43,164	
Unemployment Compensation		350	
Communication		3,695	
Contracts with Private Agencies		44,240	
Data Processing Services		15,402	
Dues and Memberships		1,716	
Maintenance & Repair Services - Office Equipment		3,141	
Transportation - Other than Students		4,200	
Travel		2,959	
Office Supplies		1,689	
Utilities		7,420	
Building and Contents Insurance		956	
Liability Insurance		1,416	
Premiums on Corporate Surety Bonds		302	
Workers' Compensation Insurance		6,613	
Data Processing Equipment		1,562	
Office Equipment		9,692	
Total Property Assessor's Office			410,534

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Longevity Pay	\$	950	
Other Salaries & Wages		29,264	
Social Security		2,311	
Unemployment Compensation		133	
Data Processing Services		4,916	
Maintenance & Repair Services - Vehicles		1,329	
Postal Charges		1,189	
Travel		142	
Gasoline		1,771	
Liability Insurance		51	
Vehicle and Equipment Insurance		387	
Workers' Compensation Insurance		111	
Other Charges		52	
Total Reappraisal Program			\$ 42,606

County Trustee's Office

County Official/Administrative Officer	\$	67,033	
Clerical Personnel		112,405	
Longevity Pay		950	
In-Service Training		514	
Social Security		13,231	
State Retirement		16,819	
Employee and Dependent Insurance		18,716	
Unemployment Compensation		426	
Communication		1,613	
Dues and Memberships		250	
Maintenance & Repair Services - Office Equipment		5,021	
Travel		2,788	
Duplicating Supplies		468	
Office Supplies		4,623	
Utilities		6,017	
Building and Contents Insurance		735	
Liability Insurance		902	
Premiums on Corporate Surety Bonds		173	
Workers' Compensation Insurance		1,049	
Data Processing Equipment		1,108	
Furniture and Fixtures		99	
Office Equipment		140	
Total County Trustee's Office			255,080

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	67,033	
Clerical Personnel		207,680	
Longevity Pay		2,600	
Social Security		20,154	
State Retirement		26,022	
Employee and Dependent Insurance		55,066	
Unemployment Compensation		430	
Communication		2,960	
Dues and Memberships		336	
Maintenance & Repair Services - Office Equipment		9,920	
Postal Charges		15,626	
Printing, Stationery, and Forms		2,100	
Travel		2,004	
Duplicating Supplies		864	
Office Supplies		6,434	
Utilities		3,086	
Building and Contents Insurance		795	
Liability Insurance		1,599	
Premiums on Corporate Surety Bonds		302	
Workers' Compensation Insurance		1,690	
Furniture and Fixtures		2,249	
Total County Clerk's Office			\$ 428,950

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,033
Clerical Personnel		204,599
Longevity Pay		4,500
Other Salaries & Wages		443
Jury and Witness Fees		37,515
Social Security		20,100
State Retirement		25,832
Employee and Dependent Insurance		42,303
Unemployment Compensation		487
Communication		3,626
Dues and Memberships		95
Maintenance & Repair Services - Office Equipment		10,212
Postal Charges		12,956
Travel		2,383
Office Supplies		10,643

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Utilities	\$	1,463	
Building and Contents Insurance		1,186	
Liability Insurance		1,577	
Premiums on Corporate Surety Bonds		302	
Workers' Compensation Insurance		1,554	
Data Processing Equipment		7,676	
Office Equipment		700	
Total Circuit Court			\$ 457,185

General Sessions Court

Judge(s)	\$	118,548	
Assistant(s)		38,942	
Longevity Pay		650	
Social Security		10,078	
State Retirement		14,700	
Employee and Dependent Insurance		14,200	
Unemployment Compensation		64	
Communication		3,412	
Dues and Memberships		905	
Travel		1,381	
Office Supplies		576	
Utilities		1,553	
Building and Contents Insurance		1,223	
Liability Insurance		717	
Premiums on Corporate Surety Bonds		43	
Workers' Compensation Insurance		886	
Data Processing Equipment		1,287	
Office Equipment		463	
Total General Sessions Court			209,628

Chancery Court

County Official/Administrative Officer	\$	67,033	
Clerical Personnel		113,098	
Temporary Personnel		318	
Longevity Pay		2,150	
Social Security		13,077	
State Retirement		16,709	
Employee and Dependent Insurance		30,994	
Unemployment Compensation		338	
Communication		2,419	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Dues and Memberships	\$	95	
Maintenance & Repair Services - Office Equipment		6,370	
Travel		2,185	
Office Supplies		10,319	
Utilities		1,633	
Building and Contents Insurance		1,290	
Liability Insurance		1,009	
Premiums on Corporate Surety Bonds		173	
Workers' Compensation Insurance		1,062	
Data Processing Equipment		260	
Furniture and Fixtures		699	
Office Equipment		250	
Total Chancery Court			\$ 271,481

Juvenile Court

Youth Service Officer(s)	\$	32,760	
Clerical Personnel		64,234	
Longevity Pay		2,550	
Social Security		7,859	
State Retirement		8,649	
Employee and Dependent Insurance		13,884	
Unemployment Compensation		272	
Communication		2,117	
Contracts with Private Agencies		42,708	
Maintenance & Repair Services - Office Equipment		2,900	
Matching Share		285	
Printing, Stationery, and Forms		463	
Travel		750	
Other Contracted Services		55,000	
Office Supplies		1,734	
Utilities		337	
Building and Contents Insurance		242	
Liability Insurance		2,346	
Premiums on Corporate Surety Bonds		216	
Workers' Compensation Insurance		608	
Total Juvenile Court			239,914

Probate Court

Probation Officer(s)	\$	34,451	
Clerical Personnel		14,364	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court (Cont.)

Longevity Pay	\$	1,250	
Overtime Pay		3,602	
Social Security		3,975	
State Retirement		1,366	
Unemployment Compensation		142	
Communication		356	
Contracts with Other Public Agencies		4,275	
Office Supplies		1,285	
Utilities		313	
Building and Contents Insurance		242	
Liability Insurance		66	
Premiums on Corporate Surety Bonds		86	
Workers' Compensation Insurance		281	
Data Processing Equipment		1,787	
Total Probate Court			\$ 67,841

Other Administration of Justice

Communication	\$	1,380	
Janitorial Services		18,272	
Maintenance & Repair Services - Buildings		9,241	
Utilities		3,070	
Building and Contents Insurance		715	
Liability Insurance		90	
Total Other Administration of Justice			32,768

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	73,736	
Deputy(ies)		707,665	
Investigator(s)		189,519	
Captain(s)		128,384	
Sergeant(s)		213,477	
Accountants/Bookkeepers		31,554	
Medical Personnel		28,595	
Salary Supplements		17,751	
Secretary(ies)		28,188	
Clerical Personnel		43,835	
Part-time Personnel		21,544	
Longevity Pay		16,950	
Overtime Pay		38,915	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Salaries & Wages	\$	3,890	
In-Service Training		18,125	
Social Security		111,405	
State Retirement		123,851	
Employee and Dependent Insurance		256,893	
Unemployment Compensation		3,323	
Communication		20,080	
Dues and Memberships		1,675	
Evaluation and Testing		1,751	
Maintenance & Repair Services - Equipment		1,150	
Maintenance & Repair Services - Office Equipment		2,163	
Maintenance & Repair Services - Vehicles		58,794	
Transportation - Other than Students		5,876	
Travel		3,967	
Duplicating Supplies		2,612	
Gasoline		119,444	
Office Supplies		11,650	
Uniforms		28,274	
Utilities		2,996	
Other Supplies and Materials		7,074	
Building and Contents Insurance		1,563	
Liability Insurance		25,179	
Premiums on Corporate Surety Bonds		1,811	
Vehicle and Equipment Insurance		18,939	
Workers' Compensation Insurance		53,188	
Law Enforcement Equipment		20,672	
Motor Vehicles		148,727	
Office Equipment		13,341	
Total Sheriff's Department			\$ 2,608,526

Administration of the Sexual Offender Registry

Office Supplies	\$	192	
Total Administration of the Sexual Offender Registry			192

Jail

Captain(s)	\$	39,900	
Sergeant(s)		99,933	
Guards		526,597	
Cafeteria Personnel		66,392	
Longevity Pay		3,850	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Overtime Pay	\$	21,599	
Other Salaries & Wages		38,364	
In-Service Training		8,306	
Social Security		59,366	
State Retirement		66,478	
Employee and Dependent Insurance		160,225	
Unemployment Compensation		2,362	
Communication		3,237	
Maintenance & Repair Services - Equipment		2,080	
Maintenance & Repair Services - Office Equipment		2,263	
Transportation - Other than Students		1,977	
Travel		1,965	
Custodial Supplies		14,634	
Drugs and Medical Supplies		326,025	
Duplicating Supplies		1,442	
Food Supplies		110,105	
Office Supplies		9,291	
Prisoners Clothing		17,421	
Uniforms		12,145	
Utilities		152,803	
Building and Contents Insurance		2,749	
Liability Insurance		13,059	
Premiums on Corporate Surety Bonds		1,078	
Vehicle and Equipment Insurance		762	
Workers' Compensation Insurance		27,461	
Food Service Equipment		4,650	
Motor Vehicles		17,050	
Office Equipment		24,406	
Total Jail			\$ 1,839,975

Workhouse

Guards	\$	45,666
Longevity Pay		400
In-Service Training		1,245
Social Security		3,486
State Retirement		2,192
Employee and Dependent Insurance		3,660
Unemployment Compensation		238
Communication		1,204
Janitorial Services		31,298

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Maintenance & Repair Services - Buildings	\$	32,649	
Maintenance & Repair Services - Equipment		5,840	
Custodial Supplies		1,323	
Uniforms		1,235	
Liability Insurance		85	
Premiums on Corporate Surety Bonds		129	
Workers' Compensation Insurance		1,316	
Building Construction		12,939	
Office Equipment		400	
Total Workhouse			\$ 145,305

Fire Prevention and Control

Accountants/Bookkeepers	\$	4,925	
Social Security		363	
State Retirement		468	
Unemployment Compensation		7	
Contributions		195,000	
Matching Share		75,966	
Utilities		6,935	
Building and Contents Insurance		505	
Total Fire Prevention and Control			284,169

Civil Defense

Contracts with Government Agencies	\$	20,928	
Premiums on Corporate Surety Bonds		43	
Other Equipment		161,810	
Total Civil Defense			182,781

Other Emergency Management

Communication	\$	140,000	
Utilities		22,064	
Building and Contents Insurance		1,526	
Total Other Emergency Management			163,590

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	12,157	
Longevity Pay		400	
Social Security		961	
State Retirement		1,156	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Unemployment Compensation	\$	73	
Communication		2,727	
Contracts with Government Agencies		26,080	
Maintenance & Repair Services - Buildings		7,200	
Postal Charges		3,631	
Custodial Supplies		3,334	
Drugs and Medical Supplies		2,936	
Duplicating Supplies		1,056	
Office Supplies		5,726	
Utilities		15,324	
Building and Contents Insurance		923	
Liability Insurance		82	
Premiums on Corporate Surety Bonds		43	
Workers' Compensation Insurance		954	
Total Local Health Center			\$ 84,763

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	100,000	
Total Ambulance/Emergency Medical Services			100,000

Dental Health Program

Medical Personnel	\$	101,656	
Paraprofessionals		28,022	
Clerical Personnel		52,380	
Longevity Pay		2,150	
Social Security		13,270	
State Retirement		16,361	
Employee and Dependent Insurance		12,976	
Unemployment Compensation		370	
Travel		2,247	
Drugs and Medical Supplies		10,490	
Liability Insurance		1,936	
Premiums on Corporate Surety Bonds		86	
Workers' Compensation Insurance		972	
Total Dental Health Program			242,916

General Welfare Assistance

Bus Drivers	\$	14,000	
Contracts with Government Agencies		10,740	
Dues and Memberships		7,690	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance (Cont.)

Other Contracted Services	\$ 420	
Total General Welfare Assistance		\$ 32,850

Sanitation Management

Supervisor/Director	\$ 18,823	
Guards	26,250	
Part-time Personnel	9,614	
Longevity Pay	550	
Social Security	4,069	
State Retirement	5,504	
Employee and Dependent Insurance	16,701	
Unemployment Compensation	282	
Advertising	5,781	
Communication	1,770	
Contributions	4,372	
Maintenance & Repair Services - Vehicles	3,461	
Postal Charges	44	
Transportation - Other than Students	2,035	
Travel	996	
Gasoline	6,938	
Office Supplies	520	
Uniforms	500	
Utilities	168	
Other Supplies and Materials	2,574	
Liability Insurance	124	
Premiums on Corporate Surety Bonds	86	
Vehicle and Equipment Insurance	738	
Workers' Compensation Insurance	2,695	
Total Sanitation Management		114,595

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 46,000	
Dues and Memberships	3,500	
Total Senior Citizens Assistance		49,500

Libraries

Contributions	\$ 14,600	
Total Libraries		14,600

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards

Contributions	\$	4,100	
Maintenance Agreements		2,000	
Total Parks and Fair Boards			\$ 6,100

Other Social, Cultural, and Recreational

Contributions	\$	3,000	
Total Other Social, Cultural, and Recreational			3,000

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	37,527	
Other Fringe Benefits		7,121	
Communication		5,374	
Janitorial Services		4,400	
Maintenance & Repair Services - Buildings		982	
Maintenance & Repair Services - Equipment		83	
Duplicating Supplies		786	
Utilities		5,123	
Building and Contents Insurance		221	
Liability Insurance		96	
Office Equipment		2,100	
Total Agriculture Extension Service			63,813

Soil Conservation

Secretary(ies)	\$	29,098	
Longevity Pay		1,250	
Other Salaries & Wages		25,701	
Social Security		4,153	
State Retirement		3,820	
Employee and Dependent Insurance		8,278	
Unemployment Compensation		210	
Dues and Memberships		1,045	
Travel		1,318	
Office Supplies		505	
Liability Insurance		175	
Workers' Compensation Insurance		351	
Total Soil Conservation			75,904

(Continued)

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$ 50,000	
Total Tourism		\$ 50,000

Industrial Development

Contributions	\$ 19,943	
Other Contracted Services	21,657	
Total Industrial Development		41,600

Other Economic and Community Development

Other Contracted Services	\$ 139,368	
Other Capital Outlay	50,414	
Total Other Economic and Community Development		189,782

Veterans' Services

Clerical Personnel	\$ 12,145	
Travel	378	
Total Veterans' Services		12,523

Miscellaneous

Communication	\$ 3,209	
Contracts with Private Agencies	16,054	
Contributions	43,000	
Dues and Memberships	45,006	
Matching Share	10,000	
Gasoline	13,455	
Testing	1,980	
Refunds	7,760	
Trustee's Commission	128,354	
Total Miscellaneous		268,818

Principal on Debt

General Government

Principal on Capital Leases	\$ 7,479	
Total General Government		7,479

Interest on Debt

General Government

Interest on Capital Leases	\$ 2,174	
Total General Government		2,174

Total General Fund		\$ 10,762,655
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(Continued)

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Postclosure Care Costs

Evaluation and Testing	\$ 21,105	
Total Postclosure Care Costs		\$ 21,105

Highways

Litter and Trash Collection

Foremen	\$ 31,889
Equipment Operators	84,086
Laborers	39,308
Part-time Personnel	3,208
Longevity Pay	3,470
Overtime Pay	15,365
Board and Committee Members Fees	375
Social Security	13,072
State Retirement	14,739
Employee and Dependent Insurance	32,173
Unemployment Compensation	151
Other Fringe Benefits	1,250
Advertising	338
Communication	1,785
Dues and Memberships	661
Maintenance Agreements	260
Maintenance & Repair Services - Equipment	7,000
Maintenance & Repair Services - Office Equipment	422
Postal Charges	417
Printing, Stationery, and Forms	1,500
Tow-in Services	100
Travel	1,000
Disposal Fees	255,000
Other Contracted Services	52,000
Crushed Stone	4,893
Diesel Fuel	56,450
Electricity	1,449
Equipment and Machinery Parts	11,491
Fertilizer, Lime, and Seed	50
Fuel Oil	118
Lubricants	1,498
Office Supplies	2,000
Road Signs	133
Small Tools	245
Tires and Tubes	5,000

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Uniforms	\$	1,592	
Water and Sewer		258	
Trustee's Commission		8,864	
Other Charges		1,500	
Office Equipment		2,500	
Site Development		22,011	
Solid Waste Equipment		11,436	
Other Equipment		30,000	
Total Litter and Trash Collection			\$ 721,057

Total Solid Waste/Sanitation Fund \$ 742,162

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	13,000	
Other Contracted Services		4,829	
Other Supplies and Materials		15,003	
Trustee's Commission		278	
Other Charges		13,689	
Data Processing Equipment		685	
Other Capital Outlay		21,072	
Total Drug Enforcement			\$ 68,556

Total Drug Control Fund 68,556

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	87,874	
Total County Trustee's Office			\$ 87,874

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	1,122	
Total Chancery Court			1,122

Total Constitutional Officers - Fees Fund 88,996

(Continued)

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

Highway/Public Works Fund

Public Health and Welfare

Rabies and Animal Control

Overtime Pay	\$	6,616	
Other Salaries & Wages		127,661	
Travel		597	
Animal Food and Supplies		22	
Custodial Supplies		2,100	
Office Supplies		1,250	
Other Supplies and Materials		6,441	
Refunds		2,658	
Office Equipment		821	
Total Rabies and Animal Control			\$ 148,166

Highways

Administration

County Official/Administrative Officer	\$	85,402
Assistant(s)		48,493
Accountants/Bookkeepers		27,647
Secretary(ies)		31,180
Clerical Personnel		22,996
Custodial Personnel		8,004
Temporary Personnel		3,000
Overtime Pay		3,019
Other Salaries & Wages		29,319
Board and Committee Members Fees		9,000
Advertising		1,825
Communication		12,000
Dues and Memberships		5,248
Freight Expenses		108
Maintenance & Repair Services - Buildings		3,462
Maintenance & Repair Services - Equipment		1,499
Maintenance & Repair Services - Office Equipment		6,473
Postal Charges		737
Printing, Stationery, and Forms		1,646
Rentals		176
Travel		1,751
Other Contracted Services		938
Custodial Supplies		1,575
Electricity		10,864
Natural Gas		9,273
Office Supplies		3,500
Water and Sewer		758

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Charges	\$ 1,201	
Total Administration		\$ 331,094

Highway and Bridge Maintenance

Foremen	\$ 154,134	
Equipment Operators	138,965	
Equipment Operators - Light	272,259	
Truck Drivers	124,681	
Laborers	108,237	
Overtime Pay	25,163	
Rentals	5,200	
Other Contracted Services	83,210	
Asphalt - Cold Mix	28,499	
Asphalt - Hot Mix	206,503	
Concrete	6,416	
Crushed Stone	80,150	
Fertilizer, Lime, and Seed	17,556	
General Construction Materials	7,243	
Other Road Supplies	11,615	
Pipe - Metal	55,862	
Road Signs	19,429	
Salt	500	
Small Tools	2,241	
Wood Products	3,752	
Gravel and Chert	6,821	
Other Supplies and Materials	1,997	
Total Highway and Bridge Maintenance		1,360,433

Operation and Maintenance of Equipment

Mechanic(s)	\$ 74,183	
Equipment Operators	30,950	
Laborers	23,830	
Overtime Pay	3,209	
Licenses	96	
Maintenance & Repair Services - Buildings	37	
Maintenance & Repair Services - Equipment	50,032	
Tow-in Services	550	
Diesel Fuel	168,052	
Equipment and Machinery Parts	98,469	
Garage Supplies	4,785	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Gasoline	\$	27,585	
Lubricants		6,976	
Small Tools		2,308	
Tires and Tubes		33,930	
Other Charges		1,247	
Total Operation and Maintenance of Equipment			\$ 526,239

Other Charges

Building and Contents Insurance	\$	2,852	
Liability Insurance		13,104	
Trustee's Commission		45,110	
Vehicle and Equipment Insurance		18,030	
Workers' Compensation Insurance		103,017	
Total Other Charges			182,113

Employee Benefits

Longevity Pay	\$	18,730	
Social Security		98,835	
State Retirement		121,834	
Employee and Dependent Insurance		331,910	
Unemployment Compensation		1,146	
Other Fringe Benefits		5,973	
Uniforms		15,386	
Total Employee Benefits			593,814

Capital Outlay

Bridge Construction	\$	457,755	
Building Improvements		1,999	
Communication Equipment		849	
Furniture and Fixtures		625	
Highway Equipment		244,416	
Maintenance Equipment		4,276	
Motor Vehicles		7,100	
Office Equipment		4,665	
State Aid Projects		696,225	
Total Capital Outlay			1,417,910

Principal on Debt

Highways and Streets

Principal on Notes	\$	83,000	
Total Highways and Streets			83,000

(Continued)

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

Highway/Public Works Fund (Cont.)

Interest on Debt

Highways and Streets

Interest on Notes	\$ 4,789	
Total Highways and Streets		\$ 4,789

Total Highway/Public Works Fund \$ 4,647,558

General Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 2,730,000	
Principal on Notes	840,000	
Principal on Other Loans	580,000	
Total Education		\$ 4,150,000

Interest on Debt

General Government

Interest on Other Loans	\$ 109,777	
Total General Government		109,777

Education

Interest on Bonds	\$ 1,007,289	
Interest on Notes	44,375	
Interest on Other Loans	481,348	
Total Education		1,533,012

Other Debt Service

General Government

Trustee's Commission	\$ 114,241	
Other Debt Service	14,996	
Total General Government		129,237

Education

Other Debt Issuance Charges	\$ 3,044	
Other Debt Service	45,376	
Total Education		48,420

Total General Debt Service Fund 5,970,446

(Continued)

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

General Capital Projects Fund

Capital Projects

Highway & Street Capital Projects

Architects	\$	19,653	
Other Contracted Services		2,263	
Highway Construction		<u>487,605</u>	
Total Highway & Street Capital Projects			\$ <u>509,521</u>

Total General Capital Projects Fund \$ 509,521

Total Governmental Funds - Primary Government \$ 22,789,894

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 21,645,701	
Career Ladder Program	274,355	
Career Ladder Extended Contracts	127,740	
Educational Assistants	622,162	
Other Salaries & Wages	4,344	
Non-certified Substitute Teachers	270,545	
Social Security	1,370,995	
State Retirement	1,252,553	
Medical Insurance	2,902,778	
Unemployment Compensation	18,288	
Employer Medicare	320,636	
Travel	289	
Other Contracted Services	120,111	
Instructional Supplies and Materials	313,651	
Textbooks	723,151	
Other Supplies and Materials	72,138	
In Service/Staff Development	222	
Fee Waivers	107,416	
Other Charges	38,156	
Regular Instruction Equipment	544,326	
Total Regular Instruction Program		\$ 30,729,557

Alternative Instruction Program

Teachers	\$ 309,287	
Career Ladder Program	6,935	
Clerical Personnel	22,905	
Other Salaries & Wages	20,258	
Social Security	21,844	
State Retirement	21,280	
Medical Insurance	18,274	
Unemployment Compensation	253	
Employer Medicare	5,109	
Communication	34	
Travel	3,177	
Other Contracted Services	27,682	
Other Supplies and Materials	6,467	
Other Charges	55	
Other Equipment	279	
Total Alternative Instruction Program		463,839

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 3,569,318	
Career Ladder Program	40,808	
Homebound Teachers	184,746	
Clerical Personnel	59,016	
Educational Assistants	805,973	
Other Salaries & Wages	34,305	
Non-certified Substitute Teachers	34,975	
Social Security	283,065	
State Retirement	284,501	
Medical Insurance	610,009	
Unemployment Compensation	4,403	
Employer Medicare	66,201	
Contracts with Private Agencies	78,716	
Travel	7,250	
Other Contracted Services	134,880	
Instructional Supplies and Materials	77,869	
Other Charges	30,735	
Special Education Equipment	31,440	
Total Special Education Program		\$ 6,338,210

Vocational Education Program

Teachers	\$ 1,439,369	
Career Ladder Program	17,000	
Other Salaries & Wages	9,095	
Non-certified Substitute Teachers	25,975	
Social Security	88,959	
State Retirement	79,897	
Medical Insurance	178,159	
Unemployment Compensation	1,095	
Employer Medicare	20,805	
Travel	24,678	
Other Contracted Services	28,950	
Instructional Supplies and Materials	68,187	
Textbooks	35,910	
Other Supplies and Materials	323	
Other Charges	10,456	
Vocational Instruction Equipment	24,778	
Total Vocational Education Program		2,053,636

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	67,164	
Social Security		4,164	
State Retirement		3,014	
Unemployment Compensation		172	
Employer Medicare		974	
Travel		540	
Instructional Supplies and Materials		7,538	
Other Supplies and Materials		7,517	
Other Charges		125	
Total Adult Education Program			\$ 91,208

Support Services

Health Services

Other Salaries & Wages	\$	69,744	
In-Service Training		50	
Social Security		4,272	
State Retirement		6,633	
Medical Insurance		7,830	
Unemployment Compensation		58	
Employer Medicare		999	
Communication		500	
Postal Charges		250	
Travel		1,296	
Other Contracted Services		412,526	
Other Supplies and Materials		11,738	
Other Charges		3,257	
Total Health Services			519,153

Other Student Support

Career Ladder Program	\$	16,500	
Guidance Personnel		754,241	
Psychological Personnel		50,255	
School Resource Officer		7,008	
Other Salaries & Wages		82,235	
Social Security		54,889	
State Retirement		52,052	
Medical Insurance		67,928	
Unemployment Compensation		508	
Employer Medicare		12,837	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Communication	\$	343	
Contracts with Government Agencies		86,400	
Evaluation and Testing		56,387	
Travel		5,288	
Other Supplies and Materials		65	
In Service/Staff Development		700	
Total Other Student Support			\$ 1,247,636

Regular Instruction Program

Supervisor/Director	\$	346,491	
Career Ladder Program		28,500	
Career Ladder Extended Contracts		23,000	
Librarians		550,914	
Materials Supervisor		63,474	
Instructional Computer Personnel		65,328	
Clerical Personnel		31,512	
Other Salaries & Wages		40,008	
Social Security		69,225	
State Retirement		68,658	
Medical Insurance		108,435	
Unemployment Compensation		653	
Employer Medicare		16,190	
Communication		1,597	
Travel		32,288	
Library Books/Media		100,000	
Other Supplies and Materials		11,657	
In Service/Staff Development		22,579	
Other Charges		99	
Other Equipment		1,840	
Total Regular Instruction Program			1,582,448

Special Education Program

Supervisor/Director	\$	136,360	
Career Ladder Program		2,000	
Social Security		8,177	
State Retirement		7,610	
Medical Insurance		16,976	
Unemployment Compensation		57	
Employer Medicare		1,912	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	29,526	
In Service/Staff Development		8,635	
Other Charges		882	
Total Special Education Program			\$ 212,135

Vocational Education Program

Supervisor/Director	\$	63,474	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Social Security		4,221	
State Retirement		3,876	
Medical Insurance		9,366	
Unemployment Compensation		29	
Employer Medicare		987	
Travel		1,499	
In Service/Staff Development		15,238	
Total Vocational Education Program			105,690

Adult Programs

Supervisor/Director	\$	36,531	
Other Salaries & Wages		18,936	
Social Security		3,409	
State Retirement		3,810	
Medical Insurance		4,266	
Unemployment Compensation		57	
Employer Medicare		797	
Travel		1,739	
Other Contracted Services		125	
Total Adult Programs			69,670

Board of Education

Board and Committee Members Fees	\$	11,400	
Life Insurance		30,000	
Audit Services		25,800	
Dues and Memberships		18,362	
Legal Services		51,439	
Travel		6,219	
Other Supplies and Materials		81	
Liability Insurance		171,505	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	\$	304,908	
Other Charges		858	
Total Board of Education			\$ 620,572

Director of Schools

County Official/Administrative Officer	\$	106,128	
Career Ladder Program		1,000	
Secretary(ies)		31,512	
Social Security		7,571	
State Retirement		8,889	
Medical Insurance		3,932	
Unemployment Compensation		57	
Employer Medicare		2,014	
Communication		55,727	
Postal Charges		4,294	
Travel		4,487	
Office Supplies		5,101	
Other Charges		359	
Total Director of Schools			231,071

Office of the Principal

Principals	\$	956,925	
Career Ladder Program		71,000	
Career Ladder Extended Contracts		28,000	
Assistant Principals		1,737,165	
Secretary(ies)		847,052	
Social Security		217,875	
State Retirement		229,852	
Medical Insurance		393,643	
Unemployment Compensation		2,389	
Employer Medicare		50,955	
Communication		2,729	
Maintenance & Repair Services - Equipment		2,798	
Postal Charges		308	
Travel		32,722	
Other Contracted Services		18,321	
Office Supplies		1,895	
Other Supplies and Materials		1,274	
Total Office of the Principal			4,594,903

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	44,208	
Accountants/Bookkeepers		106,806	
Secretary(ies)		151,313	
Social Security		18,337	
State Retirement		26,652	
Medical Insurance		20,347	
Unemployment Compensation		253	
Employer Medicare		4,289	
Travel		6,436	
Other Contracted Services		19,270	
Office Supplies		12,335	
Other Supplies and Materials		580	
Administration Equipment		14,877	
Total Fiscal Services			\$ 425,703

Operation of Plant

Custodial Personnel	\$	4,167	
Social Security		258	
State Retirement		389	
Unemployment Compensation		17	
Employer Medicare		60	
Laundry Service		3,703	
Other Contracted Services		1,418,236	
Electricity		1,449,212	
Natural Gas		322,169	
Water and Sewer		121,836	
Other Supplies and Materials		23,719	
Building and Contents Insurance		136,098	
Other Charges		814	
Total Operation of Plant			3,480,678

Maintenance of Plant

Supervisor/Director	\$	56,496	
Secretary(ies)		27,504	
Other Salaries & Wages		474,033	
Social Security		33,017	
State Retirement		51,051	
Medical Insurance		101,035	
Unemployment Compensation		576	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Employer Medicare	\$	7,722	
Communication		7,002	
Maintenance & Repair Services - Buildings		4,132	
Maintenance & Repair Services - Equipment		14,743	
Other Contracted Services		5,769	
Other Supplies and Materials		148,654	
Other Charges		1,118	
Maintenance Equipment		39,828	
Total Maintenance of Plant			\$ 972,680

Transportation

Supervisor/Director	\$	118,925	
Mechanic(s)		236,086	
Bus Drivers		1,450,817	
Clerical Personnel		19,909	
Social Security		103,308	
State Retirement		152,809	
Medical Insurance		584,351	
Unemployment Compensation		4,168	
Employer Medicare		24,161	
Communication		7,562	
Laundry Service		6,362	
Maintenance & Repair Services - Equipment		312	
Maintenance & Repair Services - Vehicles		22,155	
Travel		2,405	
Other Contracted Services		39,511	
Gasoline		513,216	
Lubricants		9,610	
Tires and Tubes		85,332	
Vehicle Parts		212,561	
Other Supplies and Materials		18,842	
Vehicle and Equipment Insurance		84,147	
In Service/Staff Development		808	
Other Charges		7,584	
Transportation Equipment		860,840	
Total Transportation			4,565,781

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	34,800	
Accountants/Bookkeepers		31,512	
Other Salaries & Wages		34,080	
Social Security		5,928	
State Retirement		8,152	
Medical Insurance		15,271	
Unemployment Compensation		73	
Employer Medicare		1,386	
Transportation - Other than Students		30,093	
Travel		2,390	
Other Contracted Services		270	
Other Supplies and Materials		219	
In Service/Staff Development		2,058	
Other Charges		700	
Total Food Service			\$ 166,932

Community Services

Supervisor/Director	\$	17,294	
Other Salaries & Wages		380,272	
Social Security		24,284	
State Retirement		1,636	
Medical Insurance		17,065	
Unemployment Compensation		1,019	
Employer Medicare		5,679	
Travel		443	
Other Contracted Services		720	
Food Supplies		19,820	
Other Supplies and Materials		3,752	
Other Charges		360	
Total Community Services			472,344

Early Childhood Education

Teachers	\$	214,599	
Educational Assistants		92,174	
Non-certified Substitute Teachers		2,100	
Social Security		18,372	
State Retirement		13,072	
Medical Insurance		37,910	
Unemployment Compensation		497	

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Employer Medicare	\$	4,297	
Other Contracted Services		1,500	
Instructional Supplies and Materials		33,643	
Other Supplies and Materials		938	
In Service/Staff Development		1,252	
Other Charges		45,789	
Other Equipment		<u>51,655</u>	
Total Early Childhood Education	\$		517,798

Capital Outlay

Regular Capital Outlay

Other Salaries & Wages	\$	10,535	
Social Security		653	
Unemployment Compensation		35	
Employer Medicare		153	
Building Improvements		<u>437,874</u>	
Total Regular Capital Outlay			449,250

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>475,000</u>	
Total Education			<u>475,000</u>

Total General Purpose School Fund \$ 60,385,894

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	1,371,484	
Educational Assistants		239,220	
Other Salaries & Wages		54,157	
Non-certified Substitute Teachers		19,875	
Social Security		99,707	
State Retirement		97,226	
Medical Insurance		230,371	
Unemployment Compensation		1,685	
Employer Medicare		23,319	
Contracts with Other School Systems		20,000	
Travel		5,660	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Contracted Services	\$ 118,794	
Instructional Supplies and Materials	67,673	
Other Supplies and Materials	12,646	
In Service/Staff Development	6,685	
Regular Instruction Equipment	298,302	
Total Regular Instruction Program		\$ 2,666,804

Special Education Program

Clerical Personnel	\$ 21,412	
Educational Assistants	1,214,533	
Other Salaries & Wages	20,786	
Social Security	78,132	
State Retirement	88,227	
Medical Insurance	215,992	
Unemployment Compensation	2,930	
Employer Medicare	18,273	
Contracts with Private Agencies	77,930	
Operating Lease Payments	178,980	
Other Contracted Services	248,238	
Instructional Supplies and Materials	204,051	
Other Supplies and Materials	4,400	
Special Education Equipment	53,355	
Total Special Education Program		2,427,239

Vocational Education Program

Clerical Personnel	\$ 6,600	
Other Salaries & Wages	35,235	
Social Security	2,566	
State Retirement	3,974	
Medical Insurance	3,898	
Unemployment Compensation	71	
Employer Medicare	600	
Travel	4,475	
Instructional Supplies and Materials	101,738	
Vocational Instruction Equipment	43,722	
Total Vocational Education Program		202,879

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Travel	\$ 35,000	
Total Other Student Support		\$ 35,000

Regular Instruction Program

Supervisor/Director	\$ 31,737	
Secretary(ies)	20,628	
In-Service Training	130,500	
Social Security	11,203	
State Retirement	10,885	
Medical Insurance	5,224	
Unemployment Compensation	485	
Employer Medicare	2,620	
Communication	927	
Travel	7,535	
Other Contracted Services	10,721	
Instructional Supplies and Materials	2,477	
Other Supplies and Materials	935	
In Service/Staff Development	153,749	
Total Regular Instruction Program		389,626

Special Education Program

Travel	\$ 8,258	
In Service/Staff Development	22,395	
Total Special Education Program		30,653

Vocational Education Program

In Service/Staff Development	\$ 3,749	
Total Vocational Education Program		3,749

Transportation

Transportation Equipment	\$ 64,600	
Total Transportation		64,600

Total School Federal Projects Fund		\$ 5,820,550
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 1,533,094	
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(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	87,216	
State Retirement		125,956	
Medical Insurance		410,672	
Unemployment Compensation		3,810	
Employer Medicare		20,397	
Travel		1,926	
Other Contracted Services		67,158	
Food Supplies		1,683,108	
Uniforms		5,962	
Other Supplies and Materials		184,937	
Trustee's Commission		193	
Food Service Equipment		<u>74,056</u>	
Total Food Service			<u>\$ 4,198,485</u>

Total Central Cafeteria Fund \$ 4,198,485

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	<u>109,111</u>	
Total Education Capital Projects			<u>\$ 109,111</u>

Total Education Capital Projects Fund 109,111

Total Governmental Funds - Tipton County School Department \$ 70,514,040

Exhibit J-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 2,700,254</u>
Total Cash Receipts	<u>\$ 2,700,254</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 2,675,473
Trustee's Commission	24,781
Total Cash Disbursements	<u>\$ 2,700,254</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>

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**SINGLE AUDIT SECTION**

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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

August 28, 2006

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

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Tipton County's basic financial statements and have issued our report thereon dated August 28, 2006. Our report was qualified due to not including the financial statements of the Tipton County Emergency Communications District (discretely presented component unit) and the Tipton County Library (special revenue fund) which were not available from other auditors as of the date of this report. 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 Tipton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tipton County's 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 which are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01 and 06.02.

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

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/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

August 28, 2006

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

To the County Executive and Board of County Commissioners:

Compliance

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

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

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

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

#### Internal Control Over Compliance

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

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

#### Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tipton County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 28, 2006. Our report was qualified due to not including the financial statements of the Tipton County Emergency Communications District (discretely presented component unit) and the Tipton County Library (special revenue fund) which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/sb

Tipton County, Tennessee  
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	\$ 280,279
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	683,054
National School Lunch Program	10.555	N/A	1,967,687
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	207,960
Total U.S. Department of Agriculture			\$ 3,138,980
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-04-10939-00	\$ 70,334
Total U.S. Department of Housing and Urban Development			\$ 70,334
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11481-00	\$ 938
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-06-002650-00	9,000
Total U.S. Department of Justice			\$ 9,938
U. S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-EN-8400(53)	\$ 348,299
Total U. S. Department of Transportation			\$ 348,299
U. S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 112,341
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,653,247
Special Education Cluster:			
Special Education - Grants to State	84.027	N/A	2,556,368
Special Education - Preschool Grants	84.173	N/A	102,290
Vocational Education - Basic Grants to States	84.048	N/A	243,349
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	108,374
State Grants for Innovative Programs	84.298	N/A	264,004

(Continued)

Tipton County, Tennessee  
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 Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Improving Teacher Quality State Grants	84.367	N/A	\$ 1,122,984
Hurricane Education Recovery	84.938	(2)	<u>250,422</u>
Total U. S. Department of Education			<u>\$ 6,413,379</u>
U. S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Promoting Safe and Stable Families	93.556	Z-06-120580-00	\$ 67,151
Temporary Assistance for Needy Families	93.558	Z-06-272230-00	42,881
Passed-through State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	(2)	<u>85,679</u>
Total U.S. Department of Health and Human Services			<u>\$ 195,711</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022980-10	\$ 86,536
Emergency Management Performance Grants	97.042	Z-05-025419-00	<u>24,954</u>
Total U.S. Department of Homeland Security			<u>\$ 111,490</u>
Total Expenditures of Federal Awards			<u>\$ 10,288,131</u>
State Grants:			
State Reappraisal Program - Comptroller of the Treasury	N/A	<u>Contract Number</u> (2)	\$ 17,712
Solid Waste Program - State Department of Environment and Conservation	N/A	(2)	26,215
Dental Program - State Department of Health	N/A	Z-05-020540-00	15,731
Dental Program - State Department of Health	N/A	Z-06-025977-00	215,809
Litter Program - State Department of Transportation	N/A	Z-05-021553-00	4,918
Litter Program - State Department of Transportation	N/A	Z-06-028014-00	36,078
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-05-11196-00	42,708
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	(2)	458,502
Pre-K Lottery Grant	N/A	(2)	<u>516,147</u>
Total State Grants			<u>\$ 1,333,820</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Z-06-027223-00: \$13,706; Z-06-027824-00: \$98,635

Tipton County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2006

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

**OFFICE OF COUNTY EXECUTIVE**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.01(B)	158	The office had deficiencies in budget operations

**OFFICE OF COUNTY EXECUTIVE AND OFFICE OF DIRECTOR OF PUBLIC  
WORKS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.04	159	Animal control operations were budgeted improperly

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.10	162	A central system of accounting, budgeting, and purchasing had not been adopted

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**TIPTON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2006**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the aggregate discretely presented component units and the aggregate remaining fund information is qualified. Our report on the governmental activities and each major fund is unqualified.
2. The audit of the financial statements of Tipton County disclosed reportable conditions in internal control.
3. The audit disclosed one instance of noncompliance which was material to the financial statements of Tipton County.
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: School Breakfast Program, National School Lunch Program, and Summer Food Service Program (CFDA Nos. 10.553, 10.555, and 10.559); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Tipton County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICE OF COUNTY EXECUTIVE**

**FINDING 06.01      THE PUBLIC LIBRARY FUND WAS NOT BUDGETED**  
(Material Noncompliance Under Government Auditing Standards)

The Public Library Fund (special revenue fund) was not budgeted. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

### **RECOMMENDATION**

The Public Library Fund budget should be budgeted as required by state statute.

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### **OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF PUBLIC WORKS**

**FINDING 06.02      ANIMAL CONTROL OPERATIONS WERE BUDGETED IMPROPERLY**  
(Noncompliance Under Government Auditing Standards)

For the 2002-06 years, animal control operations were budgeted and operated in the Highway/Public Works Fund, a fund that is intended to be used solely to account for highway and public works operations. Animal control operations are part of the general operating activities of the county and therefore should be accounted for in the county’s General Fund. We noted that revenues from animal registrations were insufficient to cover the costs of the animal control operation, resulting in the Highway/Public Works Fund supplementing these costs. The state attorney general has opined that state statutes authorize a county to levy a tax for county purposes and has defined “county general purposes levy” as a levy for all county purposes except roads, bridges, schools, etc. These expenditures represent the use of highway funds for general county purposes.

### **RECOMMENDATION**

Animal control operations should be budgeted and disbursed from the county’s General Fund, and the Highway/Public Works Fund should be used only for highway purposes.

## **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 06.03**      **THE ASSISTANT TO THE TRANSPORTATION DEPARTMENT SECRETARY WAS PAID FOR SERVICES NOT PERFORMED**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

The assistant to the Transportation Department's secretary was paid for services she did not perform. In addition to assistant secretarial duties, her duties also included driving a regular bus route as well as the Covington Integrated Arts Academy (CIAA) route. The transportation supervisor was advised that this individual had asked a substitute bus driver to drive her CIAA route on numerous occasions. After investigating the matter, the transportation supervisor determined that this individual had been paid for driving the CIAA route as well as the substitute bus driver. The transportation supervisor discovered that this double payment had occurred 41 times at \$20 per occurrence totaling \$820. As a result of the investigation, the director of schools terminated this individual as assistant to the transportation secretary and placed her on probation as a bus driver for the remainder of the 2005-06 year. The School Department deducted \$820 from her February 15, 2006, paycheck. The Tipton County Board of Education has implemented internal controls that will prevent this type of incident from happening again.

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## **OTHER FINDING AND RECOMMENDATION**

**FINDING 06.04**      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

## **RECOMMENDATION**

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

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

There were no findings and questioned costs for federal awards.

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

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

**County Executive – Summary Schedule of Prior-Year Audit Findings**

**FINDINGS 05.03 and 05.11**

Tipton County implemented procedures to comply with the provisions of the Davis-Bacon Act, including adding prevailing wage rate clauses in all future federally funded construction contracts and monitoring contractor's and subcontractor's payrolls for compliance with prevailing wage rate requirements.