

ANNUAL FINANCIAL REPORT
WEAKLEY 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
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FOR THE YEAR ENDED JUNE 30, 2006

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

WEAKLEY COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		1
<u>INTRODUCTORY SECTION</u>		3
Weakley County Officials		5
<u>FINANCIAL SECTION</u>		7
Independent Auditor's Report		9-10
Management's Discussion and Analysis		11-18
BASIC FINANCIAL STATEMENTS:		19
Government-wide Financial Statements:		
Statement of Net Assets	A	21-22
Statement of Activities	B	23-24
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	26
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	28
Proprietary Fund:		
Statement of Revenues, Expenses, and Changes in Net Assets	D-1	29-30
Statement of Cash Flows	D-2	31
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	32
Notes to the Financial Statements		33-77
REQUIRED SUPPLEMENTARY INFORMATION:		79
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	81-83
Highway/Public Works Fund	F-2	84
Notes to the Required Supplementary Information		85

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		87
Nonmajor Governmental Funds:		89
Combining Balance Sheet	G-1	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	92
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	93
Drug Control Fund	G-4	94
Major Governmental Fund:		95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	97
Fiduciary Funds:		99
Combining Statement of Fiduciary Assets and Liabilities	I-1	101
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	102-103
Component Unit:		
Discretely Presented Weakley County School Department:		105
Statement of Activities	J-1	107
Balance Sheet – Governmental Funds	J-2	108
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	109
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	110
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	111
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	113
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	114-115
School Federal Projects Fund	J-9	116
Central Cafeteria Fund	J-10	117
Miscellaneous Schedules:		119
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Weakley County School Department	K-1	121
Schedule of Bond and Interest Requirements by Year	K-2	122
Schedule of Transfers – Discretely Presented Weakley County School Department	K-3	123

	Exhibit	Page(s)
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Weakley County School Department	K-4	124
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	125-129
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Weakley County School Department	K-6	130-131
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	132-152
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Weakley County School Department	K-8	153-166
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-9	167
 <u>SINGLE AUDIT SECTION</u>		 169
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		171-172
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		173-174
Other Auditor’s Report on Weakley County Municipal Electric System: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		175-176
Other Auditor’s Report on Weakley County Nursing Home: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		177-178
Other Auditor’s Report on Weakley County Emergency Communications District: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		179-180
Schedule of Expenditures of Federal Awards and State Grants		181-182
Schedule of Audit Findings Not Corrected		183
Schedule of Findings and Questioned Costs		185-189
Auditee Reporting Responsibilities		191

Audit Highlights

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF FINANCE

- ◆ General Fund expenditures exceeded appropriations approved by the County Commission in the Correctional Incentive Program Improvements major appropriation category (the legal level of control) by \$16,586.
- ◆ The School Federal Projects Fund had a cash overdraft of \$30,775 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded funds on deposit with the county trustee.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURT CLERK

- ◆ The office had deficiencies in computer system backup procedures.

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Register.

INTRODUCTORY SECTION

Weakley County Officials

June 30, 2006

Officials

Ron Gifford, County Mayor
Kermit Hopper, Highway Supervisor
Richard Barber, Director of Schools
Donald Doster, Trustee
David Tuck, Assessor of Property
Pat Scarbrough, County Clerk
Pam Belew, Circuit and General Sessions Courts Clerk
Susan Collins, Clerk and Master
Donna Winstead, Register
Michael Wilson, Sheriff
Shawn Francisco, Director of Finance

Board of County Commissioners

Richard Phebus, Chairman	Andy Page
Mac Buckley, Chairman Pro-Tem	Julia Rich
Jack Baltz	David Rook
James Barner	John Salmon
Robert Gardner	Sam Sinclair
Tommy Hunt	Roger Stewart
William Jones	Jack Vincent
Kevin McAlpin	James H. Westbrook, Jr.
Eric Owen	Earl Wright

Finance, Ways, and Means Committee

Richard Phebus, Chairman
William Jones
Eric Owen
Roger Stewart
James H. Westbrook, Jr.
Earl Wright

Highway Commission

Garry Mansfield, Chairman
David Bell
Bobby Robinson

Board of Education

Gordon Morris, Chairman
Gath Meeks
Sarah Ann Pentecost
Jeff Perkins
Joan Pritchett
Lindell Roney
Doug Sims
Barbara Trentham
Steve Vantrease

Financial Management Committee

Roger Stewart, Chairman
Richard Barber
Ron Gifford
Kermit Hopper
Richard Phebus
Jack Vincent
James H. Westbrook, Jr.

FINANCIAL SECTION



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

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

November 14, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Weakley County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Weakley County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Weakley County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weakley County Municipal Electric System (a major fund and the entire business-type activities). Also, we did not audit the financial statements of the discretely presented Weakley County Nursing Home, which represent 8.2 percent and 17.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units or the Weakley County Emergency Communications District, which represent 1.3 percent and .9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Weakley County Municipal Electric System and the discretely presented Weakley County Nursing Home and Weakley County Emergency Communications District, is based on the reports of the other auditors.

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

presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Weakley County, Tennessee, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, 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 November 14, 2006, on our consideration of Weakley 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's discussion and analysis on pages 11 through 18 and the budgetary comparison information on pages 81 through 85 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. 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 Weakley 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 Weakley 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 Weakley 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,



John G. Morgan
Comptroller of the Treasury

JGM/sb

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Weakley County Government (the county), we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2006. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

Management believes the county's financial condition is strong. The county is well within its budget and the more stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- ◆ Total assets at year-end were \$58,695,413 and exceeded liabilities by \$10,509,298 (i.e. net assets).
- ◆ Total revenues of the governmental funds were \$15,222,725, an increase of \$589,438 from year 2005.
- ◆ Total expenditures of the governmental funds were \$15,298,487, a decrease of \$504,921 over year 2005. The decrease is due to the completion of the Board of Education's capital project.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the county's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the county's strategic plan, budget, and other management tools were used for this analysis. The Annual Financial Report is made up of three sections: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the county's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the county's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The statement of activities presents information illustrating the changes in the government's net assets during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include the Weakley County Government (known as the primary government), but also a legally separate school district – the Weakley County Board of Education, for which the Weakley County Government is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government.

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the county include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highway/public works; and debt service. The government-wide business-type activity is the Weakley County Municipal Electric System.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Weakley County, Tennessee, maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Highway/Public Works Fund, and the General Debt Service Fund, which are all considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The county adopts an annual budget for general, special revenue, and debt service funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 and C-3 of this report.

Proprietary funds. Weakley County maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county uses an enterprise fund to account for its municipal electric system. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Weakley County's major funds' budgetary statements (General Fund and Highway/Public Works Fund). Required supplementary information can be found after the basic financial statements section of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Weakley County, liabilities exceed assets by \$18,394,789 at the close of the most recent fiscal year for the governmental activities. The Constitution for the State of Tennessee allows only the local legislative body authorization to issue debt. Therefore, whenever the Weakley County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by Weakley County Government. As of June 30, 2006, the county had outstanding debt totaling \$31,211,365 for capital purposes for the Weakley County Board of Education, but the capital assets are reported in the financial statements of the Weakley County Board of Education. As a result, the county has incurred the related liability without a corresponding increase in the county's capital assets, thereby significantly decreasing its unrestricted net assets.

Weakley County Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets:						
Current and other						
assets	\$ 13,521,281	\$ 12,464,819	\$ 8,792,898	\$ 7,955,900	\$ 22,314,179	\$ 20,420,719
Capital assets	10,496,899	10,793,385	25,884,335	25,212,534	36,381,234	36,005,919
Total Assets	\$ 24,018,180	\$ 23,258,204	\$ 34,677,233	\$ 33,168,434	\$ 58,695,413	\$ 56,426,638
Liabilities:						
Other Liabilities	\$ 5,019,232	\$ 5,199,595	\$ 3,454,900	\$ 2,991,263	\$ 8,474,132	\$ 8,190,858
Long-term Liabilities						
Outstanding	37,393,737	38,102,920	2,318,246	2,380,251	39,711,983	40,483,171
Total Liabilities	\$ 42,412,969	\$ 43,302,515	\$ 5,773,146	\$ 5,371,514	\$ 48,186,115	\$ 48,674,029
Net Assets						
Invested in Capital Assets,						
net of related debt	\$ 4,195,899	\$ 5,180,385	\$ 0	\$ 0	\$ 4,195,899	\$ 5,180,385
Invested in Capital						
Assets		0	25,884,335	25,212,534	25,884,335	25,212,534
Restricted	7,807,855	7,188,752	0	0	7,807,855	7,188,752
Unrestricted	(30,398,543)	(32,413,448)	3,019,752	2,584,386	(27,378,791)	(29,829,062)
Total Net Assets	\$ (18,394,789)	\$ (20,044,311)	\$ 28,904,087	\$ 27,796,920	\$ 10,509,298	\$ 7,752,609

By far the largest portion of the county's net assets reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Weakley County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Weakley County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the county's net assets (\$7,807,855) represents resources that are subject to external restrictions on how they may be used.

Weakley County Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,315,644	\$ 2,119,421	\$ 36,108,934	\$ 32,208,210	\$ 38,424,578	\$ 34,327,631
Operating Grants & Contributions	3,760,457	3,191,862	0	0	3,760,457	3,191,862
Capital Grants & Contributions	405,398	1,378,615	0	0	405,398	1,378,615
General Revenues:						
Property Taxes	5,242,458	5,132,664	0	0	5,242,458	5,132,664
Other Taxes	1,632,930	1,173,478	0	0	1,632,930	1,173,478
Grants & Contributions not Restricted to Specific Programs	1,266,529	1,139,770	0	0	1,266,529	1,139,770
Unrestricted Investment Earnings	454,213	230,590	203,691	103,165	657,904	333,755
Other	157,679	127,481	0	0	157,679	127,481
Total Revenues	\$ 15,235,308	\$ 14,493,881	\$ 36,312,625	\$ 32,311,375	\$ 51,547,933	\$ 46,805,256
Expenses:						
General Government	\$ 705,691	\$ 740,919	\$ 0	\$ 0	\$ 705,691	\$ 740,919
Finance	980,555	950,290	0	0	980,555	950,290
Administration of Justice	1,099,717	904,534	0	0	1,099,717	904,534
Public Safety	3,024,912	2,797,638	0	0	3,024,912	2,797,638
Public Health & Welfare	764,098	454,252	0	0	764,098	454,252
Social, Cultural, & Recreational Services	361,895	303,794	0	0	361,895	303,794
Agriculture & Natural Resources	130,156	128,915	0	0	130,156	128,915
Other Operations	399,664	196,358	0	0	399,664	196,358
Highway/Public Works	4,497,856	5,001,484	0	0	4,497,856	5,001,484
Education	0	545,000	0	0	0	545,000
Interest on Long-term Debt	1,524,502	1,342,949	0	0	1,524,502	1,342,949
Other Debt Service	96,740	112,737	0	0	96,740	112,737
Public Utility	0	0	35,205,458	31,455,559	35,205,458	31,455,559
Total Expenses	\$ 13,585,786	\$ 13,478,870	\$ 35,205,458	\$ 31,455,559	\$ 48,791,244	\$ 44,934,429
Increase in Net Assets	\$ 1,649,522	\$ 1,015,011	\$ 1,107,167	\$ 855,816	\$ 2,756,689	\$ 1,870,827
Net Assets, July 1	(20,044,311)	(21,059,322)	27,796,920	26,941,104	7,752,609	5,881,782
Net Assets, June 30	\$ (18,394,789)	\$ (20,044,311)	\$ 28,904,087	\$ 27,796,920	\$ 10,509,298	\$ 7,752,609

Financial Analysis of Government's Funds

As noted earlier, the county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Weakley County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the county's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$8,026,278, an increase of \$1,224,238 in comparison with the prior year.

Of this total amount, \$7,386,926 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that is not readily available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$485,683), and 2) for a variety of other restricted purposes (\$153,669).

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$695,363, while total fund balance was \$1,038,398. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance of the General Fund represents ten percent of total General Fund expenditures, while total fund balance represents 15 percent of that same amount.

The General Debt Service Fund has a total fund balance of \$5,742,839. The increase in fund balance of \$106,701 from the prior year is due to revenue increases.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

General Government	\$ 201,999
Finance	(3,268)
Administration of Justice	(18,400)
Public Safety	33,946
Public Health and Welfare	8,979
Social, Cultural, and Recreational Services	73,992
Agriculture and Natural Resources	1
Other Operations	<u>19,891</u>
Total Increase in Budgeted Expenditures	<u><u>\$ 317,140</u></u>

During the year, revenues were less than budgetary estimates; however, expenditures were significantly less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Capital Assets and Debt Administration

Capital Assets. The county’s investment in capital assets for its governmental activities as of June 30, 2006, amounted to \$10,496,899 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other capital assets (includes equipment), and infrastructure (roads, highway, and bridges). The total decrease in Weakley County Government’s investment in capital assets for the current fiscal year was \$296,486 (net of accumulated depreciation).

Major capital assets events during the current fiscal year included the following:

- ◆ The Board of Education contracted for the purchase and installation of a roof replacement for the Adult Learning Center; three HVAC compressors for Dresden Elementary School, and a dish machine for Martin Elementary School cafeteria.
- ◆ The Weakley County Sheriff’s Department purchased four new patrol vehicles. The Board of Education purchased three new school buses. The Weakley County Highway/Public Works Department purchased three new dump trucks and one wheel loader.

Long-term Debt. At the end of the current fiscal year, Weakley County had total bonded debt outstanding of \$21,935,000, notes payable of \$1,391,660, and other loans payable of \$14,485,705. All debt is backed by full faith and credit of the county.

	Governmental Activities
Notes Payable	\$ 1,391,660
Other Loans Payable	14,485,705
Bonds Payable	21,935,000
Total	\$ 37,812,365

Weakley County maintains an “Aaa” rating from Moody’s for general obligation debt.

Economic Factors and Next Year’s Budget and Rates

- ◆ The unemployment rate of Weakley County is currently 6.6 percent, which is a decrease from a rate of 11.3 percent in July. This compares favorably to the state’s average unemployment rate of 4.3 percent and the national average of 4.4 percent.
- ◆ The county experienced limited commercial and industrial growth during the year.
- ◆ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the county's budget for the 2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Weakley County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Weakley County Government, 8319 Highway 22, Suite B, Dresden, Tennessee 38225 or via e-mail at franciscos@k12tn.net.

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Units		
	Governmental	Business-type	Total	Weakley	Weakley	Weakley
	Activities	Activities		School	County	County
				Department	Nursing	Emergency
					Home	Communications
						District
<u>ASSETS</u>						
Cash	\$ 2,593	\$ 3,528,946	\$ 3,531,539	\$ 0	\$ 918,745	\$ 88,150
Equity in Pooled Cash and Investments	7,497,975	0	7,497,975	2,160,543	0	0
Inventories	0	528,423	528,423	0	48,887	0
Investments	0	4,981	4,981	0	0	269,427
Accounts Receivable	36,303	2,582,641	2,618,944	10,991	1,043,735	51,263
Due from Other Governments	720,841	0	720,841	1,027,481	0	0
Due from Component Units	727	0	727	0	0	0
Property Taxes Receivable	5,221,402	0	5,221,402	3,048,994	0	0
Allowance for Uncollectible Property Taxes	(178,775)	0	(178,775)	(104,394)	0	0
Prepaid Items	0	940,476	940,476	0	6,895	0
Notes Receivable	0	1,207,431	1,207,431	0	0	0
Other Restricted Assets	0	0	0	0	33,608	0
Deferred Charges - Debt Issuance Costs	220,215	0	220,215	0	0	0
Capital Assets:						
Assets Not Depreciated:						
Land	1,575,535	314,431	1,889,966	1,935,850	2,371	0
Construction in Progress	0	1,483,331	1,483,331	0	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	7,046,499	0	7,046,499	30,580,869	1,287,907	0
Infrastructure	1,164,654	0	1,164,654	0	0	0
Other Capital Assets	710,211	24,086,573	24,796,784	855,137	228,507	138,660
Total Assets	\$ 24,018,180	\$ 34,677,233	\$ 58,695,413	\$ 39,515,471	\$ 3,570,655	\$ 547,500
<u>LIABILITIES</u>						
Accounts Payable	\$ 17,794	\$ 2,869,068	\$ 2,886,862	\$ 40	\$ 210,761	\$ 0
Accrued Payroll	0	497,199	497,199	0	87,163	0
Payroll Deductions Payable	0	0	0	0	20,442	0
Accrued Leave	0	0	0	0	39,635	1,819
Accrued Interest Payable	178,113	0	178,113	1,001	0	0
Cash Overdraft	0	0	0	30,775	0	0
Other Current Liabilities	0	88,633	88,633	0	58,826	0
Deferred Revenue - Current						
Property Taxes	4,823,325	0	4,823,325	2,816,541	0	0
Current Liabilities Payable from Restricted Assets:						
Customer Deposits Payable	0	880,576	880,576	0	0	0
Noncurrent Liabilities:						
Due Within One Year	2,770,815	0	2,770,815	42,010	0	0
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	34,622,922	1,437,670	36,060,592	30,903	0	0
Total Liabilities	\$ 42,412,969	\$ 5,773,146	\$ 48,186,115	\$ 2,921,270	\$ 416,827	\$ 1,819

(Continued)

Exhibit A

Weakley County, Tennessee
Statement of Net Assets (Cont.)

	Primary Government			Component Units		
	Governmental	Business-type	Total	Weakley	Weakley	Weakley
	Activities	Activities		School	County	County
				Department	Nursing	Emergency
					Home	Communications
						District
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of						
Related Debt	\$ 4,195,899	\$ 0	\$ 4,195,899	\$ 33,331,473	\$ 1,518,785	\$ 0
Invested in Capital Assets	0	25,884,335	25,884,335	0	0	138,660
Restricted for:						
Capital Projects	302,230	0	302,230	235,759	0	0
Debt Service	6,264,726	0	6,264,726	0	0	0
Highway/Public Works	819,352	0	819,352	0	0	0
District Attorney General	113,519	0	113,519	0	0	0
Drug Control	96,619	0	96,619	0	0	0
Central Cafeteria	0	0	0	641,139	0	0
School Federal Projects	0	0	0	90,898	0	0
Other Purposes	211,409	0	211,409	118,844	0	0
Unrestricted	(30,398,543)	3,019,752	(27,378,791)	2,176,088	1,635,043	407,021
Total Net Assets	\$ (18,394,789)	\$ 28,904,087	\$ 10,509,298	\$ 36,594,201	\$ 3,153,828	\$ 545,681

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

Exhibit B

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Weakley County School Department	Weakley County Nursing Home	Weakley County Emergency Communications District
					Total Governmental Activities	Business-type Activities	Total			
Primary Government:										
Governmental Activities:										
General Government	\$ 705,691	\$ 167,262	\$ 199,837	\$ 0	\$ (338,592)	\$ 0	\$ (338,592)	\$ 0	\$ 0	\$ 0
Finance	980,555	702,141	12,102	0	(266,312)	0	(266,312)	0	0	0
Administration of Justice	1,099,717	772,188	364,133	0	36,604	0	36,604	0	0	0
Public Safety	3,024,912	671,970	92,523	196,183	(2,064,236)	0	(2,064,236)	0	0	0
Public Health and Welfare	764,098	0	78,274	0	(685,824)	0	(685,824)	0	0	0
Social, Cultural, and Recreational Services	361,895	0	163,985	0	(197,910)	0	(197,910)	0	0	0
Agriculture and Natural Resources	130,156	0	0	0	(130,156)	0	(130,156)	0	0	0
Other Operations	399,664	0	1,154	0	(398,510)	0	(398,510)	0	0	0
Highways/Public Works	4,497,856	150	1,964,719	209,215	(2,323,772)	0	(2,323,772)	0	0	0
Education	0	0	6,417	0	6,417	0	6,417	0	0	0
Interest on Long-term Debt	1,524,502	1,933	877,313	0	(645,256)	0	(645,256)	0	0	0
Other Debt Service	96,740	0	0	0	(96,740)	0	(96,740)	0	0	0
Total Governmental Activities	\$ 13,585,786	\$ 2,315,644	\$ 3,760,457	\$ 405,398	\$ (7,104,287)	\$ 0	\$ (7,104,287)	\$ 0	\$ 0	\$ 0
Business-type Activities:										
Public Utility	\$ 35,205,458	\$ 36,108,934	\$ 0	\$ 0	\$ 0	\$ 903,476	\$ 903,476	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 48,791,244	\$ 38,424,578	\$ 3,760,457	\$ 405,398	\$ (7,104,287)	\$ 903,476	\$ (6,200,811)	\$ 0	\$ 0	\$ 0
Component Unit:										
Weakley County School Department	\$ 31,098,462	\$ 1,142,840	\$ 3,750,186	\$ 0	\$ 0	\$ 0	\$ 0	\$ (26,205,436)	\$ 0	\$ 0
Weakley County Nursing Home	6,044,906	6,335,713	0	300,000	0	0	0	0	590,807	0
Weakley County Emergency Communications District	223,650	235,598	0	0	0	0	0	0	0	11,948
Total Component Units	\$ 37,367,018	\$ 7,714,151	\$ 3,750,186	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ (26,205,436)	\$ 590,807	\$ 11,948

(Continued)

Exhibit B

Weakley County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Total Governmental Activities	Business-type Activities	Total	Weakley County School Department	Weakley County Nursing Home	Weakley County Emergency Communications District
General Revenues:										
Taxes:										
Property taxes levied for general purposes					\$ 3,324,330	\$ 0	\$ 3,324,330	\$ 3,059,761	\$ 0	\$ 0
Property taxes levied for debt service					1,918,128	0	1,918,128	0	0	0
Local option sales tax					229,784	0	229,784	2,832,258	0	0
Other local taxes					1,403,146	0	1,403,146	135,259	0	0
Grants & contributions not restricted for specific programs					1,266,529	0	1,266,529	18,806,058	0	72,749
Unrestricted investment earnings					454,213	203,691	657,904	0	6,891	10,412
Miscellaneous					157,679	0	157,679	146,496	0	130
Total General Revenues					\$ 8,753,809	\$ 203,691	\$ 8,957,500	\$ 24,979,832	\$ 6,891	\$ 83,291
Change in net assets					\$ 1,649,522	\$ 1,107,167	\$ 2,756,689	\$ (1,225,604)	\$ 597,698	\$ 95,239
Net assets, July 1, 2005					(20,044,311)	27,796,920	7,752,609	37,819,805	2,556,130	450,442
Net assets, June 30, 2006					\$ (18,394,789)	\$ 28,904,087	\$ 10,509,298	\$ 36,594,201	\$ 3,153,828	\$ 545,681

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 2,593	\$ 2,593
Equity in Pooled Cash and Investments	721,099	492,948	5,725,592	558,336	7,497,975
Accounts Receivable	16,851	17,589	696	1,167	36,303
Due from Other Governments	375,466	325,391	12,866	7,118	720,841
Due from Other Funds	3,108	0	0	0	3,108
Due from Component Units	727	0	0	0	727
Property Taxes Receivable	2,515,420	705,080	1,905,621	95,281	5,221,402
Allowance for Uncollectible Property Taxes	(86,126)	(24,141)	(65,246)	(3,262)	(178,775)
Total Assets	\$ 3,546,545	\$ 1,516,867	\$ 7,579,529	\$ 661,233	\$ 13,304,174
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts Payable	\$ 17,794	\$ 0	\$ 0	\$ 0	\$ 17,794
Due to Other Funds	0	0	0	3,108	3,108
Deferred Revenue - Current Property Taxes	2,323,645	651,325	1,760,338	88,017	4,823,325
Deferred Revenue - Delinquent Property Taxes	92,293	25,870	69,919	3,496	191,578
Other Deferred Revenues	74,415	161,243	6,433	0	242,091
Total Liabilities	\$ 2,508,147	\$ 838,438	\$ 1,836,690	\$ 94,621	\$ 5,277,896
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 189,366	\$ 1,957	\$ 0	\$ 294,360	\$ 485,683
Reserved for Alcohol and Drug Treatment	65,888	0	0	0	65,888
Reserved for Drug Court	23,531	0	0	0	23,531
Reserved for Sexual Offender Registration	2,315	0	0	0	2,315
Reserved for Computer System - Register	16,775	0	0	0	16,775
Reserved for Automation Purposes - Circuit Court	880	0	0	0	880
Reserved for Automation Purposes - General Sessions Court	26,548	0	0	0	26,548
Reserved for Automation Purposes - Juvenile Court	12,007	0	0	0	12,007
Reserved for Automation Purposes - Chancery Court	4,861	0	0	0	4,861
Reserved for Automation Purposes - Sheriff	864	0	0	0	864
Unreserved, Reported In:					
General Fund	695,363	0	0	0	695,363
Special Revenue Funds	0	676,472	0	260,224	936,696
Debt Service Funds	0	0	5,742,839	0	5,742,839
Capital Projects Funds	0	0	0	12,028	12,028
Total Fund Balances	\$ 1,038,398	\$ 678,429	\$ 5,742,839	\$ 566,612	\$ 8,026,278
Total Liabilities and Fund Balances	\$ 3,546,545	\$ 1,516,867	\$ 7,579,529	\$ 661,233	\$ 13,304,174

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

Exhibit C-2

Weakley 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)		\$	8,026,278
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,575,535	
Add: buildings and improvements net of accumulated depreciation		7,046,499	
Add: infrastructure net of accumulated depreciation		1,164,654	
Add: other capital assets net of accumulated depreciation		<u>710,211</u>	10,496,899
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			433,669
(3) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: notes payable	\$	(1,391,660)	
Less: other loans payable		(14,485,705)	
Less: bonds payable		(21,935,000)	
Add: deferred amount on refunding		623,648	
Add: deferred charges - debt issuance costs		220,215	
Less: compensated absences payable		(186,076)	
Less: accrued interest on notes and bonds		(178,113)	
Less: other deferred revenue - premium on debt		<u>(18,944)</u>	<u>(37,351,635)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ (18,394,789)</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,797,049	\$ 1,730,465	\$ 2,137,598	\$ 96,313	\$ 7,761,425
Licenses and Permits	3,508	0	0	0	3,508
Fines, Forfeitures, and Penalties	285,501	0	0	64,752	350,253
Charges for Current Services	122,269	150	0	1,526	123,945
Other Local Revenues	54,017	125,672	455,228	7,172	642,089
Fees Received from County Officials	1,303,994	0	0	0	1,303,994
State of Tennessee	1,311,979	2,178,705	243,348	19,541	3,753,573
Federal Government	199,783	0	0	0	199,783
Other Governments and Citizens Groups	170,670	29,755	883,730	0	1,084,155
Total Revenues	\$ 7,248,770	\$ 4,064,747	\$ 3,719,904	\$ 189,304	\$ 15,222,725
<u>Expenditures</u>					
Current:					
General Government	\$ 681,808	\$ 0	\$ 0	\$ 0	\$ 681,808
Finance	937,166	0	0	976	938,142
Administration of Justice	1,015,112	0	0	23,993	1,039,105
Public Safety	2,746,052	0	0	12,126	2,758,178
Public Health and Welfare	410,348	0	0	329,163	739,511
Social, Cultural, and Recreational Services	342,100	0	0	0	342,100
Agricultural and Natural Resources	120,997	0	0	0	120,997
Other Operations	500,361	0	0	1,955	502,316
Highways	0	3,765,548	0	797,579	4,563,127
Debt Service:					
Principal on Debt	0	0	2,127,513	0	2,127,513
Interest on Debt	0	0	1,409,566	0	1,409,566
Other Debt Service	0	0	76,124	0	76,124
Total Expenditures	\$ 6,753,944	\$ 3,765,548	\$ 3,613,203	\$ 1,165,792	\$ 15,298,487
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 494,826	\$ 299,199	\$ 106,701	\$ (976,488)	\$ (75,762)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,300,000	\$ 1,300,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 1,300,000	\$ 1,300,000
Net Change in Fund Balances					
Fund Balance, July 1, 2005	\$ 543,572	\$ 379,230	\$ 5,636,138	\$ 243,100	\$ 6,802,040
Fund Balance, June 30, 2006	\$ 1,038,398	\$ 678,429	\$ 5,742,839	\$ 566,612	\$ 8,026,278

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

Exhibit C-4

Weakley 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)		\$ 1,224,238
(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 difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 479,023	
Less: current year depreciation expense	<u>(731,610)</u>	(252,587)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: proceeds received from the disposal of assets	\$ (31,832)	
Less: loss on disposal of capital assets	<u>(12,067)</u>	(43,899)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2005	\$ (391,187)	
Add: deferred delinquent property taxes and other deferred June 30, 2006	<u>433,669</u>	42,482
(4) The issuance of long-term debt (e.g. notes, capital 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	\$ (1,300,000)	
Add: change in premium on debt issuances	1,933	
Less: change in deferred debt issuance costs	(20,616)	
Add: principal payments on notes	17,513	
Add: principal payments on other loans	710,000	
Add: principal payments on bonds	1,400,000	
Less: change in deferred amount on refunding debt	<u>(105,657)</u>	703,173
(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	\$ (9,279)	
Change in compensated absences	<u>(14,606)</u>	(23,885)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,649,522</u>

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

Exhibit D-1

Weakley County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2006

	Business-type Activities
	<u>Major Fund</u>
	Weakley County Municipal Electric System
<u>Operating Revenues</u>	
<u>Sale of Electric Energy</u>	
Residential and rural	\$ 19,513,355
Small commercial	3,296,046
Large commercial	11,636,084
Street and outdoor lighting	944,185
<u>Other Electric Revenues</u>	
Consumer forfeited discounts	229,230
Rent from electric property	306,858
Service charge - meter sets	90,381
Miscellaneous	92,795
Total Operating Revenues	<u>\$ 36,108,934</u>
<u>Operating Expenses</u>	
Purchased power	\$ 28,954,726
<u>Operation Expense</u>	
<u>Transmission Expense</u>	
Overhead wire expense	4,206
Station expense	19,976
<u>Distribution Expense</u>	
Supervision and engineering	101,418
Station expense	38,685
Overhead line expense	365,521
Underground line expense	31,821
Street lighting and signal expense	14,068
Removing and resetting meters	220,971
Services on customer's premises	39,007
Miscellaneous distribution expense	1,189
Rents	19,147
<u>Customer Accounts Expense</u>	
Supervision and accounting	25,550
Meter reading	158,450
Records and collections	582,594
<u>Customer Service and Sales Expense</u>	
Supervision	9,642
Customer assistance	33,972
Miscellaneous sales expense	110,521

(Continued)

Exhibit D-1

Weakley County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund (Cont.)

	Business-type Activities
	<u>Major Fund</u>
	Weakley County Municipal Electric System
<u>Operating Expenses (Cont.)</u>	
<u>Administrative and General Expense</u>	
Salaries	\$ 332,793
Office supplies and expense	109,222
Outside services	14,515
Insurance	38,987
Injuries and damages	235,120
Employee pension and benefits	665,690
Miscellaneous	45,400
<u>Maintenance Expense</u>	
<u>Transmission Maintenance</u>	
Station equipment	403
Overhead lines	14,842
<u>Distribution Maintenance</u>	
Station equipment	34,798
Overhead lines	603,746
Underground lines	11,391
Line transformers and devices	37,606
Street lights and signal systems	9,920
Meters	45,406
Security lights	42,407
<u>Administrative and General Maintenance</u>	
Structures and improvements	61,240
Communication equipment	16,284
Depreciation and amortization	1,370,430
Tax equivalent	648,633
Payroll taxes	102,513
Total Operating Expenses	<u>\$ 35,172,810</u>
Operating Income	<u>\$ 936,124</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	\$ 203,691
Other interest expense	(32,648)
Total Nonoperating Revenues (Expenses)	<u>\$ 171,043</u>
Change in Net Assets	\$ 1,107,167
Net Assets, July 1, 2005	<u>27,796,920</u>
Net Assets, June 30, 2006	<u>\$ 28,904,087</u>

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

Exhibit D-2

Weakley County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2006

	Business-type Activities Major Fund
	Weakley County Municipal Electric System
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 35,766,723
Cash payments to suppliers for goods and services	(30,639,631)
Cash payments to employees for services	(2,635,738)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,491,354</u>
<u>Cash Flows from Non-capital Financing Activities</u>	
Interest paid	\$ (32,899)
Payments on conservation loans payable	20,192
Net Cash Provided By (Used In) Non-capital Financing Activities	<u>\$ (12,707)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Additions to plant	\$ (2,136,078)
Removal cost	(121,152)
Payments against deferred expenses	(66,492)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (2,323,722)</u>
<u>Cash Flows from Investing Activities</u>	
Investment income	\$ 203,691
Purchase of investments	(197)
Decrease in conservation loans receivable	(39,717)
Decrease in prepaid purchased power	130,500
Net Cash Provided By (Used In) Investing Activities	<u>\$ 294,277</u>
Net Increase in Cash	\$ 449,202
Cash, July 1, 2005	<u>3,079,744</u>
Cash, June 30, 2006	<u><u>\$ 3,528,946</u></u>
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 936,124
Adjustments to Reconcile Net Operating Income to Net Cash Provided by	
Operating Activities:	
Depreciation and amortization	1,506,378
Change In:	
Accounts receivable	(351,047)
Rents receivable	(6,210)
Materials and supplies	21,444
Prepayments	(63,518)
Accounts payable	498,250
Customer deposits	15,046
Accrued salaries and leave	(88,348)
Other current and accrued liabilities	53,735
Deferred credits	(30,500)
Net Cash Provided by Operating Activities	<u><u>\$ 2,491,354</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 246,136
Cash	1,085,576
Due from Other Governments	<u>446,583</u>
Total Assets	<u>\$ 1,778,295</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 446,414
Due to Litigants, Heirs, and Others	1,181,382
Due to Joint Ventures	<u>150,499</u>
Total Liabilities	<u>\$ 1,778,295</u>

The accompanying notes are an integral part of this statement.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Weakley 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 Weakley County:

A. Reporting Entity

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

Blended Component Units – There are no legally separate component units of Weakley 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 Weakley County School Department operates the public school system in the county, and the voters of Weakley 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 Weakley County Nursing Home provides intermediate health care to the citizens of Weakley County, and the Weakley County Commission appoints its governing body. Before the issuance of any debt instruments, the nursing home must obtain the County Commission's approval.

The Weakley County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Weakley County, and the Weakley 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 Weakley County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Weakley County School Department are included in this report as listed in the table of contents. Complete financial statements of the Weakley County Emergency Communications District and the Weakley County Nursing Home can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Weakley County Emergency Communications District
P.O. Box 911
Dresden, TN 38225

Weakley County Nursing Home
700 Nursing Home Road
Dresden, TN 38225

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Weakley 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.

Weakley County issues all debt for the discretely presented Weakley County School Department. No new debt issues were contributed by the county to the School Department during the year ended June 30, 2006.

Separate financial statements are provided for governmental funds, proprietary funds (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and individual major enterprise 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 proprietary fund and 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 Weakley 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), and fiduciary funds. Major individual governmental funds and the major individual enterprise fund 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. Weakley County considers grants and similar revenues to be available if they are collected within 120 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Weakley 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.

Weakley County reports the following major proprietary fund:

Public Utility Fund – This fund is used to account for the operations of the Weakley County Municipal Electric System, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, Weakley County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Weakley County, state grants and other restricted revenues held for the benefit of the Twenty-Seventh Judicial District Drug Task Force, and funds collected

and held in a custodial capacity for a watershed district and a county industrial board. 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 Weakley County School Department reports the following major governmental funds:

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

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

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Weakley 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 Governmental Accounting Standards Board.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.77 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 and the business-type column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government (excluding the Weakley County Municipal Electric System, enterprise fund) 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
Infrastructure:	
Roads	20
Bridges	20-30

4. Compensated Absences

It is the policy of Weakley County (with the exception of the Weakley County Municipal Electric System, enterprise fund) and the discretely presented Weakley County School Department to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. Accumulated vacation benefits will be paid to employees upon separation from county service. All vacation leave is accrued when incurred in the government-wide statements for the county and the discretely presented Weakley County School Department. 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, 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 and the proprietary fund in the fund 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, Weakley County had \$31,211,365 in outstanding debt for capital purposes for the discretely presented Weakley County School Department. The debt is a liability of Weakley County, but the capital assets acquired are reported in the financial statements of the Weakley County School Department. Therefore, Weakley County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The discretely presented Weakley County School Department's General Purpose School Fund has \$84,711 designated for the operations of the student farm at June 30, 2006.

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 to the government-wide statement of net assets.

Discretely Presented Weakley County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds to 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 changes in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Weakley County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$30,775 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2006.

C. Local Option Sales Tax Commitments – Debt Service

In May 1998, the citizens of Weakley County voted by public referendum to increase the local sales tax by one-half percent (.5%). Weakley County began collecting this tax in July 1998. The increase in sales tax was specifically designated for paying the debt service requirements for a loan from the Public Building Authority of Montgomery County, Tennessee, to construct a detention center and law enforcement complex. Weakley County and the Cities of Martin, Dresden, Gleason, Greenfield, Sharon, and McKenzie have pledged their portions of the sales tax increase to the Weakley County General Debt Service Fund for a period of 12 years for the retirement of this debt. The cities' contributions are limited to maximum amounts for each 12-month period of collections as follows:

Martin	\$274,745
Dresden	59,860
Gleason	16,163
Greenfield	31,683
Sharon	11,002
McKenzie	540

This increase in local option sales tax resulted in the payment of \$394,800 in sales tax collections to the General Debt Service Fund for the year ended June 30, 2006.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Correctional Incentive Program Improvements major category (the legal level of control) of the General Fund by \$16,586. Such overexpenditures are a violation of state statutes. This overexpenditure was funded by greater than anticipated revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Weakley County (excluding the Weakly County Municipal Electric System, enterprise fund) and the Weakley 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, Weakley County had the following investments carried at cost. All investments (excluding the Weakley County Municipal Electric System, enterprise fund) are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Weakley County and the discretely presented Weakley County School Department since both pool their deposits and investments through the county trustee.

POOLED INVESTMENTS

Investment	Maturity	Cost
State Treasurer's Investment Pool	Daily	<u>\$ 61,183</u>
Total		<u><u>\$ 61,183</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. Weakley County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Weakley County has no investment policy that would further limit its investment choices. As of June 30, 2006, Weakley 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	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 1,575,535	\$ 0	\$ 0	\$ 1,575,535
Total Capital Assets Not Depreciated	\$ 1,575,535	\$ 0	\$ 0	\$ 1,575,535
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,371,669	\$ 0	\$ 0	\$ 12,371,669
Infrastructure	1,237,375	0	0	1,237,375
Other Capital Assets	3,085,024	479,023	(252,487)	3,311,560
Total Capital Assets Depreciated	\$ 16,694,068	\$ 479,023	\$ (252,487)	\$ 16,920,604
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,908,064	\$ 417,106	\$ 0	\$ 5,325,170
Infrastructure	31,475	41,246	0	72,721
Other Capital Assets	2,536,679	273,258	(208,588)	2,601,349
Total Accumulated Depreciation	\$ 7,476,218	\$ 731,610	\$ (208,588)	\$ 7,999,240
Total Capital Assets Depreciated, Net	\$ 9,217,850	\$ (252,587)	\$ (43,899)	\$ 8,921,364
Governmental Activities Capital Assets, Net	\$ 10,793,385	\$ (252,587)	\$ (43,899)	\$ 10,496,899

Depreciation expense was charged to functions of the primary government (excluding the Weakley County Municipal Electric System, enterprise fund) as follows:

Governmental Activities:

General Government	\$ 45,194
Finance	14,183
Administration of Justice	25,445
Public Safety	378,556
Public Health and Welfare	23,885
Social, Cultural, and Recreational Services	13,092
Agriculture & Natural Resources	2,298
Other Operations	766
Highways/Public Works	228,191
Total Depreciation Expense - Governmental Activities	\$ 731,610

Discretely Presented Weakley County School Department

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 1,935,850	\$ 0	\$ 0	\$ 1,935,850
Total Capital Assets Not Depreciated	\$ 1,935,850	\$ 0	\$ 0	\$ 1,935,850
Capital Assets Depreciated:				
Buildings and Improvements	\$ 61,330,834	\$ 22,705	\$ 0	\$ 61,353,539
Other Capital Assets	2,928,760	457,368	(249,351)	3,136,777
Total Capital Assets Depreciated	\$ 64,259,594	\$ 480,073	\$ (249,351)	\$ 64,490,316
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 28,986,742	\$ 1,785,928	\$ 0	\$ 30,772,670
Other Capital Assets	2,293,029	237,962	(249,351)	2,281,640
Total Accumulated Depreciation	\$ 31,279,771	\$ 2,023,890	\$ (249,351)	\$ 33,054,310
Total Capital Assets Depreciated, Net	\$ 32,979,823	\$ (1,543,817)	\$ 0	\$ 31,436,006
Governmental Activities Capital Assets, Net	\$ 34,915,673	\$ (1,543,817)	\$ 0	\$ 33,371,856

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

Governmental Activities:

Instruction	\$ 1,446,772
Support Services	444,661
Operation of Non-Instructional Services	132,457
Total Depreciation Expense - Governmental Activities	<u>\$ 2,023,890</u>

C. Construction Commitments

At June 30, 2006, the Highway Capital Projects Fund had uncompleted construction contracts of approximately \$286,706 for the construction of five bridges. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 3,108

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.

Due to/from primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component unit:	
General	Weakley County	
	Nursing Home	\$ 727

The due from component unit balance in the General Fund was in transit from the Weakley County Nursing Home at June 30, 2006.

Interfund Transfers:

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

Discretely Presented Weakley County School Department

<u>Transfers Out</u>	<u>Transfers In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 6,660
Total	<u>\$ 6,660</u>

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

E. Capital Leases

On December 17, 2004, the Weakley County Board of Education entered into a two-year lease-purchase agreement for two school buses for handicapped students. The terms of the agreement call for total lease payments of \$121,232 plus interest at 4.64 percent. The title to the leased equipment transfers to the Weakley County Board of Education at the end of the lease period. The lease payments are made from the School Federal Projects 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 Fund</u>
2007	\$ 42,256
Total Minimum Lease Payments	\$ 42,256
Amount Representing Interest	<u>(1,873)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 40,383</u></u>

F. Long-term Debt

General Obligation Bonds, Notes, and Other Loans

The county, excluding the Weakley County Municipal Electric System enterprise fund, 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 17 years for bonds, up to 20 years for other loans, and up to 19 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds -			
School Refunding	2 to 4.8 %	\$ 24,135,000	\$ 21,935,000
Capital Outlay Notes	0 to 4.4	1,614,349	1,391,660
Other Loans	variable	17,739,705	14,485,705

In 1997-98, Weakley County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned Weakley County \$7,400,000. This loan is 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 this loan. At June 30, 2006, the variable interest rate was 3.52 percent based on the BOA rate and other fees amounted to approximately .25 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal.

During 2002-03, Weakley County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned Weakley County \$10,339,705. 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 3.7 percent based on the BOA rate and other fees amounted to approximately .30 percent (letter of credit) and .08 percent (remarketing) 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 fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 1,765,000	\$ 826,171	\$ 257,513	\$ 47,292
2008	1,800,000	781,158	266,513	37,495
2009	1,870,000	729,527	275,621	27,297
2010	1,985,000	671,712	285,493	16,674
2011	2,095,000	600,539	291,205	5,631
2012-2016	12,420,000	1,563,644	15,315	0
Total	\$ 21,935,000	\$ 5,172,751	\$ 1,391,660	\$ 134,389

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2007	\$ 739,000	\$ 526,429	\$ 52,395	\$ 1,317,824
2008	770,000	499,677	49,751	1,319,428
2009	804,000	471,808	46,997	1,322,805
2010	837,000	442,715	44,124	1,323,839
2011	873,000	412,435	41,135	1,326,570
2012-2016	4,953,000	1,561,100	156,258	6,670,358
2017-2021	4,193,000	651,600	66,386	4,910,986
2022-2023	1,316,705	72,387	7,434	1,396,526
Total	\$ 14,485,705	\$ 4,638,151	\$ 464,480	\$ 19,588,336

There is \$5,742,839 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$629, based on the 2000 federal census. Debt per capita, including bonds, notes, and, other loans totaled \$1,084, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the primary government (excluding the Weakley County Municipal Electric System, enterprise fund) for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2005	\$ 23,335,000	\$ 109,173
Additions	0	1,300,000
Deductions	(1,400,000)	(17,513)
Balance, June 30, 2006	\$ 21,935,000	\$ 1,391,660
Balance Due Within One Year	\$ 1,765,000	\$ 257,513

	Other Loans	Compensated Absences
Balance, July 1, 2005	\$ 15,195,705	\$ 171,470
Additions	0	204,782
Deductions	(710,000)	(190,176)
Balance, June 30, 2006	\$ 14,485,705	\$ 186,076
Balance Due Within One Year	\$ 739,000	\$ 9,302

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 37,998,441
Less: Balance Due Within One Year	(2,770,815)
Deferred Amount on Refunding	(623,648)
Add: Deferred Revenue - Premium on Debt	<u>18,944</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 34,622,922</u></u>

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

Discretely Presented Weakley County School Department

Changes in Long-term Liabilities

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

	<u>Compensated Absences</u>	<u>Capital Leases</u>
Balance, July 1, 2005	\$ 27,801	\$ 117,454
Additions	32,420	0
Deductions	<u>(27,691)</u>	<u>(77,071)</u>
Balance, June 30, 2006	<u><u>\$ 32,530</u></u>	<u><u>\$ 40,383</u></u>
Balance Due Within One Year	<u><u>\$ 1,627</u></u>	<u><u>\$ 40,383</u></u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School Fund.

G. Short-term Debt

During the year, Weakley County borrowed \$1,600,000 from the General Debt Service Fund to provide temporary operating funds for the General Fund (\$1,000,000) and the Highway/Public Works Fund (\$600,000). These loans were retired prior to June 30, 2006, as required by state statutes, and therefore have not been reflected in the financial statements of this report. 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 Notes	\$ 0	\$ 1,600,000	\$ (1,600,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government (excluding the Weakley County Municipal Electric System, enterprise fund)

Workers' Compensation Insurance

Weakley 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, 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.

General Liability, Property, and Casualty

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 exceeding \$100,000 for each insured event.

Employee Health Insurance

Weakley 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, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Weakley County School Department

General Liability, Property, and Casualty

In 2005-06, the School Department purchased commercial insurance for risk of losses to which it is exposed. These risks include general and public official's

liability, property, and casualty losses. Settled claims have not exceeded this commercial coverage during the current fiscal year.

Workers' Compensation Insurance

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Boards Association, an association of member school districts. The School Department pays an annual premium to the TSB-RMT for its workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

Employee Health Insurance

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

C. Subsequent Event

On August 31, 2006, Ron Gifford left the Office of County Mayor and was succeeded by Houston Patrick.

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 not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Change in Administration

On January 31, 2006, Patricia Taylor left the Office of Clerk and Master and was succeeded by Susan Collins.

F. Joint Ventures

The Twenty-Seventh Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-Seventh Judicial District; Obion and Weakley Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Weakley County made no contributions to the DTF for the year ended June 30, 2006, and does not have any equity interest in this joint venture.

The Weakley County Economic Development Board is a joint venture between Weakley County and the cities of Martin, Dresden, Greenfield, Gleason, and Sharon. The board comprises the county and city mayors, 14 additional members, and four ex-officio non-voting members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Weakley County appropriated \$187,400 to the Weakley County Economic Development Board during the year representing 48.4 percent of the total funding.

Complete financial statements for the Twenty-Seventh Judicial District Drug Task Force and the Weakley County Economic Development Board can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Drug Task Force Office
Twenty-Seventh Judicial District
P.O. Box 746
Union City, TN 38281-0746

Weakley County Economic Development Board
C/o Ronnie Price, President/CEO
P.O. Box 106
Martin, TN 38237

G. Retirement Commitments

Plan Description

Employees of Weakley 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 Weakley County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Weakley County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 11.08 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Weakley County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Weakley County's annual pension cost of \$988,634 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. Weakley County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 12 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$988,634	100%	\$0
6-30-05	931,953	100	0
6-30-04	805,042	100	0

Schedule of Funding Progress for Weakley County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$17,741	\$18,141	\$400	97.80%	\$8,313	4.81%
6-30-03	15,488	15,927	439	97.24	7,827	5.61
6-30-01	13,439	13,941	502	96.40	7,024	7.15

SCHOOL TEACHERS

Plan Description

The Weakley 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. 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 Weakley 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 Weakley 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 \$795,517, \$797,163, and \$477,220, respectively, equal to the required contributions for each year.

H. Office of Central Accounting, Budgeting, and Purchasing

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

I. Purchasing Law

The County Financial Management System Act of 1981 provides for the director of finance or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Weakley County. All purchase orders are issued by the Finance Department. Purchases exceeding \$5,000 for the Office of County Mayor and the discretely presented School Department, and \$10,000 for the Office of Highway Superintendent are required to be competitively bid.

VI. OTHER NOTES – WEAKLEY COUNTY MUNICIPAL ELECTRIC SYSTEM (ENTERPRISE FUND)

A. Significant Accounting Policies

1. Reporting Entity

The Weakley County Municipal Electric System is a proprietary fund of Weakley County, and is therefore, included in their audit. The Tennessee Code Annotated Section 7-52-117(c) states “Subject to the provisions of Section 7-52-132, the superintendent with the approval of the supervisory body, may acquire and dispose of all property, real and personal, necessary to effectuate the purpose of this part. The title of such property shall be taken in the name of the municipality” (county). Therefore, Weakley County Electric System does not possess sufficient corporate powers that distinguish it as a legally separate entity and is considered a proprietary fund of Weakley County, Tennessee.

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

The electric system’s financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental Accounting Standards Board (GASB) Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. Weakley County has elected not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

The books of account are kept in accordance with the provisions of the power contract between the Weakley County Municipal Electric System and the Tennessee Valley Authority (TVA) and meet the requirements of the Federal Power System chart of accounts.

The electric system recognizes income based on cycle billings. This results in recognizing as income the energy usage through each respective cycle each month, which may not coincide with the last day of the fiscal year. Non-recognition of unbilled income from energy sales as a result of cycle billing is a common industry practice.

The cost of purchased power is accrued based on the final meter reading of the fiscal year. This may result in unrecognized expense for the period between the final billing and the end of the fiscal year. This practice is consistent with TVA guidelines and does not differ significantly from generally accepted accounting principles.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric system are charges to customers for sales and service. Operating expenses for the enterprise funds include the cost of purchased power, operation expenses, maintenance expenses, amortization of plant acquisition adjustment, property tax equivalent, payroll taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Assets, Liabilities, and Net Assets

a. Deposits and Investments

Cash and cash equivalents as used on the statements of cash flows include cash on hand, demand deposits at financial institutions, and funds held in the State of Tennessee Local Government Investment Pool. The funds held in the State of Tennessee Local Government Investment Pool mature every 30 days.

b. Accounts Receivable

Trade receivables result from unpaid billings for electric service to customers and from unpaid billings related to work performed for or materials sold to certain entities. The electric system uses the direct write-off method of uncollectible accounts, rather than an estimated allowance for uncollectible accounts. This method, though not recognized by generally accepted accounting principles, does not distort the presentation by a material amount.

Operating revenues are reported net of bad debt expense. Bad debt expense for the year ended June 30, 2006, was \$38,112.

c. **Inventories**

The electric system uses a perpetual inventory system and has actual physical counts every six months. Inventories are stated at cost, using an average costing method.

d. **Capital Assets**

Capital assets include land, plant and equipment, work in progress, and an electric plant acquisition adjustment. Such assets are stated substantially at original cost. The electric system capitalizes interest costs as part of the cost of construction when the construction period covers more than 12 months. For the year under examination, there was no interest costs capitalized. The electric system provides for depreciation on a straight-line basis at rates recommended by the Tennessee Valley Authority. These rates purport to depreciate the property over its estimated useful life. Depreciation for the year ended June 30, 2006, consisted of \$1,331,702 charged to depreciation expense and \$135,948 cleared through other accounts, for a total accrual of \$1,467,650. The electric plant acquisition adjustment represents the cost of acquiring existing plant from neighboring systems over the book value of the plant purchased. This amount is amortized over a 10-year period as prescribed by state statutes. Amortization for the year ended June 30, 2006, was \$38,728 per year.

e. **Leases**

The electric system leases attachment space on joint use poles to and from telephone companies and various cable television companies. These leases are accounted for as operating leases. Rent expense for the year ended June 30, 2006, was \$19,147.

f. **Compensated Absences**

Employees are entitled to paid vacation and sick days depending on length of service and other factors. An accrual for compensated absences has been made which includes accumulated vacation leave and one-half of accumulated sick leave.

g. **Net Assets**

Equity is classified as net assets and displayed in the following components:

- Invested in Capital Assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.
- Unrestricted – All other net assets that do not meet the description of the above categories.

B. Detailed Notes on All Accounts

1. Deposits and Investments

Custodial Credit Risk. The electric system's policies limit investments to those instruments allowed by applicable state laws as described in Note A. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the system's agent in the system's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the electric system to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2006, all bank deposits were fully collateralized or insured.

2. Prepayments

The Weakley County Municipal Electric System also elected to participate in a Discounted Energy Units (DEU) Program offered by TVA. This program allowed the electric system to purchase DEUs in one million dollar increments which entitles them to a 2.5 cent per kwh program discount on a specified quantity for a specified term. The electric system's agreement is for a period of ten years, and amounts will be amortized over the ten-year period. The prepaid purchased power at June 30, 2006, was \$859,125.

3. Capital Assets

Capital asset activity during the year was as follows:

	Balance			Balance
	7-1-05	Increases	Decreases	6-30-06
Capital Assets Not Depreciated:				
Transmission plant land	\$ 95,738	\$ 0	\$ 0	\$ 95,738
Distribution plant land	111,975	0	0	111,975
General plant land	106,718	0	0	106,718
Construction in Progress	406,559	1,076,772	0	1,483,331
Total Capital Assets Not Depreciated	\$ 720,990	\$ 1,076,772	\$ 0	\$ 1,797,762
Capital Assets Depreciated:				
Transmission plant	\$ 4,705,593	\$ 50,358	\$ (8,569)	\$ 4,747,382
Distribution plant	36,990,115	892,941	(214,409)	37,668,647
General plant	4,132,828	116,008	(163,312)	4,085,524
Electric plant acquisition adjustment	480,694	0	(38,728)	441,966
Total Capital Assets Depreciated	\$ 46,309,230	\$ 1,059,307	\$ (425,018)	\$ 46,943,519
Less Accumulated Depreciation For:				
Transmission plant	\$ 2,938,710	\$ 64,517	\$ (15,291)	\$ 2,987,936
Distribution plant	15,728,336	1,209,930	(272,756)	16,665,510
General plant	3,150,640	193,204	(140,344)	3,203,500
Total Accumulated Depreciation	\$ 21,817,686	\$ 1,467,651	\$ (428,391)	\$ 22,856,946
Total Capital Assets Depreciated, Net	\$ 24,491,544	\$ (408,344)	\$ 3,373	\$ 24,086,573
Total Capital Assets, Net	\$ 25,212,534	\$ 668,428	\$ 3,373	\$ 25,884,335

C. Other Information

1. Pension Plan

Employees of Weakley County Municipal Electric System are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of

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

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

Funding Policy

Weakley County Municipal Electric System requires employees to contribute five percent of earnable compensation. The Weakley County Municipal Electric System is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 18.89 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Weakley County Municipal Electric System is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Weakley County Municipal Electric System's annual pension cost of \$518,736 to TCRS was equal to their 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. Weakley County Municipal Electric

System's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 12 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$518,736	100%	\$0
6-30-05	476,745	100	0
6-30-04	423,633	100	0

2. Risk Management

It is the policy of the electric system to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, worker's compensation, employee health and accident, and employee and officer liability and dishonesty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

VII. OTHER NOTES – DISCRETELY PRESENTED WEAKLEY COUNTY NURSING HOME

A. Significant Accounting Policies

1. Reporting Entity

The Weakley County Nursing Home is a reporting component of Weakley County, Tennessee, and is, therefore, included in their audit report. The board of directors of the Weakley County Nursing Home is comprised of county commissioners who are appointed to the board. Before the issuance of any debt instruments, the nursing home must obtain the approval of the County Commission. The Weakley County Nursing Home is located in Dresden, Tennessee. The nursing home mainly serves the residents of Weakley County by rendering intermediate and skilled care to patients.

2. Basis of Accounting

The Weakley County Nursing Home is a governmental unit and uses fund accounting. The nursing home is an enterprise fund in that operations are accounted for in a manner similar to a private business, where the intent of the governing body is that the costs of operations (including depreciation) will be recovered through user charges.

The nursing home uses the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses as incurred.

The Governmental Accounting Standards Board (GASB) Statement No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Weakley County Nursing Home has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

3. Depreciation

Capital assets are recorded at historical cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives for assets are as follows:

<u>Asset Classification</u>	<u>Estimated Useful Life in Years</u>
Buildings and Improvements	5-40
Equipment	5-15
Vehicles	5
Other Capital Assets	7-10

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not capitalized. Typically, purchases of less than \$250 are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

4. Leases

Weakley County Nursing Home is not obligated on any significant lease agreements.

5. Inventory

Inventories, consisting of supplies held for consumption, are valued at cost, using the First-in, First-out (FIFO) method. Inventories are adjusted to physical counts at the end of each fiscal year.

6. Net Assets

Equity is classified as net assets and displayed in three components:

- a. Invested in Capital Assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- b. Restricted – Consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- c. Unrestricted – All other net assets that do not meet the description of the above categories.

7. Cash and Cash Equivalents

Cash and cash equivalents as used on the Statement of Cash Flows represent cash on hand, cash in bank, and cash in two money market accounts. They do not include certificates of deposit or patient trust funds. For purposes of the Statement of Cash Flows, the nursing home considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

8. Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been reflected as of the balance sheet date. The direct write-off of bad debts is made at the end of each fiscal year. The direct write-off method is not in accordance with generally accepted accounting principles, but the effect on the financial statements is immaterial. For the current year, \$197,577 in bad debts was written off. Also, for the current year, \$87,000 of bad debts written off last year was recovered from Medicare.

9. Budget

The nursing home adopts a budget prior to the beginning of each fiscal year. The budget, as amended, is presented against operations in the statement of budgetary comparison. Any expenditures over budgeted amounts require an amendment to the budget by the board of directors.

B. Compensated Absences

Employees are entitled to paid vacation and sick days depending on length of service and other factors. Only full-time employees are entitled to these benefits. The policy of the nursing home is to pay eligible employees up to

15 days of vacation time upon termination assuming they have 15 days of vacation time accrued. An accrual for vacation pay has been made on the financial statements presented. However, sick pay has not been accrued since it is payable only for those who are currently employed with no benefits due upon termination of any employee.

C. Deposits and Investments

The nursing home has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures for financial reporting of deposit and investment risks. Investments during the year were made up entirely of certificates of deposit with a maturity of greater than three months.

Custodial Credit Risk. The nursing home's policies limit deposits and investments to those instruments allowed by applicable state laws. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the nursing home's agent in the nursing home's name, or by the Federal Reserve Banks acting as third party agents. State statute also authorize the nursing home to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2006, all bank deposits were fully collateralized or insured.

D. Risk Management

Until February 1, 2001, Weakley County Nursing Home had chosen to cover its employees' health insurance claims below \$20,000 for each employee up to a maximum total annual exposure amount for the nursing home, which is based on a calculation that changes as number of participants and premium amounts change. The nursing home had obtained a stop/loss commercial insurance policy to cover claims beyond this liability. As of February 1, 2001, the nursing home changed to commercial health insurance for its employees through Blue Cross Blue Shield for everything except paid prescription card.

Weakley County Nursing Home felt it was more economically feasible to be covered under Weakley County's insurance policies for workers' compensation, property, casualty, and automobile insurance. Weakley County is covered under the Local Government Property and Casualty Fund (LGPCF). The nursing home pays an annual premium to the LGPCF for coverage under the above areas. The LGPCF has self-insured retention of \$100,000 for each and every loss and/or claim and/or occurrence.

Weakley County Nursing Home continues to carry commercial insurance for all other risks of loss, including general liability and fidelity bonding. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

E. Changes in Capital Assets

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

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 2,371	\$ 0	\$ 0	\$ 2,371
Construction in Progress	397,171	543,772	940,943	0
Total Capital Assets Not Depreciated	\$ 399,542	\$ 543,772	\$ 940,943	\$ 2,371
Capital Assets Depreciated:				
Land Improvements	\$ 64,212	\$ 0	\$ 0	\$ 64,212
Building & Improvements	1,662,468	954,669	0	2,617,137
Equipment	929,348	31,979	0	961,327
Vehicles	34,059	0	0	34,059
Other Assets	40,815	0	0	40,815
Total Capital Assets Depreciated	\$ 2,730,902	\$ 986,648	\$ 0	\$ 3,717,550
Less Accumulated Depreciated For:				
Land Improvements	\$ 23,549	\$ 2,651	\$ 0	\$ 26,200
Building & Improvements	1,285,695	43,535	0	1,329,230
Equipment	722,049	48,783	0	770,832
Vehicles	34,059	0	0	34,059
Other Assets	40,815	0	0	40,815
Total Accumulated Depreciation	\$ 2,106,167	\$ 94,969	\$ 0	\$ 2,201,136
Total Capital Assets Depreciated, Net	\$ 624,735	\$ 891,679	\$ 0	\$ 1,516,414
Governmental Activities Capital Assets, Net	\$ 1,024,277	\$ 1,435,451	\$ 940,943	\$ 1,518,785

F. Pension Information

Plan Description

Employees of the Weakley County Nursing Home participate in the pension plan established by Weakley County. Employees of Weakley County, including the Weakley Nursing Home, 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 Weakley County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Since the Weakley County Nursing Home participates in Weakley County's plan, retirement information for the Weakley County Nursing Home is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote V.G.

G. Commitment to Weakley County

During the year, the nursing home received \$300,000 from Weakley County to help finance the construction of the new therapy wing. As there is not a written agreement between the county and the nursing home for the repayment of these

funds, the financial statements of the nursing home do not reflect a long-term debt liability. However, it is the intent of the nursing home to repay the county based on the following schedule with a 4.4 percent interest rate and a maturity date of October 1, 2010.

Year Ending June 30	Principal	Interest	Total
2007	\$ 55,000	\$ 11,990	\$ 66,990
2008	57,000	9,526	66,526
2009	60,000	6,952	66,952
2010	63,000	4,246	67,246
2011	65,000	1,430	66,430
Total	<u>\$ 300,000</u>	<u>\$ 34,144</u>	<u>\$ 334,144</u>

VIII. OTHER NOTES – DISCRETELY PRESENTED WEAKLEY COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Significant Accounting Policies

1. Reporting Entity

The Weakley County Emergency Communications District was approved by a referendum on August 4, 1994. The County Commissioners passed a resolution on August 22, 1994, to establish the Emergency Communications District in accordance with Tennessee Code Annotated, Section 7-86-101. The district accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Currently only a proprietary fund type is used that accounts for activities conducted on a fee-for-service basis in a manner similar to commercial enterprises providing services to the public (enterprise fund).

The district's financial statements include all accounts of the district's operations. The criteria for including organization's with the district's reporting entity, as set forth in GASB No. 14, The Financial Reporting Entity, is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon these criteria, there were no component units that required presentation.

The district is, however, considered a discretely presented component unit of Weakley County, Tennessee, because of the following factors. The Weakley County Commission appoints the Board and has a right to remove them. The county also provides office space for the district's business use and the district is accountable to the county for fiscal matters.

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

The Weakley County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the statements of the Governmental Accounting Standards Board (GASB). Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned, and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

3. Assets, Liabilities, and Net Assets

a. Deposits and Investments

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of inception.

State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state director of local finance, and the state's local government investment pool.

b. Accounts Receivable

Accounts receivable represent amounts due from various phone companies.

c. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

d. Compensated Absences

The district has adopted Weakley County's Personnel Policies which allows full-time employees one sick day per month with a maximum carry over of 90 days to the subsequent year and one vacation day per month with a maximum carry over of 15 days. These benefits normally are accrued in proprietary funds (using the accrual basis of accounting). Employees are not paid for unused sick days but may be paid for a maximum of 15 unused vacation days. This liability is reflected in the current year's financial statements.

e. Net Assets

Equity is classified as net assets and displayed in the following components:

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.
- Unrestricted – All other net assets that do not meet the description of the above category.

B. Detailed Notes on Accounts

1. Deposits and Investments

The district has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures for financial reporting of deposit risk.

Custodial Credit Risk. The district's policies limit investments to those instruments allowed by applicable state laws as described in Note A. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2006, all bank deposits were fully collateralized or insured.

2. Capital Assets

Capital asset activity during the year was as follows:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets				
Depreciated:				
Furniture and fixtures	\$ 314,421	\$ 43,216	\$ 0	\$ 357,637
Machinery and equipment	6,730	0	0	6,730
Vehicles	22,076	0	0	22,076
Total Capital Assets				
Depreciated	\$ 343,227	\$ 43,216	\$ 0	\$ 386,443
Less Accumulated				
Depreciation For:				
Furniture and fixtures	\$ 193,136	\$ 29,549	\$ 0	\$ 222,685
Machinery and equipment	2,204	818	0	3,022
Vehicles	22,076	0	0	22,076
Total Accumulated				
Depreciation	\$ 217,416	\$ 30,367	\$ 0	\$ 247,783
Total Capital Assets, Net	\$ 125,811	\$ 12,849	\$ 0	\$ 138,660

C. Other Information

1. Risk Management

The district's primary risk of loss is from suits filed for improper response or handling of emergency 911 calls. The district's significant losses are covered by commercial liability insurance. There were no claims or settlements made during this fiscal year and no losses were sustained. Board members with financial responsibility are bonded.

2. Employees' Retirement Plan

Plan Description

Employees of the Weakley County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became 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 the Weakley County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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Funding Policy

The Weakley County Emergency Communications District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 12.2 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Weakley County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, the Weakley County Emergency Communications District's annual pension cost of \$4,215 to TCRS was equal to the district'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. The Weakley County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$4,215	100 %	\$0
6-30-05	3,625	100	0

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Weakley 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	\$ 3,797,049	\$ 0	\$ 0	\$ 3,797,049	\$ 3,745,737	\$ 3,770,931	\$ 26,118
Licenses and Permits	3,508	0	0	3,508	6,200	6,200	(2,692)
Fines, Forfeitures, and Penalties	285,501	0	0	285,501	279,550	324,400	(38,899)
Charges for Current Services	122,269	0	0	122,269	148,819	152,319	(30,050)
Other Local Revenues	54,017	0	0	54,017	24,600	57,528	(3,511)
Fees Received from County Officials	1,303,994	0	0	1,303,994	1,197,000	1,249,000	54,994
State of Tennessee	1,311,979	0	0	1,311,979	1,053,605	1,414,332	(102,353)
Federal Government	199,783	0	0	199,783	191,000	263,453	(63,670)
Other Governments and Citizens Groups	170,670	0	0	170,670	172,777	172,777	(2,107)
Total Revenues	\$ 7,248,770	\$ 0	\$ 0	\$ 7,248,770	\$ 6,819,288	\$ 7,410,940	\$ (162,170)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 78,964	\$ 0	\$ 0	\$ 78,964	\$ 101,953	\$ 94,453	\$ 15,489
County Mayor/Executive	115,943	0	0	115,943	120,224	120,225	4,282
County Attorney	10,376	0	0	10,376	18,000	18,000	7,624
Election Commission	166,248	0	184,413	350,661	190,876	399,310	48,649
Register of Deeds	156,200	(401)	200	155,999	159,764	159,764	3,765
County Buildings	154,077	0	0	154,077	162,788	163,852	9,775
<u>Finance</u>							
Accounting and Budgeting	266,207	(450)	1,069	266,826	280,214	278,095	11,269
Property Assessor's Office	207,046	0	0	207,046	207,579	209,069	2,023
Reappraisal Program	51,592	0	0	51,592	54,550	54,550	2,958
County Trustee's Office	160,511	0	0	160,511	164,667	164,168	3,657
County Clerk's Office	251,810	0	1,093	252,903	261,085	258,945	6,042
<u>Administration of Justice</u>							
Circuit Court	205,995	0	0	205,995	212,257	208,190	2,195

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	\$ 185,993	\$ 0	\$ 0	\$ 185,993	\$ 201,417	\$ 200,477	\$ 14,484
Chancery Court	179,942	0	0	179,942	193,978	189,731	9,789
Juvenile Court	135,836	0	0	135,836	159,073	147,891	12,055
District Attorney General	26,808	0	0	26,808	26,808	26,809	1
Other Administration of Justice	280,538	0	168	280,706	283,662	285,697	4,991
<u>Public Safety</u>							
Sheriff's Department	1,323,639	0	1,713	1,325,352	1,331,629	1,347,061	21,709
Traffic Control	263,467	0	0	263,467	269,710	269,140	5,673
Jail	902,404	0	123	902,527	931,442	904,566	2,039
Correctional Incentive Program Improvements	18,586	0	0	18,586	2,000	2,000	(16,586)
Fire Prevention and Control	19,500	0	0	19,500	19,500	19,500	0
Civil Defense	207,495	(53,314)	464	154,645	196,489	242,449	87,804
Rescue Squad	5,500	0	0	5,500	5,500	5,500	0
Other Public Safety	5,461	0	0	5,461	7,667	7,667	2,206
<u>Public Health and Welfare</u>							
Local Health Center	127,913	0	0	127,913	137,372	142,351	14,438
Ambulance/Emergency Medical Services	235,000	0	0	235,000	235,500	235,500	500
Maternal and Child Health Services	3,380	0	0	3,380	6,300	6,300	2,920
Alcohol and Drug Programs	0	0	0	0	2,000	2,000	2,000
Crippled Children Services	2,167	0	0	2,167	2,167	2,167	0
Other Local Health Services	26,238	0	0	26,238	23,000	27,000	762
General Welfare Assistance	15,650	0	0	15,650	21,000	21,000	5,350
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	161,077	(254)	123	160,946	127,816	199,118	38,172
Senior Citizens Assistance	24,586	0	0	24,586	22,322	26,765	2,179
Libraries	156,437	0	0	156,437	162,489	160,736	4,299

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	\$ 66,353	\$ 0	\$ 0	\$ 66,353	\$ 81,780	\$ 81,780	\$ 15,427
Soil Conservation	30,418	0	0	30,418	30,710	30,711	293
Flood Control	24,226	0	0	24,226	24,226	24,226	0
<u>Other Operations</u>							
Veterans' Services	38,995	0	0	38,995	37,577	41,051	2,056
Other Charges	4,559	0	0	4,559	4,542	4,559	0
Contributions to Other Agencies	220,036	0	0	220,036	221,036	221,036	1,000
Employee Benefits	26,221	0	0	26,221	10,000	26,400	179
Miscellaneous	210,550	0	0	210,550	216,636	216,636	6,086
Total Expenditures	\$ 6,753,944	\$ (54,419)	\$ 189,366	\$ 6,888,891	\$ 6,929,305	\$ 7,246,445	\$ 357,554
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 494,826	\$ 54,419	\$ (189,366)	\$ 359,879	\$ (110,017)	\$ 164,495	\$ 195,384
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,500	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,500	\$ 0	\$ 0
Net Change in Fund Balance	\$ 494,826	\$ 54,419	\$ (189,366)	\$ 359,879	\$ (102,517)	\$ 164,495	\$ 195,384
Fund Balance, July 1, 2005	543,572	(54,419)	0	489,153	280,774	280,774	208,379
Fund Balance, June 30, 2006	\$ 1,038,398	\$ 0	\$ (189,366)	\$ 849,032	\$ 178,257	\$ 445,269	\$ 403,763

Exhibit F-2

Weakley 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)	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	\$ 1,730,465	\$ 0	\$ 1,730,465	\$ 1,679,110	\$ 1,696,435	\$ 34,030
Charges for Current Services	150	0	150	500	500	(350)
Other Local Revenues	125,672	0	125,672	25,100	127,557	(1,885)
State of Tennessee	2,178,705	0	2,178,705	2,308,839	2,245,376	(66,671)
Other Governments and Citizens Groups	29,755	0	29,755	0	29,755	0
Total Revenues	<u>\$ 4,064,747</u>	<u>\$ 0</u>	<u>\$ 4,064,747</u>	<u>\$ 4,013,549</u>	<u>\$ 4,099,623</u>	<u>\$ (34,876)</u>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 115,705	\$ 251	\$ 115,956	\$ 116,492	\$ 118,192	\$ 2,236
Highway and Bridge Maintenance	2,052,849	1,396	2,054,245	2,159,070	2,195,870	141,625
Operation and Maintenance of Equipment	557,139	0	557,139	527,070	567,124	9,985
Litter and Trash Collection	37,155	0	37,155	39,952	37,452	297
Other Charges	110,184	310	110,494	112,935	118,435	7,941
Employee Benefits	546,775	0	546,775	566,038	580,438	33,663
Capital Outlay	345,741	0	345,741	467,419	408,256	62,515
Total Expenditures	<u>\$ 3,765,548</u>	<u>\$ 1,957</u>	<u>\$ 3,767,505</u>	<u>\$ 3,988,976</u>	<u>\$ 4,025,767</u>	<u>\$ 258,262</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 299,199</u>	<u>\$ (1,957)</u>	<u>\$ 297,242</u>	<u>\$ 24,573</u>	<u>\$ 73,856</u>	<u>\$ 223,386</u>
Net Change in Fund Balance	\$ 299,199	\$ (1,957)	\$ 297,242	\$ 24,573	\$ 73,856	\$ 223,386
Fund Balance, July 1, 2005	<u>379,230</u>	<u>0</u>	<u>379,230</u>	<u>86,677</u>	<u>135,960</u>	<u>243,270</u>
Fund Balance, June 30, 2006	<u>\$ 678,429</u>	<u>\$ (1,957)</u>	<u>\$ 676,472</u>	<u>\$ 111,250</u>	<u>\$ 209,816</u>	<u>\$ 466,656</u>

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

A. BUDGETARY INFORMATION

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Correctional Incentive Program Improvements major category (the legal level of control) of the General Fund by \$16,586. Such overexpenditures are a violation of state statutes. This overexpenditure was funded by greater than anticipated revenues.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Weakley County’s recycling center operations.

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

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

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

Capital Projects Funds

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

Nursing Home Projects Fund – The Nursing Home Projects Fund is used to account for debt issued by Weakley County and contributed to the Weakley County Nursing Home for a building addition and renovations.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for road and bridge construction, the purchase of highway equipment, and for renovations of the county road system.

Exhibit G-1

Weakley 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	District Attorney General	Constitu- tional Officers - Fees	Total	Highway Capital Projects	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 2,593	\$ 2,593	\$ 0	2,593
Equity in Pooled Cash and Investments	54,539	93,139	112,465	0	260,143	298,193	558,336
Accounts Receivable	0	617	0	515	1,132	35	1,167
Due from Other Governments	3,201	2,863	1,054	0	7,118	0	7,118
Property Taxes Receivable	0	0	0	0	0	95,281	95,281
Allowance for Uncollectible Property Taxes	0	0	0	0	0	(3,262)	(3,262)
Total Assets	\$ 57,740	\$ 96,619	\$ 113,519	\$ 3,108	\$ 270,986	\$ 390,247	\$ 661,233
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 3,108	\$ 3,108	\$ 0	3,108
Deferred Revenue - Current Property Taxes	0	0	0	0	0	88,017	88,017
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0	3,496	3,496
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 3,108	\$ 3,108	\$ 91,513	\$ 94,621
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 409	\$ 7,245	\$ 0	\$ 0	\$ 7,654	\$ 286,706	294,360
Unreserved	57,331	89,374	113,519	0	260,224	12,028	272,252
Total Fund Balances	\$ 57,740	\$ 96,619	\$ 113,519	\$ 0	\$ 267,878	\$ 298,734	\$ 566,612
Total Liabilities and Fund Balances	\$ 57,740	\$ 96,619	\$ 113,519	\$ 3,108	\$ 270,986	\$ 390,247	\$ 661,233

Exhibit G-2

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

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitu- tional Officers - Fees	Total	Nursing Home Projects	Highway Capital Projects	Total	
<u>Revenues</u>									
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	96,313	\$ 96,313	\$ 96,313
Fines, Forfeitures, and Penalties	0	43,057	21,695	0	64,752	0	0	0	64,752
Charges for Current Services	0	0	0	1,526	1,526	0	0	0	1,526
Other Local Revenues	3,942	3,230	0	0	7,172	0	0	0	7,172
State of Tennessee	19,541	0	0	0	19,541	0	0	0	19,541
Total Revenues	\$ 23,483	\$ 46,287	\$ 21,695	\$ 1,526	\$ 92,991	\$ 0	96,313	\$ 96,313	\$ 189,304
<u>Expenditures</u>									
Current:									
Finance	\$ 0	\$ 0	\$ 0	\$ 976	\$ 976	\$ 0	\$ 0	\$ 0	\$ 976
Administration of Justice	0	0	23,443	550	23,993	0	0	0	23,993
Public Safety	0	12,126	0	0	12,126	0	0	0	12,126
Public Health and Welfare	29,163	0	0	0	29,163	300,000	0	300,000	329,163
Other Operations	727	1,228	0	0	1,955	0	0	0	1,955
Highways	0	0	0	0	0	0	797,579	797,579	797,579
Total Expenditures	\$ 29,890	\$ 13,354	\$ 23,443	\$ 1,526	\$ 68,213	\$ 300,000	\$ 797,579	\$ 1,097,579	\$ 1,165,792
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,407)	\$ 32,933	\$ (1,748)	\$ 0	\$ 24,778	\$ (300,000)	\$ (701,266)	\$ (1,001,266)	\$ (976,488)
<u>Other Financing Sources (Uses)</u>									
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 1,000,000	\$ 1,300,000	\$ 1,300,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 300,000	\$ 1,000,000	\$ 1,300,000	\$ 1,300,000
Net Change in Fund Balances	\$ (6,407)	\$ 32,933	\$ (1,748)	\$ 0	\$ 24,778	\$ 0	\$ 298,734	\$ 298,734	\$ 323,512
Fund Balance, July 1, 2005	64,147	63,686	115,267	0	243,100	0	0	0	243,100
Fund Balance, June 30, 2006	\$ 57,740	\$ 96,619	\$ 113,519	\$ 0	\$ 267,878	\$ 0	\$ 298,734	\$ 298,734	\$ 566,612

Exhibit G-3

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2	\$ 2	(2)
Other Local Revenues	3,942	0	0	3,942	1,500	3,200	742
State of Tennessee	19,541	0	0	19,541	22,475	22,475	(2,934)
Total Revenues	\$ 23,483	\$ 0	\$ 0	\$ 23,483	\$ 23,977	\$ 25,677	\$ (2,194)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Recycling Center	\$ 29,163	\$ (346)	\$ 409	\$ 29,226	\$ 31,895	\$ 31,895	2,669
<u>Other Operations</u>							
Employee Benefits	727	0	0	727	1,254	1,254	527
Total Expenditures	\$ 29,890	\$ (346)	\$ 409	\$ 29,953	\$ 33,149	\$ 33,149	\$ 3,196
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,407)	\$ 346	\$ (409)	\$ (6,470)	\$ (9,172)	\$ (7,472)	1,002
Net Change in Fund Balance	\$ (6,407)	\$ 346	\$ (409)	\$ (6,470)	\$ (9,172)	\$ (7,472)	1,002
Fund Balance, July 1, 2005	64,147	(346)	0	63,801	65,679	65,679	(1,878)
Fund Balance, June 30, 2006	\$ 57,740	\$ 0	\$ (409)	\$ 57,331	\$ 56,507	\$ 58,207	(876)

Exhibit G-4

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 43,057	\$ 0	\$ 43,057	\$ 33,000	\$ 35,200	\$ 7,857
Other Local Revenues	3,230	0	3,230	2,000	2,000	1,230
Federal Government	0	0	0	0	7,462	(7,462)
Total Revenues	\$ 46,287	\$ 0	\$ 46,287	\$ 35,000	\$ 44,662	\$ 1,625
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 12,126	\$ 7,245	\$ 19,371	\$ 43,880	\$ 51,342	\$ 31,971
<u>Other Operations</u>						
Employee Benefits	1,228	0	1,228	1,438	1,438	210
Total Expenditures	\$ 13,354	\$ 7,245	\$ 20,599	\$ 45,318	\$ 52,780	\$ 32,181
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,933	\$ (7,245)	\$ 25,688	\$ (10,318)	\$ (8,118)	\$ 33,806
Net Change in Fund Balance	\$ 32,933	\$ (7,245)	\$ 25,688	\$ (10,318)	\$ (8,118)	\$ 33,806
Fund Balance, July 1, 2005	63,686	0	63,686	64,687	64,687	(1,001)
Fund Balance, June 30, 2006	\$ 96,619	\$ (7,245)	\$ 89,374	\$ 54,369	\$ 56,569	\$ 32,805

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Weakley 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	\$ 2,137,598	\$ 2,570,671	\$ 2,190,656	\$ (53,058)
Other Local Revenues	455,228	220,000	470,000	(14,772)
State of Tennessee	243,348	248,000	248,000	(4,652)
Other Governments and Citizens Groups	883,730	17,514	883,731	(1)
Total Revenues	<u>\$ 3,719,904</u>	<u>\$ 3,056,185</u>	<u>\$ 3,792,387</u>	<u>\$ (72,483)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 312,000	\$ 312,000	\$ 312,000	\$ 0
Education	1,815,513	1,815,513	1,815,513	0
<u>Interest on Debt</u>				
General Government	197,403	168,390	197,407	4
Highways and Streets	18,261	22,500	22,500	4,239
Education	1,193,902	1,164,587	1,193,907	5
<u>Other Debt Service</u>				
General Government	66,238	78,349	78,349	12,111
Education	9,886	15,000	15,000	5,114
Total Expenditures	<u>\$ 3,613,203</u>	<u>\$ 3,576,339</u>	<u>\$ 3,634,676</u>	<u>\$ 21,473</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 106,701</u>	<u>\$ (520,154)</u>	<u>\$ 157,711</u>	<u>\$ (51,010)</u>
Net Change in Fund Balance	\$ 106,701	\$ (520,154)	\$ 157,711	\$ (51,010)
Fund Balance, July 1, 2005	<u>5,636,138</u>	<u>5,658,404</u>	<u>5,658,404</u>	<u>(22,266)</u>
Fund Balance, June 30, 2006	<u>\$ 5,742,839</u>	<u>\$ 5,138,250</u>	<u>\$ 5,816,115</u>	<u>\$ (73,276)</u>

Fiduciary Funds

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

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

Watershed District Fund – The Watershed District Fund is used to account for acreage assessments collected on drainage district properties located in the county. These funds are held in trust for the benefit of the Watershed District.

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for amounts placed on deposit with the county trustee by the Industrial Development Board of Weakley County. These funds will be returned to the industrial development board when such funds have been requested in writing.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Twenty-Seventh Judicial District.

Exhibit I-1

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

	Agency Funds					
	Cities - Sales Tax	Watershed District	Community Development - Agency	Constitu- tional Officers - Agency	Judicial District Drug	Total
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 0	\$ 7,768	\$ 100,000	\$ 0	\$ 138,368	\$ 246,136
Cash	0	0	0	1,081,382	4,194	1,085,576
Due from Other Governments	438,646	0	0	0	7,937	446,583
Total Assets	<u>\$ 438,646</u>	<u>\$ 7,768</u>	<u>\$ 100,000</u>	<u>\$ 1,081,382</u>	<u>\$ 150,499</u>	<u>\$ 1,778,295</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 438,646	\$ 7,768	\$ 0	\$ 0	\$ 0	\$ 446,414
Due to Litigants, Heirs, and Others	0	0	100,000	1,081,382	0	1,181,382
Due to Joint Ventures	0	0	0	0	150,499	150,499
Total Liabilities	<u>\$ 438,646</u>	<u>\$ 7,768</u>	<u>\$ 100,000</u>	<u>\$ 1,081,382</u>	<u>\$ 150,499</u>	<u>\$ 1,778,295</u>

Exhibit I-2

Weakley 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	\$ 2,595,169	\$ 2,595,169	\$ 0
Due from Other Governments	433,176	438,646	433,176	438,646
Total Assets	\$ 433,176	\$ 3,033,815	\$ 3,028,345	\$ 438,646
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 433,176	\$ 3,033,815	\$ 3,028,345	\$ 438,646
Total Liabilities	\$ 433,176	\$ 3,033,815	\$ 3,028,345	\$ 438,646
<u>Watershed District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 8,444	\$ 669	\$ 1,345	\$ 7,768
Total Assets	\$ 8,444	\$ 669	\$ 1,345	\$ 7,768
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,444	\$ 669	\$ 1,345	\$ 7,768
Total Liabilities	\$ 8,444	\$ 669	\$ 1,345	\$ 7,768
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 100,000	\$ 0	\$ 100,000
Total Assets	\$ 0	\$ 100,000	\$ 0	\$ 100,000
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 100,000	\$ 0	\$ 100,000
Total Liabilities	\$ 0	\$ 100,000	\$ 0	\$ 100,000
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,231,561	\$ 6,374,492	\$ 6,524,671	\$ 1,081,382
Total Assets	\$ 1,231,561	\$ 6,374,492	\$ 6,524,671	\$ 1,081,382
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,231,561	\$ 6,374,492	\$ 6,524,671	\$ 1,081,382
Total Liabilities	\$ 1,231,561	\$ 6,374,492	\$ 6,524,671	\$ 1,081,382

(Continued)

Exhibit I-2

Weakley County, Tennessee

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 44,248	\$ 219,996	\$ 125,876	\$ 138,368
Cash	6,394	0	2,200	4,194
Due From Other Governments	10,650	0	2,713	7,937
Total Assets	<u>\$ 61,292</u>	<u>\$ 219,996</u>	<u>\$ 130,789</u>	<u>\$ 150,499</u>
<u>Liabilities</u>				
Due to Joint Ventures	<u>\$ 61,292</u>	<u>\$ 219,996</u>	<u>\$ 130,789</u>	<u>\$ 150,499</u>
Total Liabilities	<u>\$ 61,292</u>	<u>\$ 219,996</u>	<u>\$ 130,789</u>	<u>\$ 150,499</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 52,692	\$ 2,915,834	\$ 2,722,390	\$ 246,136
Cash	1,237,955	6,374,492	6,526,871	1,085,576
Due from Other Governments	443,826	438,646	435,889	446,583
Total Assets	<u>\$ 1,734,473</u>	<u>\$ 9,728,972</u>	<u>\$ 9,685,150</u>	<u>\$ 1,778,295</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 441,620	\$ 3,034,484	\$ 3,029,690	\$ 446,414
Due to Litigants, Heirs, and Others	1,231,561	6,474,492	6,524,671	1,181,382
Due to Joint Ventures	61,292	219,996	130,789	150,499
Total Liabilities	<u>\$ 1,734,473</u>	<u>\$ 9,728,972</u>	<u>\$ 9,685,150</u>	<u>\$ 1,778,295</u>

Weakley County School Department

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

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

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

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

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

Exhibit J-1

Weakley County, Tennessee
Statement of Activities
Discretely Presented Weakley 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	\$ 19,855,505	\$ 29,089	\$ 1,988,321	\$ (17,838,095)
Support Services	8,279,600	94,613	388,522	(7,796,465)
Operation of Noninstructional Services	2,477,538	1,019,138	1,373,343	(85,057)
Interest on Long-term Debt	3,306	0	0	(3,306)
Other Debt Service	482,513	0	0	(482,513)
Total Governmental Activities	<u>\$ 31,098,462</u>	<u>\$ 1,142,840</u>	<u>\$ 3,750,186</u>	<u>\$ (26,205,436)</u>
General Revenues:				
Taxes:				
Property taxes levied for general purposes				\$ 3,059,761
Local option sales tax				2,832,258
Other local taxes				135,259
Grants & contributions not restricted for specific programs				18,806,058
Miscellaneous				<u>146,496</u>
Total General Revenues				<u>\$ 24,979,832</u>
Change in Net Assets				\$ (1,225,604)
Net Assets, July 1, 2005				<u>37,819,805</u>
Net Assets, June 30, 2006				<u><u>\$ 36,594,201</u></u>

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	<u>General</u> <u>Purpose</u> <u>School</u>	<u>Central</u> <u>Cafeteria</u>	<u>Other</u> <u>Govern-</u> <u>mental</u> <u>Funds</u>	<u>Govern-</u> <u>mental</u> <u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 1,291,603	\$ 633,181	\$ 235,759	\$ 2,160,543
Accounts Receivable	10,991	0	0	10,991
Due from Other Governments	897,850	7,958	121,673	1,027,481
Property Taxes Receivable	3,048,994	0	0	3,048,994
Allowance for Uncollectible Property Taxes	(104,394)	0	0	(104,394)
Total Assets	\$ 5,145,044	\$ 641,139	\$ 357,432	\$ 6,143,615
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 40	\$ 0	\$ 0	\$ 40
Cash Overdraft	0	0	30,775	30,775
Deferred Revenue - Current Property Taxes	2,816,541	0	0	2,816,541
Deferred Revenue - Delinquent Property Taxes	111,869	0	0	111,869
Other Deferred Revenues	245,239	0	0	245,239
Total Liabilities	\$ 3,173,689	\$ 0	\$ 30,775	\$ 3,204,464
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 236,603	\$ 0	\$ 16,294	\$ 252,897
Other Local Education Reserves	48,797	0	0	48,797
Reserved for Driver Education	29,049	0	0	29,049
Reserved for Career Ladder - Extended Contract	14,397	0	0	14,397
Reserved for Career Ladder Program	16,201	0	0	16,201
Reserved for Education Edge	10,400	0	0	10,400
Reserved for Title I Grants to Local Education Agencies	0	0	583	583
Reserved for Innovative Education Program Strategies	0	0	23	23
Reserved for Special Education - Grants to States	0	0	73,904	73,904
Other Federal Reserves	0	0	94	94
Unreserved, Reported In:				
General Fund	1,615,908	0	0	1,615,908
Special Revenue Funds	0	641,139	0	641,139
Capital Projects Funds	0	0	235,759	235,759
Total Fund Balances	\$ 1,971,355	\$ 641,139	\$ 326,657	\$ 2,939,151
Total Liabilities and Fund Balances	\$ 5,145,044	\$ 641,139	\$ 357,432	\$ 6,143,615

Exhibit J-3

Weakley County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Weakley 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 J-2)		\$	2,939,151
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,935,850	
Add: buildings and improvements net of accumulated depreciation		30,580,869	
Add: other capital assets net of accumulated depreciation		<u>855,137</u>	33,371,856
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			357,108
(3) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: capital leases payable	\$	(40,383)	
Less: accrued interest on capital leases		(1,001)	
Less: compensated absences payable		<u>(32,530)</u>	<u>(73,914)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 36,594,201</u>

Exhibit J-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>		<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 6,235,703	\$ 0	\$ 0	\$ 6,235,703
Licenses and Permits	2,299	0	0	2,299
Charges for Current Services	198,709	915,042	0	1,113,751
Other Local Revenues	116,788	26,103	71,000	213,891
State of Tennessee	18,370,292	28,628	0	18,398,920
Federal Government	487,808	1,069,508	2,222,814	3,780,130
Other Governments and Citizens Groups	9,878	0	0	9,878
Total Revenues	<u>\$ 25,421,477</u>	<u>\$ 2,039,281</u>	<u>\$ 2,293,814</u>	<u>\$ 29,754,572</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 16,109,015	\$ 0	\$ 1,944,054	\$ 18,053,069
Support Services	7,991,405	0	332,395	8,323,800
Operation of Non-Instructional Services	268,494	1,993,234	0	2,261,728
Capital Outlay	300,446	0	0	300,446
Debt Service:				
Principal on Debt	0	0	77,071	77,071
Interest on Debt	0	0	5,687	5,687
Other Debt Service	482,513	0	0	482,513
Capital Projects	0	0	24,346	24,346
Total Expenditures	<u>\$ 25,151,873</u>	<u>\$ 1,993,234</u>	<u>\$ 2,383,553</u>	<u>\$ 29,528,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 269,604</u>	<u>\$ 46,047</u>	<u>\$ (89,739)</u>	<u>\$ 225,912</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 6,660	\$ 0	\$ 0	\$ 6,660
Transfers Out	0	0	(6,660)	(6,660)
Total Other Financing Sources (Uses)	<u>\$ 6,660</u>	<u>\$ 0</u>	<u>\$ (6,660)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 276,264	\$ 46,047	\$ (96,399)	\$ 225,912
Fund Balance, July 1, 2005	1,695,091	595,092	423,056	2,713,239
Fund Balance, June 30, 2006	<u>\$ 1,971,355</u>	<u>\$ 641,139</u>	<u>\$ 326,657</u>	<u>\$ 2,939,151</u>

Exhibit J-5

Weakley County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Weakley 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 J-4)		\$	225,912
(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 difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	480,073	
Less: current year depreciation expense		<u>(2,023,890)</u>	(1,543,817)
(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	\$	357,108	
Less: deferred delinquent property taxes and other deferred June 30, 2005		<u>(339,530)</u>	17,578
(3) The issuance of long-term debt (e.g. notes, capital 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.			
Add: principal payments on capital leases	\$	<u>77,071</u>	77,071
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Add: change in accrued interest payable	\$	2,381	
Less: change in compensated absences		<u>(4,729)</u>	<u>(2,348)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (1,225,604)</u>

Exhibit J-6

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

	Special Revenue Fund	Capital Projects Fund	
	School Federal Projects	Education Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 0	\$ 235,759	\$ 235,759
Due from Other Governments	121,673	0	121,673
Total Assets	<u>\$ 121,673</u>	<u>\$ 235,759</u>	<u>\$ 357,432</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Cash Overdraft	\$ 30,775	\$ 0	\$ 30,775
Total Liabilities	<u>\$ 30,775</u>	<u>\$ 0</u>	<u>\$ 30,775</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 16,294	\$ 0	\$ 16,294
Reserved for Title I Grants to Local Education Agencies	583	0	583
Reserved for Innovative Education Program Strategies	23	0	23
Reserved for Special Education - Grants to States	73,904	0	73,904
Other Federal Reserves	94	0	94
Unreserved	0	235,759	235,759
Total Fund Balances	<u>\$ 90,898</u>	<u>\$ 235,759</u>	<u>\$ 326,657</u>
Total Liabilities and Fund Balances	<u>\$ 121,673</u>	<u>\$ 235,759</u>	<u>\$ 357,432</u>

Exhibit J-7

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

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 71,000	\$ 71,000
Federal Government	2,222,814	0	2,222,814
Total Revenues	<u>\$ 2,222,814</u>	<u>\$ 71,000</u>	<u>\$ 2,293,814</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,944,054	\$ 0	\$ 1,944,054
Support Services	332,395	0	332,395
Debt Service:			
Principal on Debt	77,071	0	77,071
Interest on Debt	5,687	0	5,687
Capital Projects	0	24,346	24,346
Total Expenditures	<u>\$ 2,359,207</u>	<u>\$ 24,346</u>	<u>\$ 2,383,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (136,393)</u>	<u>\$ 46,654</u>	<u>\$ (89,739)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (6,660)	\$ 0	\$ (6,660)
Total Other Financing Sources (Uses)	<u>\$ (6,660)</u>	<u>\$ 0</u>	<u>\$ (6,660)</u>
Net Change in Fund Balances	\$ (143,053)	\$ 46,654	\$ (96,399)
Fund Balance, July 1, 2005	<u>233,951</u>	<u>189,105</u>	<u>423,056</u>
Fund Balance, June 30, 2006	<u>\$ 90,898</u>	<u>\$ 235,759</u>	<u>\$ 326,657</u>

Exhibit J-8

Weakley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Weakley 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	\$ 6,235,703	\$ 0	\$ 0	\$ 6,235,703	\$ 6,135,633	\$ 6,197,389	\$ 38,314
Licenses and Permits	2,299	0	0	2,299	2,350	2,350	(51)
Charges for Current Services	198,709	0	0	198,709	228,997	228,997	(30,288)
Other Local Revenues	116,788	0	0	116,788	79,600	165,654	(48,866)
State of Tennessee	18,370,292	0	0	18,370,292	18,258,072	18,440,521	(70,229)
Federal Government	487,808	0	0	487,808	479,303	524,410	(36,602)
Other Governments and Citizens Groups	9,878	0	0	9,878	0	0	9,878
Total Revenues	\$ 25,421,477	\$ 0	\$ 0	\$ 25,421,477	\$ 25,183,955	\$ 25,559,321	\$ (137,844)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,134,898	\$ (3,080)	\$ 0	\$ 13,131,818	\$ 13,348,550	\$ 13,234,400	\$ 102,582
Special Education Program	1,632,117	0	0	1,632,117	1,648,206	1,653,164	21,047
Vocational Education Program	1,098,314	0	0	1,098,314	1,141,325	1,141,325	43,011
Student Body Education Program	10,101	0	0	10,101	11,040	11,600	1,499
Adult Education Program	233,585	0	16,107	249,692	282,904	289,824	40,132
<u>Support Services</u>							
Attendance	94,303	0	0	94,303	99,793	103,401	9,098
Health Services	79,002	0	0	79,002	82,794	83,244	4,242
Other Student Support	610,832	0	0	610,832	578,484	616,800	5,968
Regular Instruction Program	1,053,029	0	0	1,053,029	1,067,171	1,072,161	19,132
Alternative Instruction Program	71,085	0	0	71,085	71,458	72,158	1,073
Special Education Program	263,938	0	0	263,938	258,864	265,775	1,837
Vocational Education Program	81,088	0	0	81,088	96,490	102,246	21,158
Other Programs	97,897	0	0	97,897	113,654	113,654	15,757
Board of Education	452,334	0	0	452,334	443,231	459,931	7,597

(Continued)

Exhibit J-8

Weakley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Weakley 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>							
Director of Schools	\$ 225,226	\$ 0	\$ 61	\$ 225,287	\$ 231,068	\$ 230,068	\$ 4,781
Office of the Principal	1,192,246	0	0	1,192,246	1,205,927	1,199,859	7,613
Operation of Plant	2,245,407	(434)	0	2,244,973	2,159,550	2,274,644	29,671
Maintenance of Plant	441,995	(2,486)	390	439,899	474,683	483,213	43,314
Transportation	1,081,803	0	0	1,081,803	1,102,197	1,135,155	53,352
Central and Other	1,220	0	0	1,220	1,502	1,502	282
<u>Operation of Non-Instructional Services</u>							
Community Services	120,097	0	1,400	121,497	115,243	123,105	1,608
Early Childhood Education	148,397	0	0	148,397	0	148,671	274
<u>Capital Outlay</u>							
Regular Capital Outlay	300,446	0	218,645	519,091	230,002	556,421	37,330
<u>Other Debt Service</u>							
Education	482,513	0	0	482,513	0	482,514	1
Total Expenditures	\$ 25,151,873	\$ (6,000)	\$ 236,603	\$ 25,382,476	\$ 24,764,136	\$ 25,854,835	\$ 472,359
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 269,604	\$ 6,000	\$ (236,603)	\$ 39,001	\$ 419,819	\$ (295,514)	\$ 334,515
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 6,660	\$ 0	\$ 0	\$ 6,660	\$ 13,660	\$ 6,660	\$ 0
Transfers Out	0	0	0	0	(482,514)	0	0
Total Other Financing Sources (Uses)	\$ 6,660	\$ 0	\$ 0	\$ 6,660	\$ (468,854)	\$ 6,660	\$ 0
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2005	\$ 1,695,091	(6,000)	(236,603)	\$ 45,661	\$ (49,035)	\$ (288,854)	\$ 334,515
Fund Balance, June 30, 2006	\$ 1,971,355	\$ 0	\$ (236,603)	\$ 1,734,752	\$ 1,209,137	\$ 969,318	\$ 765,434

Exhibit J-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,222,814	\$ 0	\$ 2,222,814	\$ 2,511,218	\$ 2,629,305	\$ (406,491)
Total Revenues	\$ 2,222,814	\$ 0	\$ 2,222,814	\$ 2,511,218	\$ 2,629,305	\$ (406,491)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,112,767	\$ 16,294	\$ 1,129,061	\$ 1,397,364	\$ 1,447,033	\$ 317,972
Special Education Program	705,015	0	705,015	695,188	798,961	93,946
Vocational Education Program	126,272	0	126,272	115,528	126,528	256
<u>Support Services</u>						
Health Services	54,556	0	54,556	55,205	56,436	1,880
Other Student Support	40,444	0	40,444	56,165	53,924	13,480
Regular Instruction Program	96,153	0	96,153	103,182	103,182	7,029
Special Education Program	36,175	0	36,175	35,818	36,262	87
Transportation	105,067	0	105,067	149,290	150,887	45,820
<u>Principal on Debt</u>						
Education	77,071	0	77,071	0	77,071	0
<u>Interest on Debt</u>						
Education	5,687	0	5,687	0	5,687	0
Total Expenditures	\$ 2,359,207	\$ 16,294	\$ 2,375,501	\$ 2,607,740	\$ 2,855,971	\$ 480,470
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (136,393)	\$ (16,294)	\$ (152,687)	\$ (96,522)	\$ (226,666)	\$ 73,979
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 103,182	\$ 135,494	\$ (135,494)
Transfers Out	(6,660)	0	(6,660)	(6,660)	(131,542)	124,882
Total Other Financing Sources (Uses)	\$ (6,660)	\$ 0	\$ (6,660)	\$ 96,522	\$ 3,952	\$ (10,612)
Net Change in Fund Balance						
Fund Balance, July 1, 2005	\$ (143,053)	\$ (16,294)	\$ (159,347)	\$ 0	\$ (222,714)	\$ 63,367
	233,951	0	233,951	189,844	222,714	11,237
Fund Balance, June 30, 2006	\$ 90,898	\$ (16,294)	\$ 74,604	\$ 189,844	\$ 0	\$ 74,604

Exhibit J-10

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 915,042	\$ 0	\$ 915,042	\$ 932,000	\$ 913,700	\$ 1,342
Other Local Revenues	26,103	0	26,103	12,500	28,500	(2,397)
State of Tennessee	28,628	0	28,628	29,000	29,000	(372)
Federal Government	1,069,508	0	1,069,508	1,008,000	1,076,600	(7,092)
Total Revenues	<u>\$ 2,039,281</u>	<u>\$ 0</u>	<u>\$ 2,039,281</u>	<u>\$ 1,981,500</u>	<u>\$ 2,047,800</u>	<u>\$ (8,519)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,993,234	\$ (35,401)	\$ 1,957,833	\$ 2,032,546	\$ 2,034,746	\$ 76,913
Total Expenditures	<u>\$ 1,993,234</u>	<u>\$ (35,401)</u>	<u>\$ 1,957,833</u>	<u>\$ 2,032,546</u>	<u>\$ 2,034,746</u>	<u>\$ 76,913</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,047	\$ 35,401	\$ 81,448	\$ (51,046)	\$ 13,054	\$ 68,394
Net Change in Fund Balance	\$ 46,047	\$ 35,401	\$ 81,448	\$ (51,046)	\$ 13,054	\$ 68,394
Fund Balance, July 1, 2005	595,092	(35,401)	559,691	550,639	550,639	9,052
Fund Balance, June 30, 2006	<u>\$ 641,139</u>	<u>\$ 0</u>	<u>\$ 641,139</u>	<u>\$ 499,593</u>	<u>\$ 563,693</u>	<u>\$ 77,446</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Asbestos Removal - School Buildings	\$ 35,109	0 %	5-30-1990	11-30-08	\$ 6,108	\$ 0	\$ 2,000	\$ 4,108
Asbestos Removal - School Buildings	95,543	0	11-30-1992	5-30-10	26,520	0	5,308	21,212
Asbestos Removal - School Buildings	183,697	0	11-30-1993	11-30-12	76,545	0	10,205	66,340
Nursing Home Projects	300,000	4.4	10-7-05	10-1-10	0	300,000	0	300,000
Highway Capital Projects	1,000,000	3.89	9-12-05	9-1-10	0	1,000,000	0	1,000,000
Total Notes Payable					<u>\$ 109,173</u>	<u>\$ 1,300,000</u>	<u>\$ 17,513</u>	<u>\$ 1,391,660</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Detention Center and Law Enforcement Complex	7,400,000	Variable	12-31-1997	5-25-18	\$ 5,613,000	\$ 0	\$ 312,000	\$ 5,301,000
School Construction and Renovation	10,339,705	Variable	2-25-03	5-25-23	9,582,705	0	398,000	9,184,705
Total Other Loans Payable					<u>\$ 15,195,705</u>	<u>\$ 0</u>	<u>\$ 710,000</u>	<u>\$ 14,485,705</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding - Series 1998	7,010,000	4.4 to 4.8	6-1-1998	4-1-15	\$ 6,540,000	\$ 0	\$ 45,000	\$ 6,495,000
School Refunding - Series 2003	17,125,000	2 to 4	12-1-03	5-1-16	16,795,000	0	1,355,000	15,440,000
Total Bonds Payable					<u>\$ 23,335,000</u>	<u>\$ 0</u>	<u>\$ 1,400,000</u>	<u>\$ 21,935,000</u>
<u>DISCRETELY PRESENTED WEAKLEY COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through School Federal Projects Fund</u>								
Handicapped School Buses	75,037	5.25	10-1-03	10-16-05	\$ 38,479	\$ 0	\$ 38,479	\$ 0
Handicapped School Buses	121,232	4.64	12-17-04	12-17-06	78,975	0	38,592	40,383
Total Capital Leases Payable					<u>\$ 117,454</u>	<u>\$ 0</u>	<u>\$ 77,071</u>	<u>\$ 40,383</u>

Exhibit K-2

Weakley County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 1,765,000	\$ 826,171	\$ 2,591,171
2008	1,800,000	781,158	2,581,158
2009	1,870,000	729,527	2,599,527
2010	1,985,000	671,712	2,656,712
2011	2,095,000	600,539	2,695,539
2012	2,240,000	510,138	2,750,138
2013	2,410,000	419,198	2,829,198
2014	2,565,000	319,348	2,884,348
2015	2,705,000	214,960	2,919,960
2016	2,500,000	100,000	2,600,000
Total	<u>\$ 21,935,000</u>	<u>\$ 5,172,751</u>	<u>\$ 27,107,751</u>

Exhibit K-3

Weakley County, Tennessee
Schedule of Transfers
Discretely Presented Weakley County School Department
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 6,660</u>
Total Transfers			<u><u>\$ 6,660</u></u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 62,424	\$ 50,000	RLI Insurance Company
Highway Supervisor	Section 8-24-102, <u>TCA</u>	59,452	100,000	"
Director of Schools	State Board of Education and Weakley County Board of Education	95,702 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	54,048	819,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	54,048	10,000	Nationwide Mutual Insurance Company
Director of Finance	Weakley County Commission	60,320 (2)	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	54,048	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	54,048	50,000	"
Clerk and Master:				
Patricia Taylor (7-1-2005 to 1-31-2006)	Section 8-24-102, <u>TCA</u>	31,528	85,000	"
Susan Collins (2-1-2006 to 6-30-2006)	Section 8-24-102, <u>TCA</u>	22,520	85,000	"
Register	Section 8-24-102, <u>TCA</u>	54,048	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	59,971 (3)	25,000	"
Employee Blanket Bonds:				
County Mayor and Highway Supervisor:				
All Employees—			25,000	"
Director of Schools:				
All Employees—			150,000	Southern States Insurance Group, Inc.

(1) Includes chief executive officer training supplement of \$1,000.

(2) Includes \$1,950 for serving as recording secretary for the Health, Education, and Welfare Committee.

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

Exhibit K-5

Weakley 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	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,349,313	\$ 0	\$ 0	\$ 0	\$ 0	\$ 658,518	\$ 1,779,787	\$ 88,993	\$ 4,876,611
Trustee's Collections - Prior Year	73,621	0	0	0	0	40,284	76,401	0	190,306
Trustee's Collections - Bankruptcy	2,788	0	0	0	0	1,136	2,518	60	6,502
Circuit/Clerk & Master Collections - Prior Years	37,431	0	0	0	0	20,481	38,843	0	96,755
Interest and Penalty	16,422	0	0	0	0	10,234	15,593	198	42,447
Payments in-Lieu-of Taxes - T.V.A.	919	0	0	0	0	0	0	0	919
Payments in-Lieu-of Taxes - Local Utilities	164,412	0	0	0	0	46,085	124,555	6,228	341,280
Payments in-Lieu-of Taxes - Other	531,096	0	0	0	0	0	0	0	531,096
<u>County Local Option Taxes</u>									
Local Option Sales Tax	189,040	0	0	0	0	0	37,605	0	226,645
Hotel/Motel Tax	42,212	0	0	0	0	0	0	0	42,212
Wheel Tax	0	0	0	0	0	811,522	0	0	811,522
Litigation Tax - General	156,938	0	0	0	0	0	0	0	156,938
Litigation Tax - Special Purpose	5,910	0	0	0	0	0	0	0	5,910
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	45,608	0	45,608
Business Tax	156,151	0	0	0	0	0	0	0	156,151
Mineral Severance Tax	0	0	0	0	0	136,031	0	0	136,031
<u>Statutory Local Taxes</u>									
Bank Excise Tax	22,028	0	0	0	0	6,174	16,688	834	45,724
Wholesale Beer Tax	45,897	0	0	0	0	0	0	0	45,897
Interstate Telecommunications Tax	2,871	0	0	0	0	0	0	0	2,871
Total Local Taxes	\$ 3,797,049	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,730,465	\$ 2,137,598	\$ 96,313	\$ 7,761,425
<u>Licenses and Permits</u>									
<u>Permits</u>									
Beer Permits	\$ 808	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 808
Building Permits	2,700	0	0	0	0	0	0	0	2,700
Total Licenses and Permits	\$ 3,508	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,508
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 3,917	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,917

(Continued)

Exhibit K-5

Weakley 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	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Officers Costs	\$ 2,960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,960
Drug Control Fines	0	0	3,409	0	0	0	0	0	3,409
Drug Court Fees	1,152	0	0	0	0	0	0	0	1,152
Jail Fees	3,875	0	0	0	0	0	0	0	3,875
District Attorney General Fees	0	0	0	903	0	0	0	0	903
DUI Treatment Fines	190	0	0	0	0	0	0	0	190
Data Entry Fee - Circuit Court	298	0	0	0	0	0	0	0	298
Courtroom Security Fee	6	0	0	0	0	0	0	0	6
<u>General Sessions Court</u>									
Fines	39,274	0	0	0	0	0	0	0	39,274
Officers Costs	41,999	0	0	0	0	0	0	0	41,999
Drug Control Fines	0	0	7,514	0	0	0	0	0	7,514
Drug Court Fees	16,206	0	0	0	0	0	0	0	16,206
Jail Fees	108,771	0	0	0	0	0	0	0	108,771
District Attorney General Fees	0	0	0	9,347	0	0	0	0	9,347
DUI Treatment Fines	10,412	0	0	0	0	0	0	0	10,412
Data Entry Fee - General Sessions Court	8,446	0	0	0	0	0	0	0	8,446
Courtroom Security Fee	154	0	0	0	0	0	0	0	154
<u>Juvenile Court</u>									
Fines	988	0	0	0	0	0	0	0	988
Officers Costs	16,503	0	0	0	0	0	0	0	16,503
Data Entry Fee - Juvenile Court	9,190	0	0	0	0	0	0	0	9,190
<u>Chancery Court</u>									
Officers Costs	17,427	0	0	0	0	0	0	0	17,427
Data Entry Fee - Chancery Court	3,726	0	0	0	0	0	0	0	3,726
<u>Courts in Other District Counties</u>									
District Attorney General Fees	0	0	0	11,445	0	0	0	0	11,445
<u>Judicial District Drug Program</u>									
Courtroom Security Fee	7	0	0	0	0	0	0	0	7
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	32,134	0	0	0	0	0	32,134
Total Fines, Forfeitures, and Penalties	\$ 285,501	\$ 0	\$ 43,057	\$ 21,695	\$ 0	\$ 0	\$ 0	\$ 0	350,253

(Continued)

Exhibit K-5

Weakley 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	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Highway Capital Projects		
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Other General Service Charges	\$ 2,050	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,050
Service Charges	35,112	0	0	0	0	0	0	0	0	35,112
<u>Fees</u>										
Telephone Commissions	22,696	0	0	0	0	0	0	0	0	22,696
Vending Machine Collections	456	0	0	0	0	150	0	0	0	606
Constitutional Officers' Fees and Commissions	0	0	0	0	1,526	0	0	0	0	1,526
Data Processing Fee - Register	12,708	0	0	0	0	0	0	0	0	12,708
Data Processing Fee - Sheriff	4,147	0	0	0	0	0	0	0	0	4,147
Sexual Offender Registration Fees - Sheriff	1,535	0	0	0	0	0	0	0	0	1,535
<u>Other Charges for Services</u>										
Other Charges for Services	43,565	0	0	0	0	0	0	0	0	43,565
Total Charges for Current Services	\$ 122,269	\$ 0	\$ 0	\$ 0	\$ 1,526	\$ 150	\$ 0	\$ 0	\$ 0	123,945
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 454,213	\$ 0	\$ 0	454,213
Miscellaneous Refunds	45,270	3,942	3,230	0	0	91,461	1,015	0	0	144,918
<u>Nonrecurring Items</u>										
Sale of Property	6,782	0	0	0	0	34,211	0	0	0	40,993
Contributions & Gifts	1,965	0	0	0	0	0	0	0	0	1,965
Total Other Local Revenues	\$ 54,017	\$ 3,942	\$ 3,230	\$ 0	\$ 0	\$ 125,672	\$ 455,228	\$ 0	\$ 0	642,089
<u>Fees Received from County Officials</u>										
<u>Fees-In-Lieu of Salary</u>										
County Clerk	\$ 352,811	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	352,811
Circuit Court Clerk	64,829	0	0	0	0	0	0	0	0	64,829
General Sessions Court Clerk	221,788	0	0	0	0	0	0	0	0	221,788
Clerk and Master	159,278	0	0	0	0	0	0	0	0	159,278
Register	151,046	0	0	0	0	0	0	0	0	151,046
Sheriff	13,207	0	0	0	0	0	0	0	0	13,207
Trustee	341,035	0	0	0	0	0	0	0	0	341,035
Total Fees Received from County Officials	\$ 1,303,994	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,303,994

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Service Fund	Highway Capital Projects Fund	
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 292,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 292,133
Aging Programs	145,820	0	0	0	0	0	0	0	145,820
State Reappraisal Grant	12,102	0	0	0	0	0	0	0	12,102
Solid Waste Grants	0	19,541	0	0	0	0	0	0	19,541
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	9,337	0	0	0	0	0	0	0	9,337
<u>Health and Welfare Grants</u>									
Health Department Programs	58,733	0	0	0	0	0	0	0	58,733
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	0	34,037	0	0	34,037
State Aid Program	0	0	0	0	0	169,617	0	0	169,617
Litter Program	0	0	0	0	0	35,718	0	0	35,718
<u>Other State Revenues</u>									
Income Tax	34,721	0	0	0	0	0	0	0	34,721
Beer Tax	17,212	0	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	49,598	0	0	0	0	0	0	0	49,598
Mixed Drink Tax	785	0	0	0	0	0	0	0	785
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	243,348	0	243,348
Emergency Hospital - Prisoners	38,054	0	0	0	0	0	0	0	38,054
Prisoner Transportation	1,222	0	0	0	0	0	0	0	1,222
Contracted Prisoner Boarding	378,161	0	0	0	0	0	0	0	378,161
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,905,701	0	0	1,905,701
Petroleum Special Tax	0	0	0	0	0	28,071	0	0	28,071
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	1,200	0	0	0	0	5,561	0	0	6,761
Other State Revenues	256,521	0	0	0	0	0	0	0	256,521
Total State of Tennessee	\$ 1,311,979	\$ 19,541	\$ 0	\$ 0	\$ 0	\$ 2,178,705	\$ 243,348	\$ 0	\$ 3,753,573
<u>Federal Government</u>									
<u>Federal Through State</u>									
Homeland Security Grants	\$ 196,183	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 196,183

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt	Capital	Total
	General	Solid Waste / Sanitation	Drug Control	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service Fund	Highway Capital Projects Fund	
<u>Federal Government (Cont.)</u>									
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	\$ 3,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,600
Total Federal Government	\$ 199,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,783
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 10,348	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,348
Paving and Maintenance	0	0	0	0	0	29,755	0	0	29,755
Contributions	15,000	0	0	0	0	0	877,313	0	892,313
Contracted Services	73,322	0	0	0	0	0	0	0	73,322
<u>Other</u>									
Other	72,000	0	0	0	0	0	6,417	0	78,417
Total Other Governments and Citizens Groups	\$ 170,670	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,755	\$ 883,730	\$ 0	\$ 1,084,155
Total	\$ 7,248,770	\$ 23,483	\$ 46,287	\$ 21,695	\$ 1,526	\$ 4,064,747	\$ 3,719,904	\$ 96,313	\$ 15,222,725

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,847,662	\$ 0	\$ 0	\$ 0	\$ 2,847,662
Trustee's Collections - Prior Year	111,128	0	0	0	111,128
Trustee's Collections - Bankruptcy	3,806	0	0	0	3,806
Circuit/Clerk & Master Collections - Prior Years	56,499	0	0	0	56,499
Interest and Penalty	23,245	0	0	0	23,245
Payments in-Lieu-of Taxes - Local Utilities	199,288	0	0	0	199,288
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,832,121	0	0	0	2,832,121
Wheel Tax	129,227	0	0	0	129,227
<u>Statutory Local Taxes</u>					
Bank Excise Tax	26,701	0	0	0	26,701
Interstate Telecommunications Tax	6,026	0	0	0	6,026
Total Local Taxes	\$ 6,235,703	\$ 0	\$ 0	\$ 0	\$ 6,235,703
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,299	\$ 0	\$ 0	\$ 0	\$ 2,299
Total Licenses and Permits	\$ 2,299	\$ 0	\$ 0	\$ 0	\$ 2,299
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 104,096	\$ 0	\$ 0	\$ 0	\$ 104,096
Lunch Payments - Children	0	0	830,196	0	830,196
Lunch Payments - Adults	0	0	47,716	0	47,716
Income from Breakfast	0	0	37,130	0	37,130
Receipts from Individual Schools	94,613	0	0	0	94,613
Total Charges for Current Services	\$ 198,709	\$ 0	\$ 915,042	\$ 0	\$ 1,113,751
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 26,103	\$ 0	\$ 26,103
Sale of Materials and Supplies	26,383	0	0	71,000	97,383
Miscellaneous Refunds	65,440	0	0	0	65,440
<u>Nonrecurring Items</u>					
Sale of Equipment	9,703	0	0	0	9,703
Damages Recovered from Individuals	2,706	0	0	0	2,706
Contributions & Gifts	12,556	0	0	0	12,556
Total Other Local Revenues	\$ 116,788	\$ 0	\$ 26,103	\$ 71,000	\$ 213,891
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 17,321,620	\$ 0	\$ 0	\$ 0	\$ 17,321,620
Early Childhood Education	148,396	0	0	0	148,396
School Food Service	0	0	28,628	0	28,628
Driver Education	11,328	0	0	0	11,328
Other State Education Funds	65,368	0	0	0	65,368
Career Ladder Program	293,385	0	0	0	293,385
Career Ladder - Extended Contract	202,998	0	0	0	202,998

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other Vocational	\$ 76,102	\$ 0	\$ 0	\$ 0	\$ 76,102
<u>Other State Revenues</u>					
Mixed Drink Tax	7,747	0	0	0	7,747
State Revenue Sharing - T.V.A.	243,348	0	0	0	243,348
Total State of Tennessee	<u>\$ 18,370,292</u>	<u>\$ 0</u>	<u>\$ 28,628</u>	<u>\$ 0</u>	<u>\$ 18,398,920</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 839,437	\$ 0	\$ 839,437
Breakfast	0	0	230,071	0	230,071
Adult Education State Grant Program	157,879	0	0	0	157,879
Vocational Education - Basic Grants to States	0	132,932	0	0	132,932
Title I Grants to Local Education Agencies	0	964,271	0	0	964,271
Innovative Education Program Strategies	0	37,270	0	0	37,270
Special Education - Grants to States	11,354	839,731	0	0	851,085
Special Education Preschool Grants	0	27,898	0	0	27,898
Eisenhower Professional Development State Grants	0	195,393	0	0	195,393
Other Federal through State	318,575	25,319	0	0	343,894
Total Federal Government	<u>\$ 487,808</u>	<u>\$ 2,222,814</u>	<u>\$ 1,069,508</u>	<u>\$ 0</u>	<u>\$ 3,780,130</u>
<u>Other Governments and Citizens Groups</u>					
<u>Citizens Groups</u>					
Donations	\$ 9,878	\$ 0	\$ 0	\$ 0	\$ 9,878
Total Other Governments and Citizens Groups	<u>\$ 9,878</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,878</u>
Total	<u>\$ 25,421,477</u>	<u>\$ 2,222,814</u>	<u>\$ 2,039,281</u>	<u>\$ 71,000</u>	<u>\$ 29,754,572</u>

Exhibit K-7

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

General Fund

General Government

County Commission

Secretary to Board	\$	5,250	
Board and Committee Members Fees		12,323	
Other Per Diem & Fees		26,400	
Social Security		3,134	
State Retirement		582	
Employer Medicare		733	
Audit Services		7,955	
Travel		8,308	
Contracts for Development Costs		232	
Other Contracted Services		1,188	
Judgments		12,839	
Other Charges		20	
Total County Commission			\$ 78,964

County Mayor/Executive

County Official/Administrative Officer	\$	62,424	
Secretary(ies)		23,996	
Clerical Personnel		1,200	
Social Security		5,325	
State Retirement		9,708	
Medical Insurance		3,488	
Employer Medicare		1,245	
Communication		2,404	
Dues and Memberships		2,049	
Postal Charges		508	
Travel		3,125	
Office Supplies		206	
In Service/Staff Development		165	
Other Charges		100	
Total County Mayor/Executive			115,943

County Attorney

Legal Services	\$	10,376	
Total County Attorney			10,376

Election Commission

County Official/Administrative Officer	\$	45,941	
Deputy(ies)		40,718	
Temporary Personnel		1,945	
Election Commission		7,875	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	8,315	
Social Security		5,663	
State Retirement		8,848	
Medical Insurance		14,411	
Employer Medicare		1,324	
Audit Services		925	
Communication		2,134	
Data Processing Services		1,750	
Dues and Memberships		300	
Legal Notices, Recording, and Court Costs		4,809	
Maintenance & Repair Services - Buildings		449	
Maintenance & Repair Services - Office Equipment		5,431	
Postal Charges		1,800	
Printing, Stationery, and Forms		4,549	
Rentals		2,028	
Travel		1,376	
Office Supplies		4,176	
Building and Contents Insurance		1,231	
In Service/Staff Development		250	
Total Election Commission			\$ 166,248

Register of Deeds

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		45,663	
Social Security		5,865	
State Retirement		11,048	
Medical Insurance		7,048	
Employer Medicare		1,372	
Communication		2,378	
Dues and Memberships		529	
Legal Notices, Recording, and Court Costs		11,761	
Postal Charges		720	
Printing, Stationery, and Forms		96	
Rentals		1,821	
Travel		1,357	
Other Contracted Services		10,200	
Data Processing Supplies		897	
Office Supplies		1,397	
Total Register of Deeds			156,200

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$	43,848	
Social Security		2,585	
State Retirement		4,188	
Medical Insurance		3,560	
Employer Medicare		604	
Licenses		50	
Maintenance & Repair Services - Buildings		5,686	
Maintenance & Repair Services - Equipment		4,685	
Pest Control		488	
Other Contracted Services		6,560	
Custodial Supplies		5,250	
Electricity		37,330	
Natural Gas		12,465	
Water and Sewer		4,934	
Other Supplies and Materials		643	
Building and Contents Insurance		20,320	
Other Charges		881	
Total County Buildings			\$ 154,077

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	58,370
Accountants/Bookkeepers		114,764
Custodial Personnel		2,500
Social Security		9,748
State Retirement		16,565
Medical Insurance		16,292
Employer Medicare		2,280
Communication		3,575
Data Processing Services		5,819
Dues and Memberships		655
Legal Notices, Recording, and Court Costs		732
Pest Control		240
Postal Charges		2,500
Printing, Stationery, and Forms		5,485
Rentals		3,497
Travel		2,897
Custodial Supplies		768
Electricity		2,467
Natural Gas		659

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Supplies	\$	4,498	
Water and Sewer		350	
Other Supplies and Materials		1,859	
Premiums on Corporate Surety Bonds		75	
In Service/Staff Development		2,030	
Data Processing Equipment		7,582	
Total Accounting and Budgeting			\$ 266,207

Property Assessor's Office

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		91,397	
Educational Incentive - Other County Employees		6,500	
Board and Committee Members Fees		825	
Social Security		8,661	
State Retirement		16,835	
Medical Insurance		13,832	
Employer Medicare		2,025	
Communication		2,297	
Dues and Memberships		1,351	
Legal Notices, Recording, and Court Costs		86	
Maintenance & Repair Services - Office Equipment		40	
Maintenance & Repair Services - Vehicles		1,762	
Postal Charges		984	
Printing, Stationery, and Forms		61	
Rentals		2,399	
Travel		1,371	
Gasoline		1,045	
Office Supplies		1,108	
Vehicle and Equipment Insurance		419	
Total Property Assessor's Office			207,046

Reappraisal Program

Communication	\$	105	
Data Processing Services		3,420	
Postal Charges		486	
Travel		1,102	
Other Contracted Services		44,780	
Office Supplies		1,519	
In Service/Staff Development		180	
Total Reappraisal Program			51,592

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		45,513	
Temporary Personnel		1,176	
Social Security		5,520	
State Retirement		11,031	
Medical Insurance		15,617	
Employer Medicare		1,291	
Communication		2,291	
Data Processing Services		10,525	
Dues and Memberships		629	
Legal Notices, Recording, and Court Costs		953	
Maintenance Agreements		3,662	
Maintenance & Repair Services - Office Equipment		216	
Postal Charges		4,935	
Rentals		634	
Travel		772	
Office Supplies		1,698	
Total County Trustee's Office			\$ 160,511

County Clerk's Office

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		112,676	
Clerical Personnel		1,200	
Social Security		9,652	
State Retirement		18,035	
Medical Insurance		17,379	
Employer Medicare		2,257	
Communication		2,305	
Dues and Memberships		554	
Legal Notices, Recording, and Court Costs		360	
Maintenance Agreements		8,537	
Postal Charges		15,000	
Printing, Stationery, and Forms		1,294	
Rentals		2,028	
Travel		1,243	
Office Supplies		2,596	
In Service/Staff Development		100	
Data Processing Equipment		2,546	
Total County Clerk's Office			251,810

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	54,048	
Deputy(ies)		89,608	
Board and Committee Members Fees		450	
Jury and Witness Fees		6,726	
Social Security		8,312	
State Retirement		15,917	
Medical Insurance		16,859	
Employer Medicare		1,944	
Communication		2,690	
Dues and Memberships		95	
Legal Notices, Recording, and Court Costs		52	
Printing, Stationery, and Forms		648	
Rentals		4,314	
Travel		813	
Office Supplies		1,146	
Other Supplies and Materials		2,373	
Total Circuit Court			\$ 205,995

General Sessions Court

Judge(s)	\$	81,500	
Deputy(ies)		44,084	
Social Security		6,642	
State Retirement		13,915	
Medical Insurance		20,533	
Employer Medicare		1,553	
Communication		1,137	
Dues and Memberships		404	
Postal Charges		3,000	
Printing, Stationery, and Forms		1,087	
Travel		1,354	
Other Contracted Services		4,092	
Library Books/Media		1,493	
Office Supplies		2,917	
Data Processing Equipment		2,282	
Total General Sessions Court			185,993

Chancery Court

County Official/Administrative Officer	\$	54,048
Deputy(ies)		67,480
Temporary Personnel		1,770

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Social Security	\$	7,345	
State Retirement		13,465	
Medical Insurance		6,016	
Employer Medicare		1,718	
Communication		1,786	
Dues and Memberships		499	
Legal Notices, Recording, and Court Costs		1,557	
Maintenance Agreements		6,258	
Postal Charges		500	
Printing, Stationery, and Forms		2,113	
Rentals		2,028	
Other Contracted Services		5,000	
Office Supplies		1,194	
Premiums on Corporate Surety Bonds		865	
Data Processing Equipment		2,779	
Office Equipment		3,521	
Total Chancery Court			\$ 179,942

Juvenile Court

Judge(s)	\$	27,974	
Youth Service Officer(s)		36,764	
Social Workers		17,853	
Secretary(ies)		23,446	
Social Security		6,151	
State Retirement		11,298	
Medical Insurance		9,020	
Employer Medicare		1,439	
Contracts with Other Public Agencies		1,434	
Postal Charges		166	
Travel		195	
Office Supplies		96	
Total Juvenile Court			135,836

District Attorney General

Secretary(ies)	\$	22,579	
Social Security		1,400	
State Retirement		2,502	
Employer Medicare		327	
Total District Attorney General			26,808

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Social Workers	\$	124,803	
Other Salaries & Wages		1,800	
Social Security		7,505	
State Retirement		8,037	
Medical Insurance		7,793	
Employer Medicare		1,755	
Communication		6,915	
Contracts with Other Public Agencies		63,160	
Dues and Memberships		220	
Maintenance & Repair Services - Office Equipment		290	
Maintenance & Repair Services - Vehicles		994	
Postal Charges		200	
Rentals		9,597	
Travel		8,068	
Gasoline		1,055	
Office Supplies		11,236	
Utilities		2,549	
Other Supplies and Materials		22,714	
Vehicle and Equipment Insurance		427	
Workers' Compensation Insurance		264	
In Service/Staff Development		140	
Data Processing Equipment		1,016	
Total Other Administration of Justice			\$ 280,538

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	59,452
Deputy(ies)		647,303
Accountants/Bookkeepers		45,178
Salary Supplements		10,374
Maintenance Personnel		24,760
Overtime Pay		8,914
Social Security		45,214
State Retirement		80,917
Medical Insurance		93,743
Employer Medicare		10,574
Communication		18,953
Dues and Memberships		1,600
Evaluation and Testing		340
Maintenance Agreements		3,350

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance & Repair Services - Equipment	\$	1,781	
Maintenance & Repair Services - Vehicles		19,856	
Postal Charges		5,981	
Printing, Stationery, and Forms		1,342	
Rentals		3,324	
Travel		8,639	
Other Contracted Services		41,806	
Gasoline		61,879	
Law Enforcement Supplies		4,506	
Office Supplies		2,150	
Uniforms		11,297	
Other Supplies and Materials		5,717	
Vehicle and Equipment Insurance		6,032	
In Service/Staff Development		1,400	
Other Charges		1,970	
Data Processing Equipment		4,477	
Law Enforcement Equipment		17,478	
Motor Vehicles		73,332	
Total Sheriff's Department			\$ 1,323,639

Traffic Control

Dispatchers/Radio Operators	\$	208,110	
Social Security		12,146	
State Retirement		18,958	
Medical Insurance		21,412	
Employer Medicare		2,841	
Total Traffic Control			263,467

Jail

Supervisor/Director	\$	37,200	
Accountants/Bookkeepers		22,864	
Guards		397,893	
Overtime Pay		4,042	
Social Security		25,676	
State Retirement		44,990	
Medical Insurance		73,606	
Employer Medicare		6,005	
Communication		1,600	
Maintenance & Repair Services - Buildings		15,690	
Maintenance & Repair Services - Equipment		2,304	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	43,366	
Pest Control		770	
Printing, Stationery, and Forms		1,296	
Rentals		687	
Other Contracted Services		2,270	
Custodial Supplies		9,491	
Drugs and Medical Supplies		21,999	
Electricity		36,325	
Food Supplies		61,593	
Natural Gas		34,408	
Office Supplies		2,095	
Water and Sewer		10,267	
Other Supplies and Materials		6,035	
Building and Contents Insurance		20,693	
Law Enforcement Equipment		19,239	
Total Jail			\$ 902,404

Correctional Incentive Program Improvements

Contributions	\$	1,997	
Other Contracted Services		16,589	
Total Correctional Incentive Program Improvements			18,586

Fire Prevention and Control

Contributions	\$	19,500	
Total Fire Prevention and Control			19,500

Civil Defense

Supervisor/Director	\$	12,336	
Deputy(ies)		6,602	
Social Security		1,174	
Employer Medicare		275	
Advertising		675	
Communication		1,795	
Dues and Memberships		35	
Maintenance & Repair Services - Equipment		142	
Printing, Stationery, and Forms		25	
Travel		730	
Other Contracted Services		3,067	
Gasoline		3,198	
Office Supplies		103	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Road Signs	\$	963	
Other Supplies and Materials		28,320	
Communication Equipment		80,619	
Motor Vehicles		49,518	
Transportation Equipment		7,802	
Other Equipment		10,116	
Total Civil Defense			\$ 207,495

Rescue Squad

Other Contracted Services	\$	5,500	
Total Rescue Squad			5,500

Other Public Safety

Supervisor/Director	\$	2,000	
Social Security		124	
State Retirement		222	
Employer Medicare		29	
Other Contracted Services		2,956	
Office Supplies		130	
Total Other Public Safety			5,461

Public Health and Welfare

Local Health Center

Other Salaries & Wages	\$	40,060	
Social Security		2,104	
State Retirement		2,542	
Medical Insurance		9,203	
Employer Medicare		492	
Communication		4,718	
Contracts with Government Agencies		29,500	
Dues and Memberships		160	
Janitorial Services		10,320	
Maintenance & Repair Services - Buildings		7,565	
Maintenance & Repair Services - Equipment		1,328	
Maintenance & Repair Services - Office Equipment		137	
Pest Control		264	
Postal Charges		3,044	
Travel		232	
Disposal Fees		271	
Custodial Supplies		460	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Drugs and Medical Supplies	\$	74	
Electricity		6,213	
Natural Gas		1,879	
Office Supplies		1,594	
Water and Sewer		1,879	
Other Supplies and Materials		318	
Building and Contents Insurance		<u>3,556</u>	
Total Local Health Center			\$ 127,913

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	<u>235,000</u>	
Total Ambulance/Emergency Medical Services			235,000

Maternal and Child Health Services

Contracts with Government Agencies	\$	3,300	
Other Contracted Services		<u>80</u>	
Total Maternal and Child Health Services			3,380

Crippled Children Services

Contributions	\$	<u>2,167</u>	
Total Crippled Children Services			2,167

Other Local Health Services

Contracts with Other Public Agencies	\$	9,000	
Other Contracted Services		<u>17,238</u>	
Total Other Local Health Services			26,238

General Welfare Assistance

Contracts with Other Public Agencies	\$	14,900	
Other Contracted Services		<u>750</u>	
Total General Welfare Assistance			15,650

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	20,033	
Social Workers		21,033	
Other Salaries & Wages		51,579	
Social Security		5,321	
State Retirement		7,971	
Medical Insurance		8,146	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Adult Activities (Cont.)

Employer Medicare	\$	1,244	
Communication		1,365	
Contributions		13,125	
Licenses		830	
Postal Charges		80	
Rentals		3,903	
Travel		10,517	
Other Contracted Services		560	
Custodial Supplies		5,176	
Drugs and Medical Supplies		637	
Food Supplies		3,012	
Other Supplies and Materials		6,400	
Refund to Applicant for Criminal Investigation		145	
Total Adult Activities			\$ 161,077

Senior Citizens Assistance

Supervisor/Director	\$	13,130	
Social Security		721	
State Retirement		1,455	
Medical Insurance		3,488	
Employer Medicare		169	
Communication		1,406	
Postal Charges		103	
Rentals		341	
Travel		842	
Other Contracted Services		250	
Custodial Supplies		187	
Food Supplies		963	
Office Supplies		245	
Utilities		85	
Other Supplies and Materials		1,201	
Total Senior Citizens Assistance			24,586

Libraries

Supervisor/Director	\$	28,568	
Clerical Personnel		41,217	
Temporary Personnel		2,773	
Social Security		4,057	
State Retirement		7,732	
Medical Insurance		10,404	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Employer Medicare	\$	949	
Contributions		15,374	
Janitorial Services		2,858	
Licenses		547	
Maintenance & Repair Services - Buildings		9,260	
Maintenance & Repair Services - Equipment		330	
Pest Control		168	
Travel		1,527	
Other Contracted Services		19,416	
Utilities		6,412	
Building and Contents Insurance		3,662	
Data Processing Equipment		1,183	
Total Libraries			\$ 156,437

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	49,612	
Other Fringe Benefits		10,890	
Communication		3,930	
Travel		20	
Data Processing Equipment		1,901	
Total Agriculture Extension Service			66,353

Soil Conservation

Secretary(ies)	\$	22,764	
Social Security		1,274	
State Retirement		2,522	
Medical Insurance		3,560	
Employer Medicare		298	
Total Soil Conservation			30,418

Flood Control

Contracts with Other Public Agencies	\$	500	
Other Contracted Services		23,726	
Total Flood Control			24,226

Other Operations

Veterans' Services

Assistant(s)	\$	6,863	
Supervisor/Director		19,750	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Social Security	\$	1,295	
State Retirement		1,191	
Medical Insurance		6,415	
Employer Medicare		303	
Communication		1,321	
Dues and Memberships		70	
Postal Charges		300	
Travel		629	
Office Supplies		858	
Total Veterans' Services			\$ 38,995

Other Charges

Dues and Memberships	\$	4,559	
Total Other Charges			4,559

Contributions to Other Agencies

Contributions	\$	220,036	
Total Contributions to Other Agencies			220,036

Employee Benefits

Unemployment Compensation	\$	26,221	
Total Employee Benefits			26,221

Miscellaneous

Liability Insurance	\$	58,784	
Premiums on Corporate Surety Bonds		743	
Trustee's Commission		70,034	
Workers' Compensation Insurance		80,509	
Other Charges		480	
Total Miscellaneous			210,550

Total General Fund \$ 6,753,944

Solid Waste/Sanitation Fund

Public Health and Welfare

Recycling Center

Temporary Personnel	\$	5,612	
Postal Charges		100	
Other Contracted Services		22,486	
Electricity		731	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Recycling Center (Cont.)

Water and Sewer	\$	167	
Other Supplies and Materials		67	
Total Recycling Center			\$ 29,163

Other Operations

Employee Benefits

Social Security	\$	348	
State Retirement		298	
Employer Medicare		81	
Total Employee Benefits			727

Total Solid Waste/Sanitation Fund \$ 29,890

Drug Control Fund

Public Safety

Drug Enforcement

Other Salaries & Wages	\$	7,214	
Tow-in Services		360	
Travel		3,809	
Trustee's Commission		108	
Other Charges		635	
Total Drug Enforcement			\$ 12,126

Other Operations

Employee Benefits

Social Security	\$	348	
State Retirement		799	
Employer Medicare		81	
Total Employee Benefits			1,228

Total Drug Control Fund 13,354

District Attorney General Fund

Administration of Justice

District Attorney General

Salary Supplements	\$	14,867	
Communication		1,500	
Dues and Memberships		5,808	
Legal Notices, Recording, and Court Costs		53	
Trustee's Commission		215	

(Continued)

Exhibit K-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

In Service/Staff Development	\$	550	
Other Charges		38	
Data Processing Equipment		412	
Total District Attorney General			\$ 23,443

Total District Attorney General Fund \$ 23,443

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	976	
Total County Clerk's Office			\$ 976

Administration of Justice

General Sessions Court Clerk

Constitutional Officers' Operating Expenses	\$	550	
Total General Sessions Court Clerk			550

Total Constitutional Officers - Fees Fund 1,526

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,452	
Secretary to Board		1,500	
Secretary(ies)		24,700	
Board and Committee Members Fees		9,600	
Dues and Memberships		2,794	
Legal Services		1,086	
Legal Notices, Recording, and Court Costs		500	
Medical and Dental Services		988	
Postal Charges		900	
Printing, Stationery, and Forms		726	
Rentals		1,915	
Travel		1,751	
Drugs and Medical Supplies		40	
Office Supplies		584	
Other Supplies and Materials		395	
Judgments		7,025	
Other Charges		1,749	
Total Administration			\$ 115,705

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	33,654	
Equipment Operators		404,155	
Truck Drivers		305,327	
Laborers		206,185	
Rentals		5,169	
Other Contracted Services		196,694	
Asphalt - Cold Mix		15,000	
Asphalt - Hot Mix		160,000	
Asphalt - Liquid		185,000	
Crushed Stone		221,857	
General Construction Materials		88,494	
Other Road Supplies		17,064	
Pipe		190,639	
Road Signs		9,356	
Small Tools		470	
Wood Products		8,992	
Other Supplies and Materials		4,793	
Total Highway and Bridge Maintenance			\$ 2,052,849

Operation and Maintenance of Equipment

Foremen	\$	31,871	
Mechanic(s)		81,284	
Laundry Service		11,626	
Maintenance & Repair Services - Equipment		40,210	
Maintenance & Repair Services - Vehicles		3,887	
Tow-in Services		925	
Diesel Fuel		192,790	
Equipment and Machinery Parts		76,863	
Garage Supplies		7,919	
Gasoline		31,235	
Lubricants		27,883	
Small Tools		472	
Tires and Tubes		49,472	
Other Supplies and Materials		702	
Total Operation and Maintenance of Equipment			557,139

Litter and Trash Collection

Foremen	\$	9,856
Truck Drivers		8,681
Secretary(ies)		5,119

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Social Security	\$	1,366	
State Retirement		2,442	
Employer Medicare		320	
Advertising		4,873	
Other Supplies and Materials		69	
Litter Enforcement Awards		4,429	
Total Litter and Trash Collection			\$ 37,155

Other Charges

Communication	\$	6,888	
Licenses		48	
Maintenance & Repair Services - Buildings		720	
Maintenance & Repair Services - Office Equipment		4,013	
Electricity		12,126	
Natural Gas		5,297	
Water and Sewer		606	
Building and Contents Insurance		11,865	
Liability Insurance		15,007	
Trustee's Commission		43,469	
Vehicle and Equipment Insurance		8,663	
Liability Claims		868	
Building Improvements		614	
Total Other Charges			110,184

Employee Benefits

Social Security	\$	65,258	
State Retirement		123,464	
Medical Insurance		172,988	
Unemployment Compensation		19,465	
Employer Medicare		15,262	
Workers' Compensation Insurance		150,338	
Total Employee Benefits			546,775

Capital Outlay

Bridge Construction	\$	36,550	
Highway Equipment		51,673	
State Aid Projects		222,519	
Other Capital Outlay		34,999	
Total Capital Outlay			345,741

Total Highway/Public Works Fund \$ 3,765,548

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 312,000	
Total General Government	<u>312,000</u>	\$ 312,000

Education

Principal on Bonds	\$ 1,400,000	
Principal on Notes	17,513	
Principal on Other Loans	<u>398,000</u>	
Total Education		1,815,513

Interest on Debt

General Government

Interest on Notes	\$ 6,417	
Interest on Other Loans	<u>190,986</u>	
Total General Government		197,403

Highways and Streets

Interest on Notes	\$ 18,261	
Total Highways and Streets		18,261

Education

Interest on Bonds	\$ 875,296	
Interest on Other Loans	<u>318,606</u>	
Total Education		1,193,902

Other Debt Service

General Government

Judgments	\$ 13,324	
Trustee's Commission	47,244	
Other Debt Service	<u>5,670</u>	
Total General Government		66,238

Education

Other Debt Service	\$ 9,886	
Total Education		<u>9,886</u>

Total General Debt Service Fund		\$ 3,613,203
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(Continued)

Exhibit K-7

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

<u>Nursing Home Projects Fund</u>		
<u>Public Health and Welfare</u>		
<u>Nursing Home</u>		
Contributions	\$ 299,478	
Legal Services	522	
Total Nursing Home		\$ 300,000
Total Nursing Home Projects Fund		\$ 300,000
<u>Highway Capital Projects Fund</u>		
<u>Highways</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 1,845	
Total Other Charges		\$ 1,845
<u>Capital Outlay</u>		
Bridge Construction	\$ 115,780	
Highway Construction	335,000	
Highway Equipment	254,996	
Other Capital Outlay	89,958	
Total Capital Outlay		795,734
Total Highway Capital Projects Fund		797,579
Total Governmental Funds - Primary Government		\$ 15,298,487

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,213,402	
Career Ladder Program	194,271	
Career Ladder Extended Contracts	195,000	
Educational Assistants	357,233	
Non-certified Substitute Teachers	114,760	
Social Security	584,887	
State Retirement	552,574	
Medical Insurance	868,143	
Employer Medicare	136,788	
Other Fringe Benefits	29,660	
Communication	460	
Maintenance & Repair Services - Equipment	3,019	
Printing, Stationery, and Forms	300	
Travel	347	
Other Contracted Services	9,379	
Instructional Supplies and Materials	189,592	
Textbooks	310,242	
Other Supplies and Materials	150,725	
In Service/Staff Development	17,703	
Regular Instruction Equipment	202,414	
Other Equipment	3,999	
Total Regular Instruction Program		\$ 13,134,898

Special Education Program

Teachers	\$ 1,118,064	
Career Ladder Program	24,500	
Homebound Teachers	21,035	
Educational Assistants	10,306	
Speech Pathologist	121,310	
Non-certified Substitute Teachers	16,459	
Social Security	76,232	
State Retirement	69,341	
Medical Insurance	95,692	
Employer Medicare	17,829	
Contracts with Private Agencies	919	
Other Contracted Services	31,058	
Instructional Supplies and Materials	26,989	
Other Supplies and Materials	2,383	
Total Special Education Program		1,632,117

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	809,933	
Career Ladder Program		20,000	
Other Salaries & Wages		17,321	
Non-certified Substitute Teachers		12,564	
Social Security		49,653	
State Retirement		45,745	
Medical Insurance		66,984	
Employer Medicare		11,612	
Communication		727	
Maintenance & Repair Services - Equipment		789	
Rentals		710	
Other Contracted Services		271	
Animal Food and Supplies		20,051	
Drugs and Medical Supplies		1,114	
Equipment and Machinery Parts		425	
Gasoline		1,000	
Instructional Supplies and Materials		31,643	
Office Supplies		77	
Other Supplies and Materials		3,495	
Vehicle and Equipment Insurance		400	
Other Capital Outlay		3,800	
Total Vocational Education Program			\$ 1,098,314

Student Body Education Program

Clerical Personnel	\$	5,224	
Non-certified Substitute Teachers		95	
Social Security		246	
State Retirement		579	
Employer Medicare		58	
Maintenance & Repair Services - Equipment		589	
Other Contracted Services		60	
Gasoline		1,250	
Vehicle and Equipment Insurance		2,000	
Total Student Body Education Program			10,101

Adult Education Program

Supervisor/Director	\$	42,072	
Teachers		73,602	
Guidance Personnel		8,968	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Educational Assistants	\$	34,927	
Social Security		9,197	
State Retirement		10,263	
Medical Insurance		13,850	
Employer Medicare		2,151	
Communication		1,181	
Travel		4,982	
Instructional Supplies and Materials		23,958	
Office Supplies		2,998	
Other Charges		5,436	
Total Adult Education Program			\$ 233,585

Support Services

Attendance

Supervisor/Director	\$	63,270	
Career Ladder Program		3,000	
Social Security		3,916	
State Retirement		3,645	
Medical Insurance		3,117	
Employer Medicare		916	
Maintenance Agreements		11,954	
Travel		760	
Other Supplies and Materials		3,725	
Total Attendance			94,303

Health Services

Medical Personnel	\$	57,175	
Social Security		3,204	
State Retirement		5,204	
Medical Insurance		5,599	
Employer Medicare		749	
Communication		628	
Travel		3,256	
Other Supplies and Materials		3,187	
Total Health Services			79,002

Other Student Support

Career Ladder Program	\$	8,500	
Guidance Personnel		462,021	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Salaries & Wages	\$	2,276	
Social Security		28,321	
State Retirement		26,755	
Medical Insurance		24,994	
Employer Medicare		6,623	
Evaluation and Testing		24,271	
Travel		129	
Other Contracted Services		20,000	
Other Supplies and Materials		3,427	
Other Charges		338	
Other Equipment		3,177	
Total Other Student Support			\$ 610,832

Regular Instruction Program

Supervisor/Director	\$	242,573	
Career Ladder Program		21,329	
Librarians		360,475	
Instructional Computer Personnel		46,024	
Other Salaries & Wages		88,380	
Social Security		44,745	
State Retirement		44,868	
Medical Insurance		42,569	
Employer Medicare		10,465	
Travel		13,676	
Library Books/Media		88,334	
Other Supplies and Materials		23,740	
In Service/Staff Development		14,978	
Furniture and Fixtures		10,873	
Total Regular Instruction Program			1,053,029

Alternative Instruction Program

Supervisor/Director	\$	18,020
Career Ladder Program		1,000
Educational Assistants		10,857
Non-certified Substitute Teachers		475
Social Security		1,625
State Retirement		2,125
Medical Insurance		9,789
Employer Medicare		380

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Communication	\$	625	
Contracts with Other Public Agencies		25,000	
Travel		292	
Other Supplies and Materials		897	
Total Alternative Instruction Program			\$ 71,085

Special Education Program

Supervisor/Director	\$	63,270	
Career Ladder Program		2,515	
Psychological Personnel		120,361	
Clerical Personnel		22,074	
Social Security		12,514	
State Retirement		12,195	
Medical Insurance		7,209	
Employer Medicare		2,927	
Communication		921	
Maintenance & Repair Services - Equipment		390	
Postal Charges		800	
Travel		7,870	
Drugs and Medical Supplies		187	
Office Supplies		5,992	
Other Supplies and Materials		1,491	
In Service/Staff Development		3,222	
Total Special Education Program			263,938

Vocational Education Program

Clerical Personnel	\$	22,115	
Other Salaries & Wages		2,034	
Non-certified Substitute Teachers		332	
Social Security		1,100	
State Retirement		2,633	
Medical Insurance		6,115	
Employer Medicare		257	
Communication		508	
Maintenance & Repair Services - Equipment		2,998	
Postal Charges		65	
Travel		31,070	
Office Supplies		581	
Other Supplies and Materials		4,238	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

In Service/Staff Development	\$ 7,042	
Total Vocational Education Program		\$ 81,088

Other Programs

Other Salaries & Wages	\$ 86,755	
Social Security	5,185	
State Retirement	4,744	
Employer Medicare	1,213	
Total Other Programs		97,897

Board of Education

Secretary to Board	\$ 3,000	
Board and Committee Members Fees	17,100	
Social Security	1,241	
State Retirement	332	
Unemployment Compensation	8,843	
Employer Medicare	290	
Audit Services	9,000	
Dues and Memberships	19,990	
Legal Services	63,998	
Legal Notices, Recording, and Court Costs	1,745	
Travel	5,778	
Excess Risk Insurance	16,300	
Judgments	19,380	
Liability Insurance	23,734	
Premiums on Corporate Surety Bonds	2,929	
Trustee's Commission	151,550	
Workers' Compensation Insurance	100,086	
Other Self-Insured Claims	1,190	
Other Charges	5,848	
Total Board of Education		452,334

Director of Schools

County Official/Administrative Officer	\$ 94,702
Career Ladder Program	1,000
Accountants/Bookkeepers	23,796
Secretary(ies)	38,648
Social Security	9,204
State Retirement	12,182

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	9,516	
Employer Medicare		2,186	
Communication		5,904	
Maintenance & Repair Services - Equipment		82	
Postal Charges		3,921	
Printing, Stationery, and Forms		5,589	
Rentals		4,668	
Travel		716	
Office Supplies		4,754	
Other Supplies and Materials		8,358	
Total Director of Schools			\$ 225,226

Office of the Principal

Principals	\$	620,511	
Career Ladder Program		17,000	
Secretary(ies)		282,219	
Social Security		52,572	
State Retirement		66,333	
Medical Insurance		94,996	
Employer Medicare		12,295	
Communication		29,988	
Travel		4,050	
Office Supplies		12,282	
Total Office of the Principal			1,192,246

Operation of Plant

Custodial Personnel	\$	80,864	
Social Security		4,168	
State Retirement		7,122	
Medical Insurance		15,043	
Employer Medicare		975	
Maintenance & Repair Services - Equipment		3,588	
Rentals		7,228	
Disposal Fees		36,329	
Permits		2,660	
Other Contracted Services		748,500	
Custodial Supplies		2,447	
Electricity		833,467	
Natural Gas		331,387	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	89,893	
Other Supplies and Materials		5,679	
Boiler Insurance		4,375	
Building and Contents Insurance		70,282	
Plant Operation Equipment		1,400	
Total Operation of Plant			\$ 2,245,407

Maintenance of Plant

Supervisor/Director	\$	42,736	
Secretary(ies)		25,620	
Maintenance Personnel		125,189	
Social Security		10,850	
State Retirement		21,445	
Medical Insurance		26,785	
Employer Medicare		2,537	
Communication		2,799	
Laundry Service		3,885	
Maintenance & Repair Services - Buildings		8,339	
Maintenance & Repair Services - Equipment		18,019	
Pest Control		6,999	
Printing, Stationery, and Forms		67	
Travel		819	
Other Contracted Services		37,184	
Equipment and Machinery Parts		81,396	
General Construction Materials		6,976	
Office Supplies		338	
Other Supplies and Materials		15,487	
Maintenance Equipment		4,525	
Total Maintenance of Plant			441,995

Transportation

Supervisor/Director	\$	39,734
Mechanic(s)		52,491
Bus Drivers		323,170
Social Security		25,042
State Retirement		38,547
Medical Insurance		12,971
Employer Medicare		5,857
Communication		3,002

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Maintenance & Repair Services - Equipment	\$	9,931	
Maintenance & Repair Services - Vehicles		4,926	
Medical and Dental Services		3,032	
Postal Charges		39	
Printing, Stationery, and Forms		462	
Tow-in Services		840	
Travel		714	
Garage Supplies		409	
Gasoline		195,874	
Office Supplies		20	
Tires and Tubes		37,416	
Vehicle Parts		75,969	
Other Supplies and Materials		8,684	
Vehicle and Equipment Insurance		49,530	
Transportation Equipment		193,143	
Total Transportation			\$ 1,081,803

Central and Other

Travel	\$	470	
Other Contracted Services		176	
Other Supplies and Materials		574	
Total Central and Other			1,220

Operation of Non-Instructional Services

Community Services

Other Salaries & Wages	\$	65,617	
Social Security		3,582	
State Retirement		4,296	
Medical Insurance		10,501	
Employer Medicare		838	
Other Contracted Services		1,800	
Other Supplies and Materials		33,463	
Total Community Services			120,097

Early Childhood Education

Teachers	\$	82,160	
Educational Assistants		22,173	
Non-certified Substitute Teachers		689	
Social Security		5,825	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	6,245	
Medical Insurance		13,532	
Employer Medicare		1,362	
Communication		1,117	
Maintenance & Repair Services - Equipment		40	
Postal Charges		76	
Travel		716	
Other Contracted Services		171	
Other Supplies and Materials		14,291	
Total Early Childhood Education			\$ 148,397

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	195,296	
Other Equipment		105,150	
Total Regular Capital Outlay			300,446

Other Debt Service

Education

Contributions	\$	482,513	
Total Education			482,513

Total General Purpose School Fund \$ 25,151,873

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	441,006	
Educational Assistants		213,711	
Other Salaries & Wages		1,250	
Non-certified Substitute Teachers		15,200	
Social Security		38,692	
State Retirement		44,019	
Medical Insurance		63,987	
Employer Medicare		9,049	
Travel		6,364	
Other Contracted Services		19,130	
Instructional Supplies and Materials		212,748	
In Service/Staff Development		47,611	
Total Regular Instruction Program			\$ 1,112,767

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	54,150	
Educational Assistants		413,636	
Social Security		25,962	
State Retirement		42,612	
Medical Insurance		70,641	
Employer Medicare		6,072	
Contracts with Private Agencies		21,673	
Instructional Supplies and Materials		49,873	
Special Education Equipment		20,396	
Total Special Education Program			\$ 705,015

Vocational Education Program

Teachers	\$	21,258	
Educational Assistants		20,246	
Other Salaries & Wages		500	
Social Security		2,426	
State Retirement		1,197	
Employer Medicare		567	
Travel		6,703	
Instructional Supplies and Materials		61,475	
Other Supplies and Materials		2,448	
In Service/Staff Development		6,452	
Vocational Instruction Equipment		3,000	
Total Vocational Education Program			126,272

Support Services

Health Services

Medical Personnel	\$	40,137	
Social Security		2,149	
State Retirement		4,313	
Medical Insurance		6,699	
Employer Medicare		503	
Drugs and Medical Supplies		755	
Total Health Services			54,556

Other Student Support

Guidance Personnel	\$	13,904	
Clerical Personnel		4,353	
Other Salaries & Wages		400	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Non-certified Substitute Teachers	\$	831	
Social Security		1,135	
State Retirement		2,067	
Employer Medicare		265	
Evaluation and Testing		1,575	
Travel		720	
Other Supplies and Materials		86	
Other Charges		15,108	
Total Other Student Support			\$ 40,444

Regular Instruction Program

Supervisor/Director	\$	53,315	
Secretary(ies)		20,901	
Social Security		4,125	
State Retirement		5,248	
Medical Insurance		8,985	
Employer Medicare		965	
Rentals		857	
Travel		834	
Other Supplies and Materials		923	
Total Regular Instruction Program			96,153

Special Education Program

Psychological Personnel	\$	17,687	
Clerical Personnel		14,313	
Social Security		1,932	
State Retirement		1,586	
Employer Medicare		452	
Travel		205	
Total Special Education Program			36,175

Transportation

Bus Drivers	\$	77,802	
Social Security		4,823	
State Retirement		7,427	
Employer Medicare		1,128	
Gasoline		13,887	
Total Transportation			105,067

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Principal on Debt

Education

Principal on Capital Leases	\$ 77,071	
Total Education		\$ 77,071

Interest on Debt

Education

Interest on Capital Leases	\$ 5,687	
Total Education		<u>5,687</u>

Total School Federal Projects Fund		\$ 2,359,207
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 54,320	
Accountants/Bookkeepers	22,075	
Cafeteria Personnel	621,718	
Maintenance Personnel	24,402	
Social Security	39,631	
State Retirement	60,578	
Medical Insurance	122,388	
Employer Medicare	9,269	
Audit Services	2,500	
Communication	5,607	
Freight Expenses	9,740	
Legal Notices, Recording, and Court Costs	324	
Maintenance Agreements	8,787	
Pest Control	1,988	
Postal Charges	398	
Printing, Stationery, and Forms	1,147	
Travel	1,061	
Other Contracted Services	24,812	
Custodial Supplies	2,932	
Equipment and Machinery Parts	12,398	
Food Supplies	787,584	
Office Supplies	42,289	
Other Supplies and Materials	81,130	
Trustee's Commission	246	
In Service/Staff Development	3,722	
Food Service Equipment	52,188	
Total Food Service		<u>\$ 1,993,234</u>

Total Central Cafeteria Fund		1,993,234
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(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Workers' Compensation Insurance	\$ 24,346	
Total Education Capital Projects	<u>24,346</u>	\$ 24,346
Total Education Capital Projects Fund		<u>\$ 24,346</u>
Total Governmental Funds - Weakley County School Department		<u>\$ 29,528,660</u>

Exhibit K-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,595,169
Total Cash Receipts	<u>\$ 2,595,169</u>
<u>Cash Disbursements</u>	
Remittance of Revenue Collected	\$ 2,174,417
Trustee's Commission	25,952
Contributions	394,800
Total Cash Disbursements	<u>\$ 2,595,169</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2005	<u>0</u>
Cash Balance, June 30, 2006	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

November 14, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Weakley County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Weakley County's basic financial statements and have issued our report thereon dated November 14, 2006. 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 Weakley 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 Weakley 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 06.02, 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 Weakley 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 06.01.

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

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



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

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

November 14, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Weakley 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. Weakley 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 Weakley County's management. Our responsibility is to express an opinion on Weakley 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 Weakley 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 Weakley County's compliance with those requirements.

In our opinion, Weakley 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 Weakley 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 Weakley County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Weakley County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 14, 2006. 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, 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

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

For the Weakley County Municipal Electric System

Board of Directors
Weakley County Municipal Electric System
Martin, Tennessee 38237

We have audited the financial statements of the Weakley County Municipal Electric System, an enterprise fund of Weakley County, Tennessee, as of and for the year ended June 30, 2006, as listed in the table of contents and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Weakley County Municipal Electric System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Weakley County Municipal Electric System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter relative to an exception noted during the System's SAS 70 engagement that we reported to management in a separate letter.

This report is intended solely for the information and use of the board of directors, management, regulatory agencies and the State of Tennessee Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

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

For the Weakley County Nursing Home

Board of Directors
Weakley County Nursing Home
Dresden, Tennessee 38225

We have audited the financial statements of the Weakley County Nursing Home, a component unit of Weakley County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Weakley County Nursing Home's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 Weakley County Nursing Home'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 Finding 96-1.

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 the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Weakley County Nursing Home's financial statements are free of material misstatement, we performed tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards.

This report is intended solely for the information and use of management and the State of Tennessee Comptroller of the Treasury, Division of County Audit, and is not intended to be and should not be used by anyone other than these specified parties.

WEAKLEY COUNTY NURSING HOME
FINDING AND RECOMMENDATION
For the Year Ended June 30, 2006

96-1 FINDING

Due to the size of the staff, the nursing home could not fully segregate the record-keeping, custodial, and authorization functions of its internal accounting controls.

RECOMMENDATION

Internal control procedures over every transaction cycle need to be monitored to ensure that each is properly segregated as much as possible between employees.

MANAGEMENT'S RESPONSE

Management is aware that due to the staff size it is difficult to fully segregate record-keeping, custodial, and authorization functions of its internal accounting controls. Management will continue to monitor for any problems that could arise from this.

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

For the Weakley County Emergency Communications District

Board of Directors
Weakley County Emergency Communications District
Dresden, Tennessee 38225

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Weakley County Emergency Communications District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 the district'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 Finding 05-1.

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 the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Weakley County Emergency Communications District's financial statements are free of material misstatement, we

performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards. However, we noted certain additional matters that we reported to management in a separate letter.

This report is intended solely for the information and use of management and the board of the Weakley County Emergency Communications District and the State of Tennessee Comptroller of the Treasury, Division of County Audit, and is not intended to be and should not be used by anyone other than these specified parties.

WEAKLEY COUNTY EMERGENCY COMMUNICATION DISTRICT
FINDING AND RECOMMENDATION
For the Year Ended June 30, 2006

05-1 FINDING

Due to the size of the staff, the Weakley County Emergency Communications District could not fully segregate the record-keeping, custodial, and authorization functions of its internal accounting controls.

RECOMMENDATION

While auditors recognize that staff size, due to funding limitations, is not adequate to fully segregate the functions mentioned above, management needs to be aware that this limitation does exist in the district's internal accounting controls.

MANAGEMENT'S RESPONSE

Someone besides the director will log checks and the director will make the deposit. The log sheet will be placed in each month's folder with receipts and invoices.

Weakley 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	\$ 100,708
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	230,071
National School Lunch Program	10.555	N/A	839,437
Total U. S. Department of Agriculture			<u>\$ 1,170,216</u>
U.S. Department of the Interior:			
Direct Programs:			
Payments in Lieu of Taxes	15.226	N/A	<u>\$ 115</u>
U. S. Department of Justice:			
Passed-through State Commission on Children and Youth: Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-06002658-00	<u>\$ 9,000</u>
U. S. Department of Labor:			
Passed-through Southwest Human Resources Agency:			
WIA Adult Program	17.258	06-11-001-183-99-00	\$ 25,000
WIA Youth Activities	17.259	05-11-183-002-20-82	43,818
Total U. S. Department of Labor			<u>\$ 68,818</u>
U. S. Institute of Museum and Library Services:			
Passed-through State Library and Archives Grants to States	45.310	Z-06-031338-00	<u>\$ 1,200</u>
U. S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	\$ 181,077
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	983,465
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	967,027
Special Education - Preschool Grants	84.173	N/A	27,898
Vocational Education - Basic Grants to States	84.048	N/A	132,932
Safe and Drug-Free Schools and Communities - National Programs	84.184	(2)	23,281
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	25,319
State Grants for Innovative Programs	84.298	N/A	37,362
Education Technology State Grants	84.318	(4)	96,461
Reading First State Grants	84.357	GG-05-11255-00	231,276
Improving Teacher Quality State Grants	84.367	N/A	187,808
Total U. S. Department of Education			<u>\$ 2,893,906</u>
U.S. Elections Assistance Commission:			
Passed-through State Department of State: Help America Vote Act Requirements Payments	90.401	Z-06-033007-00	<u>\$ 183,457</u>

(Continued)

Weakley County, Tennessee
Schedule of Expenditures of Federal Awards and State Contracts (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U. S. Department of Health and Human Services:			
Passed-through Northwest Tennessee Development District: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 116,260
Passed-through State Department of Labor and Workforce Development: Temporary Assistance for Needy Families	93.558	Z-06-027234-00	24,786
Passed-through Methodist LeBonheur Healthcare Community Outreach: Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	(2)	9,878
Total U.S. Department of Health and Human Services			\$ 150,924
U. S. Department of Homeland Security:			
Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	97.004	(5)	\$ 119,934
Emergency Management Performance Grants	97.042	(6)	13,483
Homeland Security Grant Program	97.067	Z-05-025221-00	62,766
Total U. S. Department of Homeland Security			\$ 196,183
Total Expenditures of Federal Awards			\$ 4,673,819
Contract			
Number			
State Grants:			
Juvenile Justice and Delinquency Prevention - State Department of Children's Services	N/A	GG-06-11899-00	\$ 80,760
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,102
Solid Waste Program - State Department of Environment and Conservation	N/A	Z-03-011330-02	19,541
Access and Visitation and Supervised Visitation Grant - State Administrative Office of the Courts	N/A	(2)	2,373
Certified Service Officer - State Department of Veteran's Affairs	N/A	(2)	1,154
Preventive Health and Human Services - State Department of Health	N/A	Z-06-026007-00	54,733
Hurricane Katrina Relief - State Emergency Management Agency	N/A	(2)	57,257
Meth Outpatient Treatment Pilot Program - Office of Criminal Justice	N/A	(2)	200,000
Fingerprint Machine - Office of Criminal Justice	N/A	Z-06-027057-00	14,653
Litter Grant - State Department of Transportation	N/A	Z-06-028022-00	35,718
Early Childhood - State Department of Education	N/A	(2)	148,396
High Schools That Work - State Department of Education	N/A	(2)	7,284
Total State Grants			\$ 633,971

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Z-05-022280-00: \$9,059; Z-06-027833-00: \$172,018
(4) Z-04-020860-00: \$37,956; Other grants with no identifying numbers total \$58,505
(5) Z-04-022506-01: \$69,934; GG-05-11702-00: \$50,000
(6) Z-05-025420-00: \$3,265; Z-06-032889-00: \$10,218

Weakley 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 is the finding from the Annual Financial Report for Weakley County, Tennessee, for the year ended June 30, 2005, which has not been corrected.

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.03	180	Duties were not segregated adequately in the Offices of Trustee and Register

WEAKLEY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Weakley County is unqualified.
2. The audit of the financial statements of Weakley County disclosed reportable conditions in internal control. None of these reportable conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Weakley 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 and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education - Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Weakley County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF FINANCE DIRECTOR

FINDING 06.01 **EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under Government Auditing Standards)**

General Fund expenditures exceeded appropriations approved by the County Commission in the Correctional Incentive Program Improvements major appropriation category (the legal level of control) by \$16,586.

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 government shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF FINANCE

Weakley County received an unanticipated invoice on June 30, 2006, from Obion County requesting payment for our half of the Edward Bryne Grant. Since the receipt of the invoice came on the last day of the fiscal year, funds could not be appropriated, although ample funds were available in the drug court reserve. Weakley County has budgeted the expenditures in the current fiscal year budget.

FINDING 06.02 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT (Internal Control – Reportable Condition Under Government Auditing Standards)**

The School Federal Projects Fund had a cash overdraft of \$30,775 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded funds on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2006.

RECOMMENDATION

The office should not issue warrants that exceed available cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

In the School Federal Projects Fund, like the General Purpose School Fund, payroll warrants are prepared early during the summer months, and all payroll is dated June 30, 2006; however these warrants are not disbursed until July 15, July 30, and August 15. This is common practice, as requested by the federal project director, to clear all liability accounts. Prior to July 1, 2005, the federal government sent all appropriations for the federal project program at the beginning of the program year. The reimbursement procedure changed during the 2005-2006 fiscal year. According to the federal project fiscal representative, this reimbursement time period is three to seven business days; however Weakley County did not receive these funds until August 2006. The funds were set up as accounts receivables. The warrants were issued by the Department of Finance prior to June 30, creating the cash overdraft on the financial reports. The county trustee did not have a cash overdraft in the federal projects fund. The Weakley County Department of Finance has implemented procedures to check county trustee cash availability before any federal projects warrants are issued.

FINDING 06.03 THE OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES
(Internal Control – Reportable Condition Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the office were identified:

- A. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

RECOMMENDATION

Weekly backups should be rotated off-site. Year-end backups should be stored off-site and retained indefinitely. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank.

Furthermore, a current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

System backups will be rotated off-site on a weekly basis. A complete systems backup will be performed at fiscal year-end and stored off-site indefinitely. A backup log will be maintained.

OTHER FINDING AND RECOMMENDATION

FINDING 06.04 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE AND REGISTER**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Register. Officials and employees responsible for maintaining the accounting records were also involved in receipting funds, preparing bank deposits, depositing funds, posting the cash journal, disbursing funds, and/or reconciling bank statements. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

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

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