

**ANNUAL FINANCIAL REPORT  
BEDFORD COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT**  
**BEDFORD COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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***Comptroller of the Treasury***

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***State Auditors***

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

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## BEDFORD COUNTY, TENNESSEE TABLE OF CONTENTS

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	Exhibit	Page(s)
Audit Highlights		1
<u>INTRODUCTORY SECTION</u>		3
Letter of Transmittal		5-8
Bedford County Officials		9-10
<u>FINANCIAL SECTION</u>		11
Independent Auditor's Report		13-15
Management's Discussion and Analysis		17-25
BASIC FINANCIAL STATEMENTS:		27
Government-wide Financial Statements:		
Statement of Net Assets	A	29-30
Statement of Activities	B	31-32
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	33
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	34
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	35-36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	37
Proprietary Fund:		
Statement of Revenues, Expenses, and Changes in Net Assets	D-1	38
Statement of Cash Flows	D-2	39-40
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	41
Notes to the Financial Statements		43-87
REQUIRED SUPPLEMENTARY INFORMATION:		88
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	F-1	89-90
Other Special Revenue Fund	F-2	91
Schedule of Funding Progress – Pension Plan	F-3	92
Notes to the Required Supplementary Information		93

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		95
Nonmajor Governmental Funds:		97-98
Combining Balance Sheet	G-1	99-100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	101-102
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Special Purpose Fund	G-3	103
Drug Control Fund	G-4	104
Agriculture Center Fund	G-5	105
Highway/Public Works Fund	G-6	106
Major Governmental Fund:		107
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	109
Fiduciary Funds:		111
Combining Statement of Fiduciary Assets and Liabilities	I-1	113
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	114
Component Unit:		115
Discretely Presented Bedford County School Department:		
Statement of Activities	J-1	117
Balance Sheet – Governmental Funds	J-2	118
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	119
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	120
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	121
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	123
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	124-125
School Federal Projects Fund	J-9	126
Central Cafeteria Fund	J-10	127
Extended School Program Fund	J-11	128

	Exhibit	Page(s)
Component Unit:		129
Discretely Presented Bedford County Solid Waste Authority:		
Balance Sheet – Governmental Fund	K-1	131
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets	K-2	132
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	K-3	133
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	K-4	134
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
Solid Waste/Sanitation Fund	K-5	135
Miscellaneous Schedules:		137
Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds - Primary Government and Discretely Presented Bedford County School Department	L-1	139-140
Schedule of Bond and Interest Requirements by Year	L-2	141
Schedule of Transfers – Primary Government and Discretely Presented Bedford County School Department	L-3	142
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government, Discretely Presented Bedford County School Department, and Discretely Presented Bedford County Solid Waste Authority	L-4	143
Schedule of Detailed Revenues – All Governmental Fund Types	L-5	144-153
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Bedford County School Department	L-6	154-155
Schedule of Detailed Revenues – Governmental Fund Type – Discretely Presented Bedford County Solid Waste Authority	L-7	156
Schedule of Detailed Expenditures – All Governmental Fund Types	L-8	157-178
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Bedford County School Department	L-9	179-193
Schedule of Detailed Expenditures – Governmental Fund Type – Discretely Presented Bedford County Solid Waste Authority	L-10	194
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	L-11	195

	Exhibit	Page(s)
<u>SINGLE AUDIT SECTION</u>		197
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</u> <u>Auditing Standards</u>		199-201
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		203-205
Schedule of Expenditures of Federal Awards and State Grants		207-208
Schedule of Audit Findings Not Corrected		209
Schedule of Findings and Questioned Costs		211-216
Auditee Reporting Responsibilities		217

# ***Audit Highlights***

Annual Financial Report  
Bedford County, Tennessee  
For the Year Ended June 30, 2007

## ***Scope***

We have audited the basic financial statements of Bedford County as of and for the year ended June 30, 2007.

## ***Results***

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

Our audit resulted in six findings and recommendations, which we have reviewed with Bedford 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 FINANCE DIRECTOR**

- ◆ Expenditures exceeded total appropriations in the General Debt Service Fund.
  - ◆ The office had accounting deficiencies.
  - ◆ Accrued leave records were not properly maintained and centrally filed.
- 

### **OFFICE OF HIGHWAY SUPERINTENDENT**

- ◆ Receivables were not determined and recorded in the Highway/Public Works Fund.
- 

### **OFFICE OF SOLID WASTE AUTHORITY**

- ◆ The office did not maintain time and attendance records for some employees.
- 

### **OTHER FINDING**

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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## INTRODUCTORY SECTION

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# **Bedford County Department of Finance**

**500 Madison Street  
Shelbyville, TN 37160  
(931) 684-3284 FAX (931) 684-3289**

## **LETTER OF TRANSMITTAL**

To the Honorable Eugene Ray, County Mayor,  
Board of County Commissioners, and Citizens of  
Bedford County, Tennessee

The Annual Financial Report of Bedford County, Tennessee, for the year ended June 30, 2007, is hereby submitted as required by state statutes. These statutes require that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the State of Tennessee's Comptroller of the Treasury, Division of County Audit, or by independent public accountants within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the annual financial report of Bedford County, Tennessee. This report was prepared by the county's Finance Department in conjunction with the above state agency.

This report consists of management's representations concerning the finances of Bedford County, Tennessee. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Bedford County, Tennessee, has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with GAAP in Bedford County. The cost of internal controls should not outweigh their benefits in Bedford County, Tennessee. The comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit was to provide reasonable assurance that the financial statements of Bedford County, Tennessee, for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The financial statements of Bedford County, Tennessee, have been audited by the State of Tennessee's Comptroller of the Treasury, Division of County Audit. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the financial statements of Bedford County, Tennessee, for the fiscal year ended June 30, 2007, that are

fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Bedford County, Tennessee, was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in a separate section of this annual financial report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Bedford County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Bedford County is located in southern middle Tennessee with 474 square miles of land area. Bedford County was incorporated in 1807 and is governed by an elected county mayor and an 18-member County Commission. Virtually all of the County Commission's business is conducted through the committee system before moving to the full County Commission for a final vote. The county provides a full range of services, including elementary and secondary education; law enforcement and corrections; judicial; public health and welfare; and the construction and maintenance of highways and related infrastructure.

Bedford County operates under the County Financial Management System of 1981. This legislation was adopted by the County Commission on November 14, 2006, and governs the authorities, responsibilities, and day-to-day operations of the Finance Department. The finance director reports directly to the County Financial Management Committee and is responsible for purchasing for the county and for establishing and maintaining an accounting system for all funds of the county in accordance with generally accepted accounting principles. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g., sheriff). A formal budget is adopted annually by the County Commission and is reviewed daily by the Finance Department for compliance. No appropriation made by the County Commission may be legally exceeded, except by resolution of the full commission. The County Commission's budgetary control is at the major category level as defined by the Uniform Chart of Accounts, prescribed by the Tennessee State Comptroller's Office. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Other Special Revenue Fund, these comparisons are presented on Exhibits F-1 and F-2 as required supplementary information. For nonmajor governmental funds with appropriated annual budgets, this information is presented on Exhibits G-3 through G-6, and Exhibit H.

The financial statements include separate reporting for three legally separate entities: (1) the Bedford County Board of Education, which operates the public school system in the

county; (2) the Bedford County Solid Waste Authority, which provides monitoring of the privately owned landfill and provides convenience center operations, and (3) the Bedford County Emergency Communications District, which provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bedford County. Bedford County is financially accountable for only the Bedford County Board of Education.

## **ECONOMIC CONDITION**

### **Local Economy**

The economic outlook for Bedford County is excellent. The strength of Bedford County's economy can be attributed to our diversity. Bedford County is the fifth fastest growing county in Middle Tennessee with a growth rate of over 17 percent during the past seven years. Population growth has continuously driven a boom in residential construction.

Our largest manufacturing employers include Alcan Packaging, Inc., Bemis Shelbyville, Calsonic North America, Century Mold Company, Inc., Cooper Steel, Coriscana Bedding Inc., Economy Pen and Pencil Co., Jostens, Inc., National Pen Corporation, Sanford LP, Tyson Foods, and Wal-Mart Distribution Center. While manufacturing is our strongest economic segment, we are expanding into distribution, transportation, and other service-related industries.

There are many significant factors that will contribute to the continued growth of our economy. One factor is that Bedford County is within a day's drive of 75 percent of the nation's markets and only minutes from three major interstates. There are several new plant expansions underway in the county. National Pen, Tyson, and the Wal-Mart Distribution Center are planning new expansions. A new hospital and medical building are currently under construction. A new addition to Shelbyville Central High School is nearing completion, and construction is about to begin on a new elementary and high school. In addition, several new retail establishments have been completed in the past year. This includes several restaurants.

### **Major Initiatives**

Major financial pressures continue as a result of the very high population growth rate being experienced by Bedford County. The most significant impact of this growth is the demand for additional capital investment. Tennessee statutes mandate to counties the primary responsibility for elementary and secondary education. Education is the largest single major expenditure function of the county. During the current year, the cost of education was 79 percent of the combined total expenditures for the primary government and the Board of Education.

On September 26, 2005, the Board of Education unveiled an updated ten-year master plan based on assumptions that student population would grow 52.5 percent. It is estimated to require new funding of approximately \$79,775,809 over the next ten years to add two additions to existing schools and to build three elementary schools, one middle school, and one high school. This has been subsequently revised to build two elementary schools and two high schools with an additional cost of approximately \$4,000,000.

## **Long-term Financial Planning and Relevant Financial Policies**

In addition to the initial construction costs for the above named facilities, Bedford County will incur significant additional recurring costs to staff, operate, and maintain the new facilities. The commissioners are aware of the significance of the additional costs and will prepare the operating budgets accordingly.

Unreserved undesignated fund balance in the General Fund totaled \$4,017,340. This represents 29.28 percent of the General Fund's current-year expenditures. The excess is available to cover revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates.

The director of finance determines or estimates the principal and interest requirements of the county and recommends sources of revenues to meet those actual or projected requirements. Additionally, the county will maintain an adequate amount in cash or investments in the General Debt Service Fund that is conservatively calculated to meet (1) cash flow needs, (2) budgeting contingencies, (3) emergency contingencies, and (4) future forecasted needs.

## **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department during the past fiscal year. They are Paulette Arnold, Pat Thomas, Joyce Glover, Denice Reece, Mary Anna Mitchell, Sherry Armstrong, and Melissa Brannon. I would also like to thank the staff of the Department of Technology in the School Department for keeping our accounting system operational. Credit should also be given to the county mayor and the governing body for their interest and support in planning and conducting the operations of Bedford County government in a responsible and progressive manner.

Sincerely,

Robert Daniel, CPA, CGFM  
Director of Finance

# Bedford County Officials

## June 30, 2007

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### **Officials**

Eugene Ray, County Mayor  
Stanley Smotherman, Highway Superintendent  
Ed Gray, Superintendent of Schools  
Peggy Bush, Trustee  
Rhonda Helton, Assessor of Property  
Kathy Prater, County Clerk  
Thomas Smith, Circuit, General Sessions, and  
    Juvenile Courts Clerk  
Patricia Finney, Clerk and Master  
John H. Reed, Jr., Register  
Randall Boyce, Sheriff

### **Board of County Commissioners**

Eugene Ray, Chairman  
Phillip Vincent  
Bobby Vannatta  
Jimmy Woodson  
Jimmy Patterson  
Ed Castleman  
Tony Barrett  
Roger Brothers  
Bobby Fox

Tony Smith  
Joyce Tune  
Billy King, Jr.  
J.D. Wilson  
Linda Yockey  
Joe Tillett, Jr.  
Jeff Yoes  
John Brown  
Mark Thomas

### **Board of Education**

Barry Cooper, Chairman  
Dixie Parker  
Ron Adcock  
Amy Martin  
Diane Neeley

Mary Jo Johnson  
Jerry Naron  
Leonard Singleton  
Glen Forsee

### **Road Board**

Frank Bobo, Chairman  
Charles Carter  
Harold Ralston  
Albert Crosslin  
Mark Lamb

James O'Dell  
Harold Rose  
Rayburn Sudberry  
Robert McAnally

(Continued)

## Bedford County Officials (Cont.)

### **Solid Waste Authority Board of Directors**

Bobby Vannatta, Chairman  
Frank Butler  
Venson Hawkins  
Lee Roy Cunningham  
David Gordon

Fred Harrison  
Harry Layne  
Eugene Ray  
William Lewis

### **Finance Committee**

Roger Brother, Chairman  
Bobby Vannatta  
J.D. Wilson  
Joe Tillett, Jr.

Ed Gray  
Stanley Smotherman  
Eugene Ray

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## **FINANCIAL SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

March 28, 2008

Bedford County Mayor and  
Board of County Commissioners  
Bedford 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 Bedford County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Bedford County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Bedford County Nursing Home's financial statements, which comprise the entire business-type activities and is also a major enterprise fund of the primary government. Also, we did not audit the discretely presented Emergency Communications District of Bedford County's financial statements, which represent .4 percent and .7 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 Bedford County Nursing Home and the Emergency Communications District of Bedford County 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 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 the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the 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 Bedford County, Tennessee, as of June 30, 2007, 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 March 28, 2008, on our consideration of Bedford County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The management's discussion and analysis on pages 17 through 25 and budgetary comparison and pension information on pages 89 through 93 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bedford 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 Bedford County School Department and the Bedford County Solid Waste Authority (discretely presented component units), 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 Bedford County School Department and the Bedford County Solid Waste Authority (discretely presented component units), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd

**Bedford County, Tennessee**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2007**

As management for Bedford County, Tennessee, we offer readers of the financial statements for Bedford County this narrative overview and analysis of the financial activities of the Bedford County government for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The liabilities of Bedford County Government exceeded its assets at the close of the most recent fiscal year by \$34,011,240 (net assets). Of this amount, \$75,815,572 is long-term debt that is attributable to the Bedford County Board of Education.
- As of the close of the current fiscal year, the governmental funds of Bedford County reported combined ending fund balances of \$22,597,185, a decrease of \$5,443,286 in comparison with the prior year. Most of this total amount, \$18,309,414, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,017,340, or 29.28 percent of total General Fund expenditures.
- The total debt of Bedford County increased by \$49,099,676 (130.21%) during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the basic financial statements of Bedford County, Tennessee. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) 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 finances of Bedford County in a manner similar to a private-sector business.

The statement of net assets presents information on all of the assets and liabilities for Bedford County with the differences 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 Bedford County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Bedford 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 Bedford County include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; and highways/public works. The Bedford County Government has one business-type activity to report.

The government-wide financial statements include not only Bedford County Government (known as the primary government), but also a legally separate school system for which the Bedford County Government is financially accountable. These statements also include a legally separate E-911 district and a legally separate solid waste authority. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on Exhibits A and B of this report.

**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. Bedford 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 Bedford County can be divided into three categories: governmental, proprietary, and fiduciary.

**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.

Bedford County maintains 17 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 Other Special Revenue Fund, the General Debt Service Fund, and the Education Capital Projects

Fund, all of which are considered to be major funds. Data from the other 13 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.

Bedford County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

**Proprietary funds.** Bedford County maintains one type of proprietary 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 nursing home.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on Exhibits D-1 and D-2 of this report.

**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 Bedford County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on Exhibit E of this report.

**Notes to the 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. The notes to the financial statements can be found on pages 43 through 86 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Bedford County's General Fund and other major special revenue fund's budgetary statements. This information has been presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the required supplementary information. Combining and individual fund statements and schedules can be found on Exhibits G-1 through I-2 of this report.

## **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 Bedford County, liabilities exceeded assets by \$34,011,240 at the close of the fiscal year. The Constitution for the State of Tennessee allows only the

local legislative body authorization to issue debt. Therefore, whenever the Bedford County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by the Bedford County Government. As of June 30, 2007, Bedford County had outstanding debt totaling \$75,815,572 for capital purposes of the Bedford County Board of Education, but the capital assets are reported in the financial statements of the Bedford County Board of Education. Bedford County has incurred a related liability significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

By far the largest portion of Bedford County's net assets (\$17,040,029) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. Bedford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bedford County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets of Bedford County (\$12,415,138) represents resources that are subject to external restrictions on how they may be used. Any balance remaining may be used to meet the government's ongoing obligations to citizens and creditors.

#### Bedford County's Net Assets

	Governmental Activities	Business-type Activities	Total
	2006-07	2006-07	2006-07
Current and Other Assets	\$ 34,594,958	\$ 1,134,462	\$ 35,729,420
Capital Assets	26,872,795	1,079,599	27,952,394
Total Assets	<u>\$ 61,467,753</u>	<u>\$ 2,214,061</u>	<u>\$ 63,681,814</u>
Long-term Liabilities	\$ 87,509,321	\$ 25,260	\$ 87,534,581
Other Liabilities	9,706,724	451,749	10,158,473
Total Liabilities	<u>\$ 97,216,045</u>	<u>\$ 477,009</u>	<u>\$ 97,693,054</u>
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	\$ 15,985,690	\$ 1,054,339	\$ 17,040,029
Restricted	12,415,138	0	12,415,138
Unrestricted	(64,149,120)	682,713	(63,466,407)
Total Net Assets	<u><u>\$ (35,748,292)</u></u>	<u><u>\$ 1,737,052</u></u>	<u><u>\$ (34,011,240)</u></u>

**Bedford County's Changes in Net Assets**

	Governmental Activities	Business-type Activities	Total
	2006-07	2006-07	2006-07
Revenues:			
Program Revenues:			
Charges for Services	\$ 5,652,549	\$ 6,259,989	\$ 11,912,538
Operating Grants and Contributions	2,446,421	0	2,446,421
Capital Grants and Contributions	883,228	0	883,228
General Revenues:			
Property Taxes	9,116,468	0	9,116,468
Other Taxes	6,036,900	0	6,036,900
Grants and Contributions Not Restricted to Specific Programs			
	878,838	0	878,838
Other	2,563,589	109	2,563,698
<b>Total Revenues</b>	<b>\$ 27,577,993</b>	<b>\$ 6,260,098</b>	<b>\$ 33,838,091</b>
Expenses:			
General Government	\$ 1,773,076	\$ 0	\$ 1,773,076
Finance	1,066,998	0	1,066,998
Administration of Justice	1,408,133	0	1,408,133
Public Safety	6,618,380	0	6,618,380
Public Health and Welfare	4,134,997	0	4,134,997
Social, Cultural, and Recreational Services			
	150,906	0	150,906
Agriculture and Natural Resources	229,107	0	229,107
Other Operations	552,463	0	552,463
Highway/Public Works	1,029,482	0	1,029,482
Education	47,886,090	0	47,886,090
Interest on Long-term Debt	1,603,633	0	1,603,633
Other Debt Service	7,955	0	7,955
Nursing Home	0	6,333,175	6,333,175
<b>Total Expenses</b>	<b>\$ 66,461,220</b>	<b>\$ 6,333,175</b>	<b>\$ 72,794,395</b>
Increase (Decrease) in Net Assets	\$ (38,883,227)	\$ (73,077)	\$ (38,956,304)
Transfers and Special Item	(119,674)	119,674	0
Prior-Period Adjustment	0	(161,663)	(161,663)
Net Assets, July 1	3,254,609	1,852,118	5,106,727
<b>Net Assets, June 30</b>	<b>\$ (35,748,292)</b>	<b>\$ 1,737,052</b>	<b>\$ (34,011,240)</b>

**Financial Analysis of the Government's Funds**

As noted earlier, Bedford County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Bedford County Government’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Bedford County Government’s financing 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, Bedford County Government’s governmental funds reported combined ending fund balances of \$22,597,185, an increase of \$5,443,286 in comparison with the prior year. Most of this total amount (\$18,309,414) constitutes unreserved fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$1,388,968) or (2) for a variety of other restricted purposes (\$2,898,803).

The General Fund is the chief operating fund of Bedford County Government. At the end of the current fiscal year, unreserved fund balance was \$4,017,340 while total fund balance reached \$4,120,043. 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 represents 29.28 percent of total General Fund expenditures, while total fund balance represents 30.03 percent of that same amount. The fund balance of Bedford County Government’s General Fund increased by \$1,389,853 during the current fiscal year.

The General Debt Service Fund has a total fund balance of \$4,485,627. The decrease in fund balance during the current year in the General Debt Service Fund totaled \$2,063,113.

**General Fund Budgetary Highlights**

During the fiscal year, there was an increase in appropriations from the original budget. Differences between the original budget and the final amended budget are summarized in the following table:

Net Change in Budget - Amended Over (Under) Original

	<u>2007</u>
General Government	\$ 168,601
Administration of Justice	18,500
Public Safety	266,983
Public Health and Welfare	900,000
Agriculture	14,378
Other Operations	<u>430,713</u>
 Total Increase in Appropriations	 <u><u>\$ 1,799,175</u></u>

The largest increase to the original budget was noted in Public Health and Welfare. This was the result of a contribution to the Solid Waste Authority.

The increase in Other Operations resulted from an increase in employee benefit costs and reimbursement from EMA for operations now shown in the General Fund.

Variance of Actual Results with Final Budget - Positive (Negative)

	<u>2007</u>
General Government	\$ 205,164
Finance	73,158
Administration of Justice	164,137
Public Safety	221,349
Public Health and Welfare	143,449
Agriculture	5,290
Other Operations	<u>139,196</u>
 Total Results	 <u><u>\$ 951,743</u></u>

Other increases to the original budget were possible because of additional anticipated revenues. Those revenues included an upturn in sales tax collections, increase in development tax collections, and greater investment returns resulting from positive market conditions.

At the close of the fiscal year, actual expenditures were \$951,743 less than budgetary estimates. Most of the unspent appropriation is in the personnel and benefit line items. The county typically budgets all positions as being filled for the entire year. Because of turnover, there are normally appropriations left unspent in those cost categories.

### Capital Assets and Debt Administration

**Capital Assets.** Bedford County Government's investment in capital assets for its governmental funds as of June 30, 2007, totals \$27,952,394 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other capital assets (includes equipment), and infrastructure (roads, highways, and bridges). The increase in Bedford County Government's investment in capital assets for the current fiscal year represented a reporting change when the county implemented GASB Statement No. 34.

	Governmental Activities 2007	Business-type Activities 2007	Total
Land	\$ 1,075,718	\$ 150,149	\$ 1,225,867
Buildings and improvements	8,260,489	621,173	8,881,662
Infrastructure	14,749,471	0	14,749,471
Other capital assets	2,624,610	308,277	2,932,887
Construction in progress	162,507	0	162,507
 Total	 <u><u>\$ 26,872,795</u></u>	 <u><u>\$ 1,079,599</u></u>	 <u><u>\$ 27,952,394</u></u>

Additional information on Bedford County's capital assets can be found in Note IV.B on pages 57 through 60 of this report.

**Long-term Debt.** At the end of the current fiscal year, Bedford County Government had total bonded debt outstanding of \$76,305,000, notes outstanding of \$4,645,482, and other loans outstanding of \$5,856,000. All debt is backed by the full faith and credit of the government.

**Bedford County, Tennessee, Outstanding Debt**

Issued for:	Bedford County Board of Education		General Government		Total Governmental Activities	
	2006	2007	2006	2007	2006	2007
Notes	\$ 720,000	\$ 586,322	\$2,843,806	\$ 4,059,160	\$ 3,563,806	\$ 4,645,482
Other Loans	6,628,000	5,856,000	0	0	6,628,000	5,856,000
Bonds	27,032,100	69,373,250	482,900	6,931,750	27,515,000	76,305,000
<b>Total</b>	<b>\$ 34,380,100</b>	<b>\$75,815,572</b>	<b>\$3,326,706</b>	<b>\$10,990,910</b>	<b>\$ 37,706,806</b>	<b>\$86,806,482</b>

Bedford County Government's total debt increased by \$49,099,676 (130.21%) during the current fiscal year. Debt was issued for \$52,500,000 during the fiscal year ended June 30, 2007.

Currently, state statutes do not limit the amount of general obligation debt a government entity may issue. On June 14, 2007, the county obtained ratings from Moody's and Standard & Poor's for a \$44,000,000 general obligation bond issue. Bedford County Government maintained an Aaa from Moody's for general obligation debt.

Additional information on the Bedford County Government's long-term debt can be found in Exhibits L-1, L-2, and Note IV.F, of this report.

**Economic Factors and Next Year's Budget and Rates**

The average unemployment rate of Bedford County for the fiscal year ended June 2007 was approximately 5.4 percent, which was the same for the previous year's unemployment rate. This compares favorably to the state's average unemployment rate of 4.8 percent and the national average of 4.5 percent.

Some of the significant business activity in Bedford County includes the following:

- There are several new plant expansions underway in the county. National Pen is planning an expansion that would lead to 85 new jobs. Tyson is also planning an expansion. The Wal-Mart Distribution Center is planning an expansion that would provide approximately 200 new jobs.
- A new hospital and medical building are currently under construction.

- A new addition to Shelbyville Central High School is nearing completion. Construction is about to start on a new elementary and high school.
- Several new retail establishments have been completed in the past year, which includes Taco Bell, Sonic, and Chili's restaurants.
- Bedford County's population growth rate increased 17 percent over the last seven years. The county is the fifth fastest growing county in Middle Tennessee.
- Inflationary trends in the region compare similar to national indices.

All of these factors were considered in preparing the Bedford County Government's budget for the 2007-2008 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$4,017,340. Bedford County Government has appropriated \$2,028,803 of this amount for spending in the 2007-2008 fiscal year. Unreserved fund balance in the General Debt Service Fund increased to \$1,689,527. Of this amount, \$647,836 has been appropriated for spending in the 2007-2008 fiscal year. Projected unreserved fund balance in the General Debt Service Fund as of June 30, 2008, is expected to be 44.41 percent of budgeted debt service expenditures.

The State of Tennessee approved an additional tax on tobacco products to provide additional funding to Tennessee schools. Bedford County Board of Education benefited significantly from this additional tax and from the state changing its method of determining the Better Education Program allocation to local government school systems. Because of the additional revenue, the county property tax rate for the 2007 tax year has been adopted at the same level as the 2006 tax year (\$2.27). The property tax rate allocation is reflected below.

<b>Fund</b>	<b>2006 Rate</b>	<b>2007 Rate</b>
General	\$1.05	\$1.05
Highway/Public Works	0.04	0.04
General Purpose School	1.06	1.06
General Debt Service	0.12	0.12
Total County Property Tax	<u>\$2.27</u>	<u>\$2.27</u>

### **Request for Information**

This financial report is designed to provide a general overview of Bedford 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, Bedford County Government, 500 Madison Street, Shelbyville, TN 37160.

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Bedford County, Tennessee  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Units		
	Governmental	Business-type	Total	Bedford	Bedford	Emergency
	Activities	Activities		County	County	
	School	Waste	Communications			
	Department	Authority	District			
<u>ASSETS</u>						
Cash	\$ 209,111	\$ 357,588	\$ 566,699	\$ 6,537	\$ 65,768	\$ 183,761
Equity in Pooled Cash and Investments	21,324,120	0	21,324,120	52,736,871	0	0
Accounts Receivable	803,449	1,171,275	1,974,724	40,554	0	31,468
Allowance for Uncollectibles	(140,018)	(388,688)	(528,706)	0	0	0
Due from Other Governments	1,664,033	0	1,664,033	1,138,527	0	27,850
Internal Balances	229,004	(229,004)	0	0	0	0
Third-party Payor Settlements	0	3,956	3,956	0	0	0
Inventory	0	8,056	8,056	0	0	0
Prepaid Items	0	126,284	126,284	0	0	9,662
Property Taxes Receivable	10,014,794	0	10,014,794	8,172,072	0	0
Allowance for Uncollectible Property Taxes	(378,282)	0	(378,282)	(308,678)	0	0
Deferred Charges - Debt Issuance Costs	868,747	0	868,747	0	0	0
Restricted Assets	0	84,995	84,995	0	0	100
Capital Assets:						
Assets Not Depreciated:						
Land	1,075,718	150,149	1,225,867	2,785,691	10,200	0
Construction in Progress	162,507	0	162,507	6,680,092	0	0
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	8,260,489	621,173	8,881,662	46,288,868	203,329	46,894
Infrastructure	14,749,471	0	14,749,471	0	0	0
Other Capital Assets	2,624,610	308,277	2,932,887	3,737,152	464,190	287,505
Total Assets	\$ 61,467,753	\$ 2,214,061	\$ 63,681,814	\$ 121,277,686	\$ 743,487	\$ 587,240

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental	Business-type	Total	Bedford	Bedford	Emergency
	Activities	Activities		School	County	Communications
				Department	Solid	District
					Waste	
					Authority	
<u>LIABILITIES</u>						
Accounts Payable	\$ 142,678	\$ 140,093	\$ 282,771	\$ 24,601	\$ 3,925	\$ 19,884
Accrued Payroll	0	180,522	180,522	1,832	0	0
Payroll Deductions Payable	0	0	0	417,014	0	0
Contracts Payable	0	0	0	1,490,442	0	0
Retainage Payable	0	0	0	156,906	0	0
Accrued Interest Payable	296,912	0	296,912	0	0	0
Payroll Deductions Payable	7,360	0	7,360	0	0	0
Accrued Liabilities	0	100,905	100,905	0	0	0
Patients' Funds Held in Trust	0	30,229	30,229	0	0	0
Deferred Revenue - Current Taxes	9,259,774	0	9,259,774	7,555,975	0	0
Noncurrent Liabilities:						
Due Within One Year	4,045,517	17,900	4,063,417	2,147	7,878	0
Due in More Than One Year (net of unamortized premiums)	83,463,804	7,360	83,471,164	0	0	0
Total Liabilities	\$ 97,216,045	\$ 477,009	\$ 97,693,054	\$ 9,648,917	\$ 11,803	\$ 19,884
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 15,985,690	\$ 1,054,339	\$ 17,040,029	\$ 0	\$ 0	\$ 0
Invested in Capital Assets Restricted for:	0	0	0	59,489,656	677,719	334,399
Capital Projects	4,644,943	0	4,644,943	41,912,678	0	0
Debt Service	4,656,068	0	4,656,068	0	0	0
Highway	2,412,495	0	2,412,495	0	0	0
Central Cafeteria	0	0	0	1,430,370	0	0
Basic Education Program	0	0	0	1,306,006	0	0
Other Purposes	701,632	0	701,632	614,984	0	0
Unrestricted	(64,149,120)	682,713	(63,466,407)	6,875,075	53,965	232,957
Total Net Assets	\$ (35,748,292)	\$ 1,737,052	\$ (34,011,240)	\$ 111,628,769	\$ 731,684	\$ 567,356

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

Exhibit B

Bedford County, Tennessee  
 Statement of Activities  
 For the Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Expenses	Program Revenues			Primary Government			Component Units				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Bedford County School Department	Bedford County Solid Waste Authority	Emergency Communications District		
Primary Government:												
Governmental Activities:												
General Government	\$ 1,773,076	\$ 1,068,061	\$ 25,813	\$ 141,126	\$ (538,076)	\$ 0	\$ (538,076)	\$ 0	\$ 0	\$ 0	\$ 0	
Finance	1,066,998	996,704	12,460	0	(57,834)	0	(57,834)	0	0	0	0	
Administration of Justice	1,408,133	1,661,660	0	0	253,527	0	253,527	0	0	0	0	
Public Safety	6,618,380	877,146	72,502	188,969	(5,479,763)	0	(5,479,763)	0	0	0	0	
Public Health and Welfare	4,134,997	1,037,831	316,720	341,200	(2,439,246)	0	(2,439,246)	0	0	0	0	
Social, Cultural, and Recreational Services	150,906	0	0	0	(150,906)	0	(150,906)	0	0	0	0	
Agriculture and Natural Resources	229,107	9,742	0	0	(219,365)	0	(219,365)	0	0	0	0	
Other Operations	552,463	0	0	0	(552,463)	0	(552,463)	0	0	0	0	
Highways/Public Works	1,029,482	1,405	2,018,926	211,933	1,202,782	0	1,202,782	0	0	0	0	
Education	47,886,090	0	0	0	(47,886,090)	0	(47,886,090)	0	0	0	0	
Interest on Long-term Debt	1,603,633	0	0	0	(1,603,633)	0	(1,603,633)	0	0	0	0	
Other Debt Service	7,955	0	0	0	(7,955)	0	(7,955)	0	0	0	0	
<b>Total Governmental Activities</b>	<b>\$ 66,461,220</b>	<b>\$ 5,652,549</b>	<b>\$ 2,446,421</b>	<b>\$ 883,228</b>	<b>\$ (57,479,022)</b>	<b>\$ 0</b>	<b>\$ (57,479,022)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
Business-type Activities												
Nursing Home	\$ 6,333,175	\$ 6,259,989	\$ 0	\$ 0	\$ 0	\$ (73,186)	\$ (73,186)	\$ 0	\$ 0	\$ 0	\$ 0	
<b>Total Business-type Activities</b>	<b>\$ 6,333,175</b>	<b>\$ 6,259,989</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (73,186)</b>	<b>\$ (73,186)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>Total Primary Government</b>	<b>\$ 72,794,395</b>	<b>\$ 11,912,538</b>	<b>\$ 2,446,421</b>	<b>\$ 883,228</b>	<b>\$ (57,479,022)</b>	<b>\$ (73,186)</b>	<b>\$ (57,552,208)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
Component Units:												
Bedford County School Department	\$ 46,117,455	\$ 1,834,732	\$ 5,142,503	\$ 47,886,090	\$ 0	\$ 0	\$ 0	\$ 8,745,870	\$ 0	\$ 0	\$ 0	
Bedford County Solid Waste Authority	915,894	0	949,108	0	0	0	0	0	33,214	0	0	
Emergency Communications District	363,782	584,504	111,053	0	0	0	0	0	0	331,775	0	
<b>Total Component Units</b>	<b>\$ 47,397,131</b>	<b>\$ 2,419,236</b>	<b>\$ 6,202,664</b>	<b>\$ 47,886,090</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,745,870</b>	<b>\$ 33,214</b>	<b>\$ 331,775</b>	<b>\$ 331,775</b>	

(Continued)

Exhibit B

Bedford County, Tennessee  
Statement of Activities (Cont.)

		Net (Expense) Revenue and Changes in Net Assets														
		Program Revenues			Primary Government			Component Units								
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Bedford County School Department	Bedford County Solid Waste Authority	Emergency Communications District						
General Revenues:																
Taxes:																
Property Taxes Levied for General Purposes					\$	8,185,153	\$	0	\$	8,185,153	\$	7,929,745	\$	0	\$	0
Property Taxes Levied for Debt Service						931,315		0		931,315		0		0		0
Local Option Sales Taxes						5,081,773		0		5,081,773		1,886,835		0		0
Other Local Taxes						955,127		0		955,127		6,330		0		0
Grants and Contributions Not Restricted to Specific Programs						878,838		0		878,838		29,178,157		0		0
Investment Income						1,519,705		109		1,519,814		131,081		0		237
Funds from Settlement of Sale of Hospital						995,413		0		995,413		0		0		0
Miscellaneous						48,471		0		48,471		1,245		19,385		7,309
Total General Revenues					\$	18,595,795	\$	109	\$	18,595,904	\$	39,133,393	\$	19,385	\$	7,546
Transfers																
Special Item - Forgiveness of Nursing Home Debt					\$	(74,000)	\$	74,000	\$	0	\$	0	\$	0	\$	0
						(45,674)		45,674		0		0		0		0
Change in Net Assets					\$	(39,002,901)	\$	46,597	\$	(38,956,304)	\$	47,879,263	\$	52,599	\$	339,321
Prior-Period Adjustment						0		(161,663)		(161,663)		0		0		0
Net Assets, July 1, 2006						3,254,609		1,852,118		5,106,727		63,749,506		679,085		228,035
Net Assets, June 30, 2007					\$	(35,748,292)	\$	1,737,052	\$	(34,011,240)	\$	111,628,769	\$	731,684	\$	567,356

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

Exhibit C-1

Bedford County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2007

	Major Funds			Nonmajor	Total
	General	Other Special Revenue	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 255	\$ 0	\$ 0	\$ 208,856	\$ 209,111
Equity in Pooled Cash and Investments	3,134,700	6,932,143	4,197,566	7,059,711	21,324,120
Accounts Receivable	760,385	43,003	0	61	803,449
Allowance for Uncollectibles	(140,018)	0	0	0	(140,018)
Due from Other Governments	401,019	0	848,488	414,526	1,664,033
Due from Other Funds	511,594	91,299	2,417	303,004	908,314
Property Taxes Receivable	8,732,901	0	961,420	320,473	10,014,794
Allowance for Uncollectible Property Taxes	(329,862)	0	(36,315)	(12,105)	(378,282)
<b>Total Assets</b>	<b>\$ 13,070,974</b>	<b>\$ 7,066,445</b>	<b>\$ 5,973,576</b>	<b>\$ 8,294,526</b>	<b>\$ 34,405,521</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 125,739	\$ 12,036	\$ 0	\$ 4,903	\$ 142,678
Payroll Deductions Payable	7,345	0	0	15	7,360
Due to Other Funds	0	304,000	131,658	243,652	679,310
Deferred Revenue - Current Property Taxes	8,074,523	0	888,938	296,313	9,259,774
Deferred Revenue - Delinquent Property Taxes	282,465	0	30,904	10,301	323,670
Other Deferred Revenues	460,859	0	436,449	498,236	1,395,544
<b>Total Liabilities</b>	<b>\$ 8,950,931</b>	<b>\$ 316,036</b>	<b>\$ 1,487,949</b>	<b>\$ 1,053,420</b>	<b>\$ 11,808,336</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 1,388,968	\$ 1,388,968
Reserved for Alcohol and Drug Treatment	49,480	0	0	0	49,480
Reserved for Sexual Offender Registration	4,516	0	0	0	4,516
Reserved for Courthouse and Jail Maintenance	27,575	0	0	0	27,575
Reserved for Computer System - Register	21,132	0	0	0	21,132
Other Local Education Reserves	0	0	2,796,100	0	2,796,100
Unreserved, Reported In:					
General Fund	4,017,340	0	0	0	4,017,340
Special Revenue Funds	0	6,750,409	0	2,592,780	9,343,189
Debt Service Funds	0	0	1,689,527	0	1,689,527
Capital Projects Funds	0	0	0	3,259,358	3,259,358
<b>Total Fund Balances</b>	<b>\$ 4,120,043</b>	<b>\$ 6,750,409</b>	<b>\$ 4,485,627</b>	<b>\$ 7,241,106</b>	<b>\$ 22,597,185</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,070,974</b>	<b>\$ 7,066,445</b>	<b>\$ 5,973,576</b>	<b>\$ 8,294,526</b>	<b>\$ 34,405,521</b>

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

Exhibit C-2

Bedford County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2007

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)		\$ 22,597,185
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,075,718	
Add: construction in progress	162,507	
Add: infrastructure net of accumulated depreciation	14,749,471	
Add: buildings and improvements net of accumulated depreciation	8,260,489	
Add: other capital assets net of accumulated depreciation	<u>2,624,610</u>	26,872,795
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (76,305,000)	
Less: notes payable	(4,645,482)	
Less: other loans payable	(5,856,000)	
Add: deferred charges - debt issuance costs	868,747	
Less: accrued interest on bonds and notes	(296,912)	
Less: other deferred revenue - premium on debt	(442,115)	
Less: compensated absences payable	<u>(260,724)</u>	(86,937,486)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,719,214</u>
Net assets of governmental activities (Exhibit A)		<u>\$ (35,748,292)</u>

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

Exhibit C-3

Bedford County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 8,933,406	\$ 0	\$ 5,878,655	\$ 0	\$ 677,883	\$ 15,489,944
Licenses and Permits	298,936	0	0	0	0	298,936
Fines, Forfeitures, and Penalties	521,872	0	0	0	10,450	532,322
Charges for Current Services	1,530,107	0	0	0	627,274	2,157,381
Other Local Revenues	89,286	1,664,743	1,001,938	0	308,052	3,064,019
Fees Received from County Officials	1,388,662	0	0	0	0	1,388,662
State of Tennessee	1,758,075	0	27,420	0	2,099,591	3,885,086
Federal Government	357,797	0	0	0	341,200	698,997
Other Governments and Citizens Groups	0	0	0	0	94,686	94,686
Total Revenues	\$ 14,878,141	\$ 1,664,743	\$ 6,908,013	\$ 0	\$ 4,159,136	\$ 27,610,033
<u>Expenditures</u>						
Current:						
General Government	\$ 939,295	\$ 0	\$ 0	\$ 0	\$ 192,677	\$ 1,131,972
Finance	395,397	0	0	0	515,053	910,450
Administration of Justice	1,039,324	0	0	0	153,811	1,193,135
Public Safety	4,524,744	0	0	0	26,572	4,551,316
Public Health and Welfare	3,028,317	772,617	0	0	112,261	3,913,195
Social, Cultural, and Recreational Services	150,906	0	0	0	0	150,906
Agriculture and Natural Resources	209,328	0	0	0	0	209,328
Other Operations	3,430,977	14,847	0	0	509,344	3,955,168
Highways	0	0	0	0	3,264,191	3,264,191
Debt Service:						
Principal on Debt	0	0	3,196,214	0	204,110	3,400,324
Interest on Debt	0	0	1,455,719	0	45,910	1,501,629
Other Debt Service	0	0	109,193	0	0	109,193
Capital Projects	0	0	0	767,509	2,046,266	2,813,775
Capital Projects - Donated	0	0	4,210,000	43,676,090	0	47,886,090
Total Expenditures	\$ 13,718,288	\$ 787,464	\$ 8,971,126	\$ 44,443,599	\$ 7,070,195	\$ 74,990,672
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,159,853	\$ 877,279	\$ (2,063,113)	\$ (44,443,599)	\$ (2,911,059)	\$ (47,380,639)
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 44,000,000	\$ 6,500,000	\$ 50,500,000

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	General Debt Service	Education Capital Projects	Funds Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000,000	\$ 2,000,000
Premiums on Debt Issued	0	0	0	443,599	0	443,599
Transfers In	230,000	0	0	0	0	230,000
Transfers Out	0	(304,000)	0	0	0	(304,000)
Total Other Financing Sources (Uses)	<u>\$ 230,000</u>	<u>\$ (304,000)</u>	<u>\$ 0</u>	<u>\$ 44,443,599</u>	<u>\$ 8,500,000</u>	<u>\$ 52,869,599</u>
Special Item - Forgiveness of Nursing Home Debt	\$ 0	\$ (45,674)	\$ 0	\$ 0	\$ 0	\$ (45,674)
Net Change in Fund Balances	\$ 1,389,853	\$ 527,605	\$ (2,063,113)	\$ 0	\$ 5,588,941	\$ 5,443,286
Fund Balance, July 1, 2006	2,730,190	6,222,804	6,548,740	0	1,652,165	17,153,899
Fund Balance, June 30, 2007	<u>\$ 4,120,043</u>	<u>\$ 6,750,409</u>	<u>\$ 4,485,627</u>	<u>\$ 0</u>	<u>\$ 7,241,106</u>	<u>\$ 22,597,185</u>

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

Exhibit C-4

Bedford 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, 2007

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)		\$ 5,443,286
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these 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	\$ 5,549,795	
Less: current year depreciation expense	<u>(1,120,234)</u>	4,429,561
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		28,465
(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, 2006	\$ (1,781,203)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>1,719,214</u>	(61,989)
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) 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 effect of these differences in the treatment of long-term debt and related items:		
Less: bond proceeds	\$ (50,500,000)	
Less: note proceeds	(2,000,000)	
Add: principal payments on notes	918,324	
Add: principal payments on bonds	1,710,000	
Add: principal payments on other loans	772,000	
Add: change in deferred debt issuance costs	868,747	
Less: change in premium on debt issuances	<u>(442,115)</u>	(48,673,044)
(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 the governmental funds.		
Change in accrued interest payable	\$ (102,004)	
Change in compensated absences	<u>(67,176)</u>	<u>(169,180)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (39,002,901)</u>

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

Exhibit D-1

Bedford County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2007

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise Fund</u> <u>Bedford</u> <u>County</u> <u>Nursing</u> <u>Home</u>
<u>Operating Revenues</u>	
Patient Service Revenue	\$ 6,422,450
Net Allowance for Contractual Adjustments	(168,661)
Other Revenue	6,200
Total Operating Revenues	<u>\$ 6,259,989</u>
<u>Operating Expenses</u>	
Medical and Nursing Services	\$ 2,833,548
Employee Benefits	653,947
Administrative and General	696,847
Therapy and Ancillary Services	547,518
Dietary Services	462,419
Bed License Fees	238,075
Plant Operation and Maintenance	251,691
Laundry and Linen	201,897
Housekeeping Services	146,244
Depreciation	118,319
Medical Records	63,004
Social Services	50,353
Recreational Activities	44,524
Other Operating Expenses	21,630
Total Operating Expenses	<u>\$ 6,330,016</u>
Operating Income (Loss)	<u>\$ (70,027)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 109
Interest Expense	(3,159)
Total Nonoperating Revenues (Expenses)	<u>\$ (3,050)</u>
Income (Loss) Before Transfers	\$ (73,077)
Transfers In (Out)	74,000
Special Item - Forgiveness of Nursing Home Debt	45,674
Change in Net Assets	\$ 46,597
Net Assets, July 1, 2006	1,852,118
Prior-Period Adjustment	(161,663)
Nets Assets, June 30, 2007	<u>\$ 1,737,052</u>

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

Exhibit D-2

Bedford County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2007

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise Fund</u> <u>Bedford</u> <u>County</u> <u>Nursing</u> <u>Home</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Residents and Third-Party Payors	\$ 6,126,974
Received from Others	6,200
Payments to Suppliers	(2,844,150)
Payments to Employees	(3,089,617)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 199,407</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Principal Payments on Capital Lease Obligations	\$ (16,281)
Interest Paid on Capital Lease Obligations	(3,158)
Purchase of Equipment and Building Improvements	(66,942)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (86,381)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Payments on Funds Borrowed from County	<u>\$ (500,000)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (500,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	<u>\$ 109</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 109</u>
Net Increase (Decrease) in Cash	\$ (386,865)
Cash, July 1, 2006	<u>799,219</u>
Cash, June 30, 2007	<u>\$ 412,354</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u> <u>TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ (70,027)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	118,319
Provision for Bad Debts	153,688
(Increase) Decrease in Inventories	3,164
(Increase) Decrease in Prepaid Expenses	(13,775)
Increase (Decrease) in Accounts Payable-Trade	(25,501)

(Continued)

Exhibit D-2

Bedford County, Tennessee  
Statement of Cash Flows  
Proprietary Funds (Cont.)

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise Fund</u> <u>Bedford</u> <u>County</u> <u>Nursing</u> <u>Home</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (Cont.)</u>	
Increase (Decrease) in Accrued Salaries and Wages Payable	\$ 62,654
Increase (Decrease) in Accrued Expenses	90,052
Increase (Decrease) in Patient Accounts Receivable	(146,147)
Increase (Decrease) in Third-Party Payor Settlements	19,331
Increase (Decrease) in Accrued Payroll Taxes and Employee Withholdings	<u>7,649</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 199,407</u>
<u>NONCASH ACTIVITIES</u>	
Equipment Costs Included in Accounts Payable	\$ 6,093
Forgiveness of Debt by Bedford County	45,674
<u>RECONCILIATION OF CASH</u>	
Cash	\$ 357,588
Cash in Memorial Fund	<u>54,766</u>
Cash, June 30, 2007	<u>\$ 412,354</u>

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

Exhibit E

Bedford County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,339,425
Accounts Receivable	651
Due from Other Governments	<u>562,864</u>
Total Assets	<u><u>\$ 1,902,940</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 562,864
Due to Litigants, Heirs, and Others	<u>1,340,076</u>
Total Liabilities	<u><u>\$ 1,902,940</u></u>

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

**BEDFORD COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bedford 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 Bedford County:

**A. Reporting Entity**

Bedford County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Bedford 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 relationship with the county.

**Blended Component Units** – There are no legally separate component units of Bedford 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 Bedford County School Department operates the public school system in the county, and the voters of Bedford 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 Bedford County Solid Waste Authority provides for convenience center waste collection services and for landfill monitoring services, and the Bedford County Commission appoints its governing body. The major funding source for the Bedford County Solid Waste Authority is contributions from the primary government. The Bedford County highway superintendent and two other Highway Department employees provide administrative services to the Bedford County Solid Waste Authority. The Bedford County Solid Waste Authority compensates these individuals for these services.

The Emergency Communications District of Bedford County provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bedford County, and the Bedford 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 Bedford County School Department and the Bedford County Solid Waste Authority do not issue separate financial statements from those of the county. Therefore, basic financial statements of the Bedford County School Department and the Bedford County Solid Waste Authority are included in this report as listed in the table of contents. Complete financial statements of the Emergency Communications District of Bedford County can be obtained from its administrative office at the following address:

Administrative Office:

Emergency Communications District of Bedford County  
843 Union Street  
Shelbyville, TN 37160

**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 Bedford County School Department and the Bedford County Solid Waste Authority (discretely presented component units) only report 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.

Bedford County issues most debt for the discretely presented Bedford County School Department. Net debt issues (\$47,886,090) were contributed by the county to the School Department during the year ended June 30, 2007.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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 Bedford 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. Bedford County only reports one proprietary fund, a major enterprise fund.

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

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

Proprietary fund and 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.

Bedford 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.

**Other Special Revenue Fund** – This fund accounts for the net proceeds generated from the sale of the Bedford County Hospital and related liabilities.

**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.

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

Bedford County reports the following major enterprise fund:

**Bedford County Nursing Home** – This fund provides nursing care to the citizens of Bedford County.

Additionally, Bedford County reports the following fund type:

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Bedford County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

**Education Capital Projects Fund** – This fund accounts for School Department construction and renovations.

Additionally, the School Department reports the following fund type:

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

The discretely presented Bedford County Solid Waste Authority reports the following major governmental fund:

**Solid Waste/Sanitation Fund** – This is the authority's only operating fund. It accounts for all financial resources of the authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund 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 Bedford County Nursing Home and the discretely presented Bedford County Solid Waste Authority) and the discretely presented Bedford 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 and the Other Special Revenue Fund. Bedford County and the Bedford 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 ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

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

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

Retainage payable in the discretely presented School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts that were not transferred to the retainage bank account by June 30, 2007.

### 3. Capital Assets

#### Primary Government and Discretely Presented School Department

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

Capital assets (excluding the Bedford County Nursing Home), which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental

column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more (\$25,000 infrastructure) and an estimated useful life of more than three 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 Bedford County Nursing Home) 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	10-40
Other Capital Assets	5-30
Infrastructure:	
Roads	40-50
Bridges	20-40

**Discretely Presented Bedford County Solid Waste Authority**

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, and equipment are reported in the government-wide financial statements. Capital assets are defined by the authority 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, and equipment of the authority are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30-50
Other Capital Assets	5-25

4. **Compensated Absences**

**Primary Government**

It is the county’s policy (excluding the Bedford County Nursing Home) to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Bedford County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. 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.

**Discretely Presented Bedford County School Department**

General policy of the School Department for all professional personnel (teachers) permits the unlimited accumulation of unused sick leave days. The granting of sick leave for professional personnel has no guaranteed payment attached and therefore requires no accrual or recording. Noncertificated personnel of the School Department are compensated for any unused sick leave days at year-end.

**Discretely Presented Bedford County Solid Waste Authority**

It is the authority’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the authority’s policy does not pay any amounts when employees separate from service with the authority. All vacation pay is accrued when incurred in the government-wide financial statements for the authority. A liability for vacation pay is reported in the governmental fund 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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, 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, 2007, Bedford County had \$75,815,572 in outstanding debt for capital purposes for the discretely presented Bedford County School Department. This debt is a liability of Bedford County, but the capital assets acquired are reported in the financial statements of the Bedford County School Department. Therefore, Bedford County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2007:

<u>Fund/Purpose</u>	<u>Amount</u>
General Purpose School:	
Drivers Education	\$ 113,344
Summer School	39,352

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

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

**Primary Government**

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

**Discretely Presented Bedford 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 with the government-wide statement of net assets.

**Discretely Presented Bedford County Solid Waste Authority**

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

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

**Primary Government**

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

**Discretely Presented Bedford 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.

**Discretely Presented Bedford County Solid Waste Authority**

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

**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 Solid Waste/Sanitation Fund (special revenue fund) for which the county failed to adopt a budget, the Constitutional Officers - Fees Fund (special revenue fund) which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Bedford 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, Beer Board, Budget and Finance Committee, etc.).

Management may make revisions within major categories, but only the Bedford County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund by \$2,886,896.

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
<u>Primary Government:</u>	
General Fund:	
Jail	\$ 12,851
Special Purpose Fund:	
Rabies and Animal Control	25,841
<u>Discretely Presented Bedford County School Department:</u>	
General Purpose School Fund:	
Food Service	8,712
School Federal Projects Fund:	
Vocational Education Program	3,114

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Bedford County (excluding the Bedford County Nursing Home and the discretely presented Solid Waste Authority) and the Bedford 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, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the

balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

### **Deposits**

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

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

### **Investments**

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

**Investment Balances.** As of June 30, 2007, Bedford County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled

investments cannot be made for Bedford County (excluding the Bedford County Nursing Home) and the Bedford County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 72,126,480

**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. Bedford 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. Bedford County has no investment policy that would further limit its investment choices. As of June 30, 2007, Bedford County's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2007, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 875,812	\$ 199,906	\$ 0	\$ 1,075,718
Construction in Progress	0	162,507	0	162,507
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 875,812</b>	<b>\$ 362,413</b>	<b>\$ 0</b>	<b>\$ 1,238,225</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,663,721	\$ 355,044	\$ 0	\$ 12,018,765
Infrastructure	15,077,276	2,914,521	0	17,991,797

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Other Capital Assets	\$ 4,009,306	\$ 1,946,282	\$ (29,950)	\$ 5,925,638
Total Capital Assets Depreciated	<u>\$ 30,750,303</u>	<u>\$ 5,215,847</u>	<u>\$ (29,950)</u>	<u>\$ 35,936,200</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,455,645	\$ 302,631	\$ 0	\$ 3,758,276
Infrastructure	2,816,928	425,398	0	3,242,326
Other Capital Assets	2,938,773	392,205	(29,950)	3,301,028
Total Accumulated Depreciation	<u>\$ 9,211,346</u>	<u>\$ 1,120,234</u>	<u>\$ (29,950)</u>	<u>\$ 10,301,630</u>
Total Capital Assets Depreciated, Net	<u>\$ 21,538,957</u>	<u>\$ 4,095,613</u>	<u>\$ 0</u>	<u>\$ 25,634,570</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,414,769</u>	<u>\$ 4,458,026</u>	<u>\$ 0</u>	<u>\$ 26,872,795</u>

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

**Governmental Activities:**

General Government	\$ 51,780
Public Safety	210,064
Public Health and Welfare	302,909
Agriculture and Natural Resources	16,394
Highway/Public Works	<u>539,087</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,120,234</u></u>

**Discretely Presented Bedford County School Department**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 2,785,691	\$ 0	\$ 0	\$ 2,785,691

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated (Cont.):				
Construction in Progress	\$ 16,520,277	\$ 5,201,489	\$ (15,041,674)	\$ 6,680,092
Total Capital Assets Not Depreciated	<u>\$ 19,305,968</u>	<u>\$ 5,201,489</u>	<u>\$ (15,041,674)</u>	<u>\$ 9,465,783</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 47,861,982	\$ 16,466,194	\$ 0	\$ 64,328,176
Other Capital Assets	6,322,460	762,699	(403,574)	6,681,585
Total Capital Assets Depreciated	<u>\$ 54,184,442</u>	<u>\$ 17,228,893</u>	<u>\$ (403,574)</u>	<u>\$ 71,009,761</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,545,047	\$ 1,494,261	\$ 0	\$ 18,039,308
Other Capital Assets	2,864,937	405,453	(325,957)	2,944,433
Total Accumulated Depreciation	<u>\$ 19,409,984</u>	<u>\$ 1,899,714</u>	<u>\$ (325,957)</u>	<u>\$ 20,983,741</u>
Total Capital Assets Depreciated, Net	<u>\$ 34,774,458</u>	<u>\$ 15,329,179</u>	<u>\$ (77,617)</u>	<u>\$ 50,026,020</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,080,426</u>	<u>\$ 20,530,668</u>	<u>\$ (15,119,291)</u>	<u>\$ 59,491,803</u>

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

**Governmental Activities:**

Instruction	\$ 1,434,058
Support Services	433,180
Operation of Non-Instructional Services	<u>32,476</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,899,714</u>

**Discretely Presented Bedford County Solid Waste Authority**

**Governmental Activities**

	Balance				Balance
	7-1-06	Increases	Decreases		6-30-07
	<u>          </u>				<u>          </u>
Capital Assets Not					
Depreciated:					
Land	\$ 10,200	\$ 0	\$ 0		\$ 10,200
Total Capital Assets	<u>          </u>				<u>          </u>
Not Depreciated	\$ 10,200	\$ 0	\$ 0		\$ 10,200
	<u>          </u>				<u>          </u>
Capital Assets Depreciated:					
Buildings and					
Improvements	\$ 298,246	\$ 0	\$ 0		\$ 298,246
Other Capital Assets	809,240	110,847	(110,788)		809,299
Total Capital Assets	<u>          </u>				<u>          </u>
Depreciated	\$ 1,107,486	\$ 110,847	\$ (110,788)		\$ 1,107,545
	<u>          </u>				<u>          </u>
Less Accumulated					
Depreciation For:					
Buildings and					
Improvements	\$ 87,822	\$ 7,095	\$ 0		\$ 94,917
Other Capital Assets	411,367	33,715	(99,973)		345,109
Total Accumulated	<u>          </u>				<u>          </u>
Depreciation	\$ 499,189	\$ 40,810	\$ (99,973)		\$ 440,026
	<u>          </u>				<u>          </u>
Total Capital Assets					
Depreciated, Net	\$ 608,297	\$ 70,037	\$ (10,815)		\$ 667,519
	<u>          </u>				<u>          </u>
Governmental Activities					
Capital Assets, Net	\$ 618,497	\$ 70,037	\$ (10,815)		\$ 677,719
	<u>          </u>				<u>          </u>

Depreciation expense (\$40,810) was charged to the convenience center function of the authority.

**C. Construction Commitments**

At June 30, 2007, the discretely presented School Department's Education Capital Projects Fund had uncompleted school construction contracts of approximately \$16,222,121. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 241,235
General	General Debt Service	40,359
General	Other Special Revenue	230,000
Other Special Revenue	General Debt Service	91,299
General Debt Service	Nonmajor governmental	2,417
Nonmajor governmental	Proprietary fund	303,004
Proprietary Fund	Other Special Revenue	74,000
School Department Component Unit:		
General Purpose School	Nonmajor governmental	67,195

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Proprietary Fund
Other Special Revenue Fund	\$ 230,000	\$ 74,000

**Discretely Presented Bedford County School Department**

<u>Transfers Out</u>	<u>Transfers In</u>
	General Purpose School Fund
Nonmajor governmental funds	\$ 18,185

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 Lease**

**Discretely Presented Bedford County School Department**

On January 23, 2003, the discretely presented Bedford County School Department entered into a five-year lease-purchase agreement for a copier. The terms of the agreement require total lease payments of \$18,540 including interest. Title to the equipment transfers to Bedford County at the end of the lease period. The lease payments are from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2008	\$ 2,163
Total Minimum Lease Payments	\$ 2,163
Amount Representing Interest	<u>(16)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 2,147</u></u>

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 30 years for bonds, up to ten years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund, the Special Purpose Fund, or the Other Capital Projects Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	2 to 5%	\$ 77,790,000	\$ 67,365,000
General Obligation Bonds - Refunding	2 to 4.8	12,355,000	8,940,000
Capital Outlay Notes	2.75 to 4.14	7,080,100	4,645,482
Other Loans	variable	11,500,000	5,856,000

In prior years, Bedford County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$3,500,000 and \$8,000,000 to Bedford County for school construction projects. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2007, the variable interest rates ranged from 3.89 to 3.99 percent, and other fees amounted to approximately .25 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and \$85 per month trustee fee per loan.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2007, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 1,990,000	\$ 2,584,233	\$ 1,232,481	\$ 171,988
2009	2,895,000	2,919,421	836,828	129,514
2010	2,995,000	2,815,183	825,703	98,273
2011	3,120,000	2,704,575	828,393	68,035
2012	3,240,000	2,589,737	549,077	36,293
2013-2017	15,305,000	11,103,443	373,000	28,313
2018-2022	13,675,000	8,559,790	0	0
2023-2027	11,695,000	6,110,628	0	0
2028-2032	9,540,000	4,000,000	0	0
2033-2037	11,850,000	1,645,875	0	0
Total	\$ 76,305,000	\$ 45,032,885	\$ 4,645,482	\$ 532,416

Year Ending June 30	Other Loans (\$8,000,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 393,000	\$ 199,540	\$ 17,523	\$ 610,063
2009	414,000	183,858	16,226	614,084
2010	435,000	167,341	14,860	617,201
2011	458,000	149,984	13,425	621,409
2012	482,000	131,710	11,913	625,623
2013-2017	2,819,000	348,926	33,874	3,201,800
Total	\$ 5,001,000	\$ 1,181,359	\$ 107,821	\$ 6,290,180

Year Ending June 30	Other Loans (\$3,500,000)			Total
	Principal	Interest	Other Fees	
2008	\$ 417,000	\$ 33,260	\$ 3,842	\$ 454,102
2009	438,000	17,038	2,380	457,418
Total	\$ 855,000	\$ 50,298	\$ 6,222	\$ 911,520

There is \$4,485,627 available in the General Debt Service Fund to service long-term debt; however, \$2,796,100 of that amount is reserved for the retirement of school debt. Bonded debt per capita totaled \$2,030, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans, totaled \$2,309, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

##### Governmental Activities:

	Bonds	Notes
Balance, July 1, 2006	\$ 27,515,000	\$ 3,563,806
Additions	50,500,000	2,000,000
Deductions	(1,710,000)	(918,324)
Balance, June 30, 2007	\$ 76,305,000	\$ 4,645,482
Balance Due Within One Year	\$ 1,990,000	\$ 1,232,481

Governmental Activities (Cont.):

	Other Loans	Compensated Absences
	<u>                    </u>	<u>                    </u>
Balance, July 1, 2006	\$ 6,628,000	\$ 193,548
Additions	0	0
Deductions	<u>(772,000)</u>	<u>0</u>
Balance, June 30, 2007	<u>\$ 5,856,000</u>	<u>\$ 193,548</u>
Balance Due Within One Year	<u>\$ 810,000</u>	<u>\$ 0</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 87,067,206
Less: Balance Due Within One Year	(4,045,517)
Add: Unamortized Premium on Debt	<u>442,115</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 83,463,804</u>

**Discretely Presented Bedford County School Department**

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Bedford County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Capital Lease
	<u>                    </u>
Balance, July 1, 2006	\$ 5,762
Deductions	<u>(3,615)</u>
Balance, June 30, 2007	<u>\$ 2,147</u>
Balance Due Within One Year	<u>\$ 2,147</u>

**Discretely Presented Bedford County Solid Waste Authority**

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Bedford County Solid Waste Authority for the year ended June 30, 2007, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 7,530
Additions	9,025
Deductions	<u>(8,677)</u>
Balance, June 30, 2007	<u>\$ 7,878</u>
Balance Due Within One Year	<u>\$ 7,878</u>

**G. Short-term Debt**

Bedford County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet current obligations before current tax collections. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax Anticipation Notes	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

Bedford County, the discretely presented Bedford County School Department, and the discretely presented Bedford County Solid Waste Authority are exposed to various risks related to general liability, property, casualty, and workers' compensation losses. Bedford County (excluding the nursing home), the discretely presented Bedford County School Department, and the discretely presented Bedford County Solid Waste Authority decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. Bedford County, the discretely presented

Bedford County School Department, and the discretely presented Bedford County Solid Waste Authority joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Bedford County, the discretely presented Bedford County School Department, and the discretely presented Bedford County Solid Waste Authority pay an annual premium to the TN-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

**B. Accounting Change**

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

**C. Related Party Transactions**

The discretely presented Bedford County Solid Waste Authority conducts its operations in portions of buildings owned by the Bedford County primary government, which donates their use for these purposes. The authority's administrative functions are provided by the Bedford County highway superintendent and two other Highway Department employees.

**D. Contingent Liabilities**

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

On December 12, 2006, the Bedford County Commission authorized a contribution of \$1,000,000 to the Argie Cooper Public Library. This contribution is contingent upon the library entering into a binding construction contract in an amount not less than \$3,000,000 and the library receiving funds (including the county's contribution) sufficient to complete the project.

**E. Changes in Administration**

On August 31, 2006, Jimmy Woodson left the Office of County Mayor and was succeeded by Eugene Ray, and Clay Parker left the Office of Sheriff and was succeeded by Randall Boyce.

**F. Joint Ventures**

**Primary Government**

The Argie Cooper Public Library is jointly owned by Bedford County and the City of Shelbyville and is operated under Tennessee state law and the rules and regulations of the Highland Rim Regional Library. The library is governed by a voluntary, 14-member board of directors, seven appointed by the county and seven by the city. Bedford County has control over budgeting and financing of the joint venture only to the extent of representation by the seven board members appointed. Bedford County contributed \$124,906 to the operations of the library during the year ended June 30, 2007.

The Shelbyville - Bedford County Emergency Management Agency is jointly operated by Bedford County and the City of Shelbyville. This organization is governed by the county mayor, the mayor of Shelbyville, and a jointly appointed director. Bedford County has control over budgeting and financing of the joint venture only to the extent of the county mayor's representation on the board. Bedford County contributed \$280,581, including state and federal grants, to the operations of the Shelbyville – Bedford County Emergency Management Agency during the year ended June 30, 2007. It should be noted that the operations of Bedford County Emergency Management Agency will be included in the General Fund for the year ending June 30, 2008.

The Joint Economic Development Board is a joint venture between Bedford County and the cities of Bell Buckle, Normandy, Shelbyville, and Wartrace. The board comprises the city mayor or city manager, if so designated by the city's governing board of each member's municipality, the Bedford County mayor, three members of the City of Shelbyville Industrial Development Board, two residents of the unincorporated area of Bedford County, and a private citizen who owns greenbelt property. The purpose of the board is to foster communication and facilitate economic and community development between and among governmental entities, industry, and private citizens. The cities and county will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county. Bedford County did not contribute to the Joint Economic Development Board for the year ended June 30, 2007.

The Seventeenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Seventeenth Judicial District, Marshall, Lincoln, Moore, and Bedford 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. Bedford County did not contribute to the DTF for the year ended June 30, 2007.

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

Complete financial statements for the Argie Cooper Public Library, the Shelbyville - Bedford County Emergency Management Agency, and the Seventeenth Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Argie Cooper Public Library  
100 South Main Street  
Shelbyville, TN 37160

Shelbyville - Bedford County Emergency  
Management Agency  
P.O. Box 405  
Shelbyville, TN 37162

Office of District Attorney General  
Seventeenth Judicial District Drug Task Force  
P.O. Box 878  
Fayetteville, TN 37334

**Discretely Presented Bedford County School Department**

The discretely presented School Department participates in the Volunteer State Cooperative (VOLCO) which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Manchester City, Maury County, Marshall County, and Stewart County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Bedford County School Department) and a service provider to provide these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

Complete financial statements for the Volunteer State Cooperative can be obtained from its administrative office at the following address:

Administrative Office:

Volunteer State Cooperative  
Bedford County Board of Education  
500 Madison Street  
Shelbyville, TN 37160-3391

**G. Jointly Governed Organization**

The Bedford Railroad Authority was created November 22, 1984, pursuant to Section 7-56-201 et seq., Tennessee Code Annotated, to provide for the continuation of rail service on a section of existing rail spur line located within Bedford County between the cities of Shelbyville and Wartrace. The authority's board includes the mayor of Shelbyville, a city councilman, the county mayor, a county commissioner, the mayor of Wartrace, and a citizen residing in Wartrace; however, the county and cities do not have any ongoing financial interest or responsibility for the entity.

**H. Retirement Commitments**

**Employees (Including Bedford County Solid Waste Employees)**

**Plan Description**

Employees of Bedford 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 Bedford 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 <http://www.treasury.state.tn.us/tcrs/PS/>.

**Funding Policy**

Bedford County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 5.7 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Bedford County is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2007, Bedford County’s annual pension cost of \$810,477 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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. Bedford County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$810,477	100%	\$0
6-30-06	608,339	100	0
6-30-05	908,552	100	0

## **School Teachers**

### **Plan Description**

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

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the Benton County School department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Benton 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, 2007, 2006, and 2005, were \$532,280, \$459,004, and \$452,316, respectively, equal to the required contributions for each year.

**I. Office of Central Accounting, Budgeting, and Purchasing**

**Office of Director of Finance**

On November 14, 2006, Bedford County adopted the County Financial Management System of 1981, and on April 10, 2007, a finance director was hired and consolidation of county finances began. The office was fully operational by October 1, 2007. Bedford County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing covering all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

**J. Purchasing Laws**

**Office of County Mayor (prior to centralized purchasing)**

Purchasing procedures for this office are governed by Chapter 357, Private Acts of 1945, as amended, which provides for the county mayor to be the county's purchasing agent, with the responsibility of purchasing all materials, supplies, and equipment for county officials. This private act requires that all purchases exceeding \$5,000, except in emergencies, be based upon at least three written competitive sealed bids. Purchases or contracts with an estimated value between \$2,500 and \$5,000 require three written quotes. In cases of emergency and in cases where the necessary number of competitive bids cannot be obtained, the purchasing agent is required to certify the reason to the County Commission.

**Office of Highway Superintendent (prior to centralized purchasing)**

Purchasing procedures for this office are governed by Chapter 30, Private Acts of 1975, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated. The private act provides for the highway superintendent to expend up to \$300 for any single item concerning the construction and maintenance of the road system and up to \$1,000 toward the construction and maintenance of any one bridge. All expenditures for a single item exceeding these limits must be approved by a majority vote of the Road Board. The Uniform Road Law requires all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

**Office of Superintendent of Schools (prior to centralized purchasing)**

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

Office of Director of Finance (after centralized purchasing)

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

Office of Solid Waste Authority

The authority has a policy of requiring all purchases exceeding \$5,000 to be made after public advertisement and solicitation of competitive bids.

**VI. OTHER NOTES – BEDFORD COUNTY NURSING HOME (ENTERPRISE FUND)**

**A. Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Bedford County Nursing Home is presented to assist in understanding the nursing home's financial statements. The financial statements and notes are representations of the nursing home's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles.

Financial Reporting Entity – The Bedford County Nursing Home was organized by the Bedford County Board of Commissioners and is a separately reported fund of Bedford County, Tennessee. The nursing home is managed by a Board of Trustees appointed by the Bedford County Commission. The nursing home may not issue bonded debt without the county's approval. The nursing home is not a legal entity separate and apart from the county and, accordingly, it is considered an enterprise fund of the county.

At June 30, 2007, there were related receivables or payables between Bedford County and the nursing home as described in Note VI.I.

Basis of Presentation – The financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The nursing home has elected under Governmental Accounting Standards Board Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Funds that Use Proprietary Fund Accounting, to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The accounting and financial reporting treatment applied to the nursing home is determined by its measurement focus. The transactions of the nursing home are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e. total assets net of total liabilities) are segregated into invested in capital assets, net of related debt and unrestricted components.

Cash Flow – Cash and Cash Equivalents – The Bedford County Nursing Home presents its cash flow statement using the direct method. For purposes of cash flow presentation, the nursing home considers cash in operating bank accounts, cash on hand, and certificates of deposit, which have original maturities of three months or less, as cash and cash equivalents. There were no cash equivalents at June 30, 2007.

Patient Service Revenue and Accounts Receivable – Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. The nursing home does not have a formal policy regarding accrual of interest income on past due receivables.

Allowance for Doubtful Accounts – The nursing home uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts was \$388,688 at June 30, 2007. Management considers the following factors when determining the collectability of specific patient accounts: patient's credit-worthiness, past transaction history with the patient, current economic and industry trends, and changes in the patient's payment terms. If the financial condition of the nursing home's patients was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Accounts receivable are continually evaluated to identify amounts that are uncollectible and those amounts are written off when all collection attempts have been exhausted.

Inventories – Inventories are stated at the lower of cost (first-in, first-out) or market.

Property and Equipment – Property and equipment are stated at cost. Generally, purchases in excess of \$500 are capitalized. For financial statement purposes, depreciation of property and equipment is provided using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the estimated useful life of the equipment. Such amortization is included in depreciation in the financial statements. The general range of useful lives estimated for property and equipment is three to 50 years. Maintenance and repairs are charged to operations when incurred. The nursing home eliminates the costs and

related allowances from the accounts for properties sold or retired, and any resulting gains or losses are included in income.

Compensated Absences – Nursing home employees accrue vacation, sick and holiday time, or compensated absences by a prescribed formula based on length of service. Compensated absences related to the nursing home employees are recorded within the period earned.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes – The nursing home, as a separately reported fund of Bedford County, is an exempt organization as described in section 501 (a) of the United States Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

Operating Revenues and Expenses – The nursing home's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its facility. All other revenues and expenses are reported as nonoperating revenues and expenses and consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

## **B. Cash and Cash Equivalents**

**Interest Rate Risk and Concentration of Credit Risk.** The nursing home does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The nursing home places no limit on the amount it may invest in any one issuer.

**Credit Risk.** The nursing home is authorized to make investments in bonds, notes or treasury bills of the United States, Federal Loan Bank bonds, Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes and debentures, banks or cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States or any of its agencies with a maturity not greater than one year, or in the pooled investment fund established under Tennessee law.

During the year ended June 30, 2007, the board of trustees chose to limit the investment of funds to demand deposits at banking institutions.

At June 30, 2007, the carrying amount of cash deposits, including patient funds, was \$442,583, and the bank balance was \$682,724. At June 30, 2007, the entire bank balance was covered by federal depository insurance, or by collateral held in the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which

member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the members of the pool if the value of collateral is inadequate to cover a loss.

**C. Capital Assets**

Capital assets are summarized as follows:

Business-type Activities:

	Balance 7-1-06	Additions	Balance 6-30-07
Capital assets not being depreciated:			
Land	\$ 150,149	\$ 0	\$ 150,149
Subtotal	<u>\$ 150,149</u>	<u>\$ 0</u>	<u>\$ 150,149</u>
Capital assets being depreciated:			
Land improvements	\$ 24,547	\$ 0	\$ 24,547
Building and improvements	1,340,699	0	1,340,699
Departmental equipment	454,206	73,034	527,240
Capital equipment	330,754	0	330,754
Subtotal	<u>\$ 2,150,206</u>	<u>\$ 73,034</u>	<u>\$ 2,223,240</u>
Less accumulated depreciation:			
Land improvements	\$ (24,547)	\$ 0	\$ (24,547)
Building and improvements	(677,472)	(42,054)	(719,526)
Departmental equipment	(218,731)	(66,869)	(285,600)
Capital equipment	(254,721)	(9,396)	(264,117)
Subtotal	<u>\$ (1,175,471)</u>	<u>\$ (118,319)</u>	<u>\$ (1,293,790)</u>
Capital assets being depreciated, net	<u>\$ 974,735</u>	<u>\$ (45,285)</u>	<u>\$ 929,450</u>
Total Capital Assets, net	<u>\$ 1,124,884</u>	<u>\$ (45,285)</u>	<u>\$ 1,079,599</u>

Depreciation expense for the year ended June 30, 2007, was \$118,319.

**D. Patient Funds Held in Trust**

At June 30, 2007, the nursing home had a fiduciary responsibility for funds totaling \$30,229 held on behalf of the residents.

The nursing home is required to maintain a cash account as a depository for patient funds. The fund is restricted in use and can be used only for providing spending money for patients, purchasing supplies for patients with cash in the fund, or paying amounts due to the nursing home for patient care, provided the amount does not include monies stipulated for patients' use only. All funds in excess of \$100 per recipient are required to be placed in an insured interest-bearing account.

**E. Pension Plan**

**Plan Description.** Certain employees of Bedford County are members of the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the state. The retirement plan for Bedford County Nursing Home is included in the total retirement program for Bedford County. Therefore, separate retirement information for the nursing home is not available. Details relative to the funding status and progress, actuarially determined contribution requirements and contribution made, and trend information regarding the retirement plan can be found in the Annual Financial Report for Bedford County. Total contributions to the plan by the nursing home for the year ended June 30, 2007, totaled \$111,987.

The 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 age 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 is in the performance of duty. Members joining the system on or 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 and amended by state statute. Bedford County requires employees to contribute five percent of earnable compensation and the county is required to contribute at an actuarially determined rate. The rate for fiscal year ended June 30, 2007, was 4.46 percent of annual covered payroll.

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, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

**F. Concentration of Credit Risk**

The nursing home grants credits without collateral to its patients, most of who are insured under third-party payor agreements. Approximately 87.96 percent of net patient revenue is derived from third-party payers. The mix of receivables from patients and third-party payors are as follows:

Medicaid	28.60 %
Medicare	46.32
Private	12.04
Insurance	13.04

**G. Risk Management**

Risks related to the operation of the nursing home are managed through the purchase of commercial insurance policies. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Information related to insurance coverage is as follows:

Workers' Compensation Coverage – The nursing home's workers' compensation policy was issued with liability limits of \$100,000 per individual per accident with a policy limit of \$500,000. This is a retrospectively rated policy, a policy which the initial premium is adjusted based on actual experience during the period of coverage.

Comprehensive Liability Coverage – The nursing home's liability policy was issued by various casualty companies. The policies provide general and professional liability coverage of \$1,000,000 per occurrence with a maximum liability of \$3,000,000.

Property Coverage – The nursing home's property insurance coverage had liability limits of \$6,175,000 for the buildings and personal property, and \$1,000,000 for auto, and \$538,000 for blanket business income.

**H. Health Care Regulations**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the nursing home is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

**I. Related Party Transactions**

The nursing home paid Bedford County \$500,000 during the fiscal year ended June 30, 2007. The county forgave \$1,000 of the nursing home's debt. The remaining balance due the county as of June 30, 2007, is \$304,004.

During the fiscal year ended June 30, 2007, Iris Schumann contracted to fill the position of therapy manager. Mrs. Schumann is the wife of nursing home administrator Wayne Schumann. During the fiscal year ended June 30, 2007, Mrs. Schumann received \$5,280 in payments, per her contract. Mrs. Schumann's contract was terminated effective July 31, 2007.

During the fiscal year ended June 30, 2007, Bedford County forgave \$45,674 of the total debt owed to the county. In addition, the county has possession of \$74,000 that the legal council of Bedford County has determined is due to the nursing home for the designated memorial fund. This amount is presented in the financial statements as "assets limited as to use" and is also included as "transfers in."

**J. Capital Leases**

During the fiscal year ended June 30, 2007, the nursing home entered into various lease agreements as lessee for financing the acquisition of equipment. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been reported at the present value of the future minimum lease payments.

The assets acquired through capital leases are as follows:

Copier	\$ 22,935
Telephone System	32,745
Less: Accumulated Amortization	<u>(13,551)</u>
Total Capital Leases	<u><u>\$ 42,129</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2007, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>
2008	\$ 19,422
2009	<u>7,696</u>
Total minimum lease payments	\$ 27,118
Less amount representing interest	<u>(1,858)</u>
 Present value of future minimum lease payments	 <u>\$ 25,260</u>

Capital lease obligations are presented in the accompanying balance sheet as follows:

Current portion of long-term capital lease	\$ 17,900
Capital lease obligation, less current portion	<u>7,360</u>
 Total Capital Leases Obligations	 <u>\$ 25,260</u>

**K. Litigation**

The nursing home is subject to claims and suits which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in its financial statements. Subsequent to June 30, 2007, the nursing home reached a final settlement for a patient claim from 2001. The nursing home had liability coverage for this period; however, the insurance company was unable to pay out claims due. The insurance company set aside funds to cover the legal fees incurred for this claim. The nursing home's liability for this settlement was \$100,000 and is included in the accompanying financial statements as administrative and general expenses and accrued expenses.

**L. Prior-Period Adjustment**

A prior-period adjustment was required because the beginning balance of accounts receivable did not include an advance payment from a third-party payor, which was received prior to the separation from Bedford County Medical Center on July 1, 2005, resulting in a material misstatement of accounts receivable.

The following prior-period adjustment has been made in the financial statements, which are reported as adjustments to beginning net assets and current assets:

Adjustments to current assets:	
Decrease in patient accounts receivable	\$ (161,663)
Adjustments to beginning unrestricted net assets:	
Decrease in unrestricted net assets	161,663

**M. Assets Limited as to Use**

Certain asset amounts have been presented in the financial statements as limited as to their use. The details of these amounts are as follows:

Cash in Memorial Fund	\$ 54,766
Due from Bedford County to the Memorial Fund	74,000
Patient Funds Held in Trust	<u>30,229</u>
Total Assets Limited As to Use	<u>\$ 158,995</u>

**N. Designated Unrestricted Net Assets**

Certain asset amounts have been internally designated by the board of directors. The details of these amounts are as follows:

Cash in Memorial Fund	\$ 54,766
Due from Bedford County to the Memorial Fund	<u>74,000</u>
Designated Unrestricted Net Assets	\$ <u>128,766</u>
Undesignated Unrestricted Net Assets	<u>553,947</u>
Unrestricted Net Assets	<u>\$ 682,713</u>

**VII. OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Significant Accounting Policies**

The Emergency Communications District of Bedford County was created during July 1987, upon approval by a majority of the legislative body of Bedford County. Its purpose is to provide a uniform emergency number to reduce the time required for citizens to request and receive emergency aid.

The district is a component unit of Bedford County and is governed by a nine-member board of directors composed of persons residing within each of

the nine commission districts and appointed by the county mayor. The district must obtain County Commission approval before the issuance of most debt instruments, and the County Commission has the ability to adjust the district's service charges.

These financial statements present only the financial position and results of operations and cash flows of Emergency Communications District of Bedford County and are not intended to present fairly the financial position and results of operations of Bedford County, Tennessee.

Enterprise activities should apply all applicable Governmental Accounting Standards Board (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 (APB) Opinions, and Accounting Research Bulletins (ARB). An enterprise activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The district has not elected to apply this option.

**B. Fund Accounting**

A fund is an individual accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenue and expenses, as appropriate.

The district is a governmental enterprise fund and accounts for operations that are financed and operated in a manner similar to private business enterprise, where the intent is that costs (including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges.

**C. Basis of Accounting**

These financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The district distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenues of the district are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Tax-exempt Status**

According to the Emergency Communications District Law, the district is exempt from all income taxes.

**E. Uncollectible Accounts**

As accounts receivable are amounts primarily from tariffs collected by service suppliers, there is minimal risk of their being uncollectible; therefore, an allowance for uncollectible accounts is not deemed necessary.

**F. Capital Assets**

Capital assets acquisitions of \$100 or more are capitalized and are stated at cost or at estimated fair value at date of gift if donated. Depreciation is calculated over the estimated useful lives of the individual assets on a straight-line basis.

**G. Cash Equivalents**

For purposes of the statement of cash flows, the district considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalent.

**H. Significant Concentrations of Credit Risk**

The Emergency Communications District of Bedford County operates principally to provide citizens of Bedford County with a uniform emergency number.

The district grants credit to its users through service suppliers who are responsible for remitting, monthly or bi-monthly, the service fees collected with monthly phone bills. AT&T is the major service supplier representing approximately 52 percent of service charges collected. The service suppliers have no obligation to enforce collection of any unpaid service fee.

**I. Related Party Transactions**

The district conducts its operations in a building owned by Bedford County, which donates its use for this purpose.

The district does not employ dispatchers; however, such persons are employed and paid by Bedford County. The district paid Bedford County \$42,834 for the year ended June 30, 2007, to aid in financing its operations. The district also paid Bedford County \$10,000 for the year ended June 30, 2007, to aid in financing its operations.

**J. Emergency Telephone Service Charge**

According to the Emergency Communications District Law, the board of directors of the district may, to ensure continuing operation, levy an emergency telephone service charge in an amount not to exceed five percent of the tariff rate. On June 22, 2006, the Tennessee Emergency Communications Board approved tariff rate increases of residential from \$.65 to \$1.50 and commercial from \$2.00 to \$3.00.

**K. Capital Lease Obligations**

The district entered into lease agreements as lessee for financing the acquisition of capital assets including communications equipment. These lease agreements are capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases for the governmental activities are as follows:

Asset:		
Equipment	\$	405,444
Less: Accumulated Depreciation		<u>(262,034)</u>
Total	\$	<u><u>143,410</u></u>

The leases were all paid in full during the year ended June 30, 2007.

Amortization of assets acquired through capital leases is included in depreciation expense.

**L. Long-term Debt**

The district financed the purchase of a vehicle and a modular unit by use of promissory notes. These promissory notes were retired during the year.

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Payments	Balance 6-30-07
Promissory Notes	\$ 39,412	\$ 39,412	\$ 0
Capital Leases	134,041	134,041	0
Total	<u>\$ 173,453</u>	<u>\$ 173,453</u>	<u>\$ 0</u>

**M. Deposits and Investments**

The district is authorized by law to invest idle funds in obligations of the U.S. government or its agencies, repurchase agreements, secured certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations. The district may also choose to invest idle funds in the pooled investment fund established by Title 9, Chapter 4, Part 7, Tennessee Code Annotated.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. The district is required by law to follow the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts. Included in the manual are legal provisions relating to securing deposits. State statutes require all deposits with financial institutions to 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 government.

As of June 30, 2007, the district's checking account balance exceeded the insured maximum of \$100,000 by \$160,095.

**N. Risk Management**

The district is a component unit of Bedford County, Tennessee, and its insurable risks are covered under a blanket policy issued to and paid for by Bedford County, Tennessee.

**O. Schedule of Changes in Capital Assets**

The following is a schedule of equipment at June 30, 2007:

<u>Years</u>	<u>Description</u>	<u>Balance</u> <u>7-1-06</u>	<u>Increases</u>	<u>Balance</u> <u>6-30-07</u>
<u>Capital assets being depreciated</u>				
40	Building and Improvements	\$ 40,370	\$ 9,184	\$ 49,554
10	Furniture and Fixtures	6,828	4,330	11,158
10	Office Equipment	51,214	11,285	62,499
10	Communications Equipment	503,002	21,053	524,055
5	Vehicles	16,415	-	16,415
10	Software	41,965	47,325	89,290
	Total	<u>\$ 659,794</u>	<u>\$ 93,177</u>	<u>\$ 752,971</u>

Years Description	Balance 7-1-06	Increases	Balance 6-30-07
<u>Less accumulated depreciation for:</u>			
Building and Improvements	\$ (1,078)	\$ (1,582)	\$ (2,660)
Furniture and Fixtures	(1,926)	(958)	(2,884)
Office Equipment	(24,206)	(5,089)	(29,295)
Communications Equipment	(296,561)	(43,496)	(340,057)
Vehicles	(6,566)	(3,283)	(9,849)
Software	(28,634)	(5,193)	(33,827)
Total	<u>\$ (358,971)</u>	<u>\$ (59,601)</u>	<u>\$ (418,572)</u>
Capital assets, net	<u>\$ 300,823</u>	<u>\$ 33,576</u>	<u>\$ 334,399</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,933,406	\$ 8,187,441	\$ 8,187,441	\$ 745,965
Licenses and Permits	298,936	142,000	142,000	156,936
Fines, Forfeitures, and Penalties	521,872	476,000	476,000	45,872
Charges for Current Services	1,530,107	1,427,100	1,427,100	103,007
Other Local Revenues	89,286	361,000	361,000	(271,714)
Fees Received from County Officials	1,388,662	750,200	750,200	638,462
State of Tennessee	1,758,075	1,110,580	1,110,580	647,495
Federal Government	357,797	140,000	344,102	13,695
Total Revenues	\$ 14,878,141	\$ 12,594,321	\$ 12,798,423	\$ 2,079,718
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 49,574	\$ 43,500	\$ 50,500	\$ 926
Board of Equalization	1,300	3,000	3,000	1,700
Beer Board	434	1,000	1,075	641
Budget and Finance Committee	6,225	8,000	8,000	1,775
Other Boards and Committees	12,375	12,000	12,400	25
County Mayor/Executive	219,311	340,196	340,196	120,885
County Attorney	38,723	40,000	40,000	1,277
Election Commission	284,332	148,537	289,663	5,331
Register of Deeds	48,813	52,500	52,500	3,687
Planning	84,198	75,752	95,752	11,554
Codes Compliance	83,924	95,720	95,720	11,796
County Buildings	110,086	155,653	155,653	45,567
<u>Finance</u>				
Property Assessor's Office	254,435	299,589	299,589	45,154
Reappraisal Program	65,757	85,796	85,796	20,039
County Trustee's Office	36,877	44,220	44,220	7,343
County Clerk's Office	38,328	38,950	38,950	622
<u>Administration of Justice</u>				
Circuit Court	348,751	403,238	403,238	54,487
General Sessions Court	149,340	152,181	152,181	2,841
Chancery Court	18,193	33,250	33,250	15,057
Juvenile Court	169,969	179,420	198,420	28,451
Judicial Commissioners	99,518	116,240	116,240	16,722
Other Administration of Justice	48,841	77,800	58,800	9,959
Probation Services	204,712	222,832	241,332	36,620
<u>Public Safety</u>				
Sheriff's Department	1,593,023	1,521,293	1,687,093	94,070
Traffic Control	25,956	25,956	25,956	0
Jail	1,334,862	1,322,011	1,322,011	(12,851)
Workhouse	695,504	696,608	696,608	1,104
Juvenile Services	382,808	412,149	412,149	29,341

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Civil Defense	\$ 280,581	\$ 179,748	\$ 280,581	\$ 0
County Coroner/Medical Examiner	10,350	10,000	10,350	0
Other Public Safety	201,660	311,345	311,345	109,685
<u>Public Health and Welfare</u>				
Local Health Center	328,795	436,380	436,380	107,585
Ambulance/Emergency Medical Services	1,604,107	1,635,350	1,635,350	31,243
Other Local Health Services	34,153	34,153	34,153	0
Regional Mental Health Center	13,600	13,600	13,600	0
Appropriation to State	54,000	54,000	54,000	0
General Welfare Assistance	93,662	98,283	98,283	4,621
Sanitation Management	900,000	0	900,000	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	10,000	10,000	10,000	0
Senior Citizens Assistance	16,000	16,000	16,000	0
Libraries	124,906	124,906	124,906	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	108,768	113,910	113,910	5,142
Soil Conservation	32,000	32,000	32,000	0
Other Agriculture and Natural Resources	68,560	54,330	68,708	148
<u>Other Operations</u>				
Tourism	4,129	4,129	4,129	0
Veterans' Services	20,911	22,089	22,089	1,178
Other Charges	298,473	309,272	309,272	10,799
Contributions to Other Agencies	980,053	1,012,900	1,012,900	32,847
Employee Benefits	1,469,614	1,392,500	1,469,614	0
Miscellaneous	657,797	398,570	752,169	94,372
Total Expenditures	\$ 13,718,288	\$ 12,870,856	\$ 14,670,031	\$ 951,743
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,159,853	\$ (276,535)	\$ (1,871,608)	\$ 3,031,461
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 230,000	\$ 230,000	\$ 239,378	\$ (9,378)
Transfers Out	0	(900,000)	(27,882)	27,882
Total Other Financing Sources (Uses)	\$ 230,000	\$ (670,000)	\$ 211,496	\$ 18,504
Net Change in Fund Balance	\$ 1,389,853	\$ (946,535)	\$ (1,660,112)	\$ 3,049,965
Fund Balance, July 1, 2006	2,730,190	2,441,633	2,441,633	288,557
Fund Balance, June 30, 2007	\$ 4,120,043	\$ 1,495,098	\$ 781,521	\$ 3,338,522

Exhibit F-2

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 1,664,743	\$ 407,238	\$ 6,692,069	\$ (5,027,326)
Total Revenues	\$ 1,664,743	\$ 407,238	\$ 6,692,069	\$ (5,027,326)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Public Health and Welfare	\$ 772,617	\$ 0	\$ 816,539	\$ 43,922
<u>Other Operations</u>				
Miscellaneous	14,847	2,572	14,847	0
Total Expenditures	\$ 787,464	\$ 2,572	\$ 831,386	\$ 43,922
Excess (Deficiency) of Revenues Over Expenditures	\$ 877,279	\$ 404,666	\$ 5,860,683	\$ (4,983,404)
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 0	\$ 5,486,271	\$ 0	\$ 0
Transfers Out	(304,000)	(294,000)	(304,000)	0
Special Item	(45,674)	0	(45,674)	0
Total Other Financing Sources (Uses)	\$ (349,674)	\$ 5,192,271	\$ (349,674)	\$ 0
Net Change in Fund Balance	\$ 527,605	\$ 5,596,937	\$ 5,511,009	\$ (4,983,404)
Fund Balance, July 1, 2006	6,222,804	7,402,576	7,402,576	(1,179,772)
Fund Balance, June 30, 2007	\$ 6,750,409	\$ 12,999,513	\$ 12,913,585	\$ (6,163,176)

Exhibit F-3

Bedford County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 31,278	\$ 31,309	31	99.90	\$ 16,995	0.19
6-30-03	27,384	27,419	35	99.87	18,188	0.19
6-30-01	23,994	23,994	0	100	15,284	0

**BEDFORD COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**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 Bedford 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, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the Bedford 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 Jail major appropriation category (the legal level of control) of the General Fund by \$12,851. Such an overexpenditure is a violation of state statutes. This overexpenditure was funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the proceeds of the county’s solid waste disposal privilege tax.

Special Purpose Fund – The Special Purpose Fund is used to accumulate resources for future projects.

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

Agriculture Center Fund – The Agriculture Center Fund is used to account for the rental fees and contributions for the Agriculture Center.

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.

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county’s Highway Department.

# Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for grant proceeds to extend water lines in the county.

Emergency Management Agency Projects – The Emergency Management Agency Projects Fund is used to account for general capital expenditures of the emergency management agency.

Nursing Home Projects Fund – The Nursing Home Projects Fund is used to account for general capital expenditures of the nursing home.

Emergency Management Services Projects – The Emergency Management Services Projects Fund is used to account for general capital expenditures of the emergency management services.

Fire Prevention and Control Projects – The Fire Prevention and Control Projects Fund is used to purchase fire trucks.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for expenditures to construct the Vocational Rehabilitation Center.

Exhibit G-1

Bedford County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue Funds						Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Constitu - tional - Officers - Fees	Highway / Public Works	
<u>ASSETS</u>							
Cash	\$ 0	\$ 100	\$ 0	\$ 0	\$ 208,746	\$ 10	\$ 208,856
Equity in Pooled Cash and Investments	9,969	225,248	8,580	38,419	0	2,098,871	2,381,087
Accounts Receivable	0	0	0	0	0	61	61
Due from Other Governments	0	41,402	0	0	0	373,124	414,526
Due from Other Funds	0	0	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0	320,473	320,473
Allowance for Uncollectible Property Taxes	0	0	0	0	0	(12,105)	(12,105)
<b>Total Assets</b>	<b>\$ 9,969</b>	<b>\$ 266,750</b>	<b>\$ 8,580</b>	<b>\$ 38,419</b>	<b>\$ 208,746</b>	<b>\$ 2,780,434</b>	<b>\$ 3,312,898</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 1,146	\$ 3,189	\$ 0	\$ 0	\$ 568	\$ 4,903
Payroll Deductions Payable	0	0	0	0	0	15	15
Due to Other Funds	0	4,608	0	0	208,746	0	213,354
Deferred Revenue - Current Property Taxes	0	0	0	0	0	296,313	296,313
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0	10,301	10,301
Other Deferred Revenues	0	22,233	0	0	0	172,999	195,232
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 27,987</b>	<b>\$ 3,189</b>	<b>\$ 0</b>	<b>\$ 208,746</b>	<b>\$ 480,196</b>	<b>\$ 720,118</b>
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	9,969	238,763	5,391	38,419	0	2,300,238	2,592,780
<b>Total Fund Balances</b>	<b>\$ 9,969</b>	<b>\$ 238,763</b>	<b>\$ 5,391</b>	<b>\$ 38,419</b>	<b>\$ 0</b>	<b>\$ 2,300,238</b>	<b>\$ 2,592,780</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,969</b>	<b>\$ 266,750</b>	<b>\$ 8,580</b>	<b>\$ 38,419</b>	<b>\$ 208,746</b>	<b>\$ 2,780,434</b>	<b>\$ 3,312,898</b>

(Continued)

Exhibit G-1

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

	Capital Projects Funds							Total Nonmajor Governmental Funds
	General Capital Projects	Emergency Management Agency Projects	Nursing Home Projects	Emergency Management Services Projects	Fire Prevention and Control Projects	Other Capital Projects	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	208,856
Equity in Pooled Cash and Investments	40,911	1,590,492	3,383	1,061,807	1,912,819	69,212	4,678,624	7,059,711
Accounts Receivable	0	0	0	0	0	0	0	61
Due from Other Governments	0	0	0	0	0	0	0	414,526
Due from Other Funds	0	0	303,004	0	0	0	303,004	303,004
Property Taxes Receivable	0	0	0	0	0	0	0	320,473
Allowance for Uncollectible Property Taxes	0	0	0	0	0	0	0	(12,105)
<b>Total Assets</b>	<b>\$ 40,911</b>	<b>\$ 1,590,492</b>	<b>\$ 306,387</b>	<b>\$ 1,061,807</b>	<b>\$ 1,912,819</b>	<b>\$ 69,212</b>	<b>\$ 4,981,628</b>	<b>\$ 8,294,526</b>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,903
Payroll Deductions Payable	0	0	0	0	0	0	0	15
Due to Other Funds	2,417	0	0	0	0	27,881	30,298	243,652
Deferred Revenue - Current Property Taxes	0	0	0	0	0	0	0	296,313
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0	0	0	10,301
Other Deferred Revenues	0	0	303,004	0	0	0	303,004	498,236
<b>Total Liabilities</b>	<b>\$ 2,417</b>	<b>\$ 0</b>	<b>\$ 303,004</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 27,881</b>	<b>\$ 333,302</b>	<b>\$ 1,053,420</b>
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	1,388,968	\$ 0	1,388,968	1,388,968
Unreserved	38,494	1,590,492	3,383	1,061,807	523,851	41,331	3,259,358	5,852,138
<b>Total Fund Balances</b>	<b>\$ 38,494</b>	<b>\$ 1,590,492</b>	<b>\$ 3,383</b>	<b>\$ 1,061,807</b>	<b>\$ 1,912,819</b>	<b>\$ 41,331</b>	<b>\$ 4,648,326</b>	<b>\$ 7,241,106</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,911</b>	<b>\$ 1,590,492</b>	<b>\$ 306,387</b>	<b>\$ 1,061,807</b>	<b>\$ 1,912,819</b>	<b>\$ 69,212</b>	<b>\$ 4,981,628</b>	<b>\$ 8,294,526</b>

Exhibit G-2

Bedford County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds						Total
	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Constitu - tional Officers - Fees	Highway / Public Works	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 216,472	\$ 0	\$ 0	\$ 0	\$ 461,411	\$ 677,883
Fines, Forfeitures, and Penalties	0	0	10,450	0	0	0	10,450
Charges for Current Services	0	4,300	0	0	621,858	1,116	627,274
Other Local Revenues	409	74,175	2,140	9,075	0	10,783	96,582
State of Tennessee	0	0	0	0	0	2,086,459	2,086,459
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	0	44,645	0	0	0	50,041	94,686
<b>Total Revenues</b>	<b>\$ 409</b>	<b>\$ 339,592</b>	<b>\$ 12,590</b>	<b>\$ 9,075</b>	<b>\$ 621,858</b>	<b>\$ 2,609,810</b>	<b>\$ 3,593,334</b>
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 192,677	\$ 0	\$ 192,677
Finance	0	0	0	0	515,053	0	515,053
Administration of Justice	0	0	0	0	153,811	0	153,811
Public Safety	0	0	26,572	0	0	0	26,572
Public Health and Welfare	1,970	110,291	0	0	0	0	112,261
Other Operations	432	159,319	117	0	0	7,000	166,868
Highways	0	0	0	0	0	3,264,191	3,264,191
Debt Service:							
Principal on Debt	0	108,110	0	0	0	0	108,110
Interest on Debt	0	8,235	0	0	0	0	8,235
Capital Projects	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 2,402</b>	<b>\$ 385,955</b>	<b>\$ 26,689</b>	<b>\$ 0</b>	<b>\$ 861,541</b>	<b>\$ 3,271,191</b>	<b>\$ 4,547,778</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,993)	\$ (46,363)	\$ (14,099)	\$ 9,075	\$ (239,683)	\$ (661,381)	\$ (954,444)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Notes Issued	0	0	0	0	0	2,000,000	2,000,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>
Net Change in Fund Balances	\$ (1,993)	\$ (46,363)	\$ (14,099)	\$ 9,075	\$ (239,683)	\$ 1,338,619	\$ 1,045,556
Fund Balance, July 1, 2006	11,962	285,126	19,490	29,344	239,683	961,619	1,547,224
<b>Fund Balance, June 30, 2007</b>	<b>\$ 9,969</b>	<b>\$ 238,763</b>	<b>\$ 5,391</b>	<b>\$ 38,419</b>	<b>\$ 0</b>	<b>\$ 2,300,238</b>	<b>\$ 2,592,780</b>

(Continued)

Exhibit G-2

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

	Capital Projects Funds							Total	Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Emergency Management Agency Projects	Nursing Home Projects	Emergency Management Services Projects	Fire Prevention and Control Projects	Other Capital Projects		
<u>Revenues</u>									
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 677,883
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	10,450
Charges for Current Services	0	0	0	0	0	0	0	0	627,274
Other Local Revenues	0	0	52,493	173	33,757	0	125,047	211,470	308,052
State of Tennessee	13,132	0	0	0	0	0	0	13,132	2,099,591
Federal Government	0	341,200	0	0	0	0	0	341,200	341,200
Other Governments and Citizens Groups	0	0	0	0	0	0	0	0	94,686
<b>Total Revenues</b>	<b>\$ 13,132</b>	<b>\$ 341,200</b>	<b>\$ 52,493</b>	<b>\$ 173</b>	<b>\$ 33,757</b>	<b>\$ 0</b>	<b>\$ 125,047</b>	<b>\$ 565,802</b>	<b>\$ 4,159,136</b>
<u>Expenditures</u>									
Current:									
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 192,677
Finance	0	0	0	0	0	0	0	0	515,053
Administration of Justice	0	0	0	0	0	0	0	0	153,811
Public Safety	0	0	0	0	0	0	0	0	26,572
Public Health and Welfare	0	0	0	0	0	0	0	0	112,261
Other Operations	0	341,200	0	2	0	0	1,274	342,476	509,344
Highways	0	0	0	0	0	0	0	0	3,264,191
Debt Service:									
Principal on Debt	0	0	0	0	0	0	96,000	96,000	204,110
Interest on Debt	0	0	0	0	0	0	37,675	37,675	45,910
Capital Projects	25,134	0	773,845	0	159,662	1,087,625	0	2,046,266	2,046,266
<b>Total Expenditures</b>	<b>\$ 25,134</b>	<b>\$ 341,200</b>	<b>\$ 773,845</b>	<b>\$ 2</b>	<b>\$ 159,662</b>	<b>\$ 1,087,625</b>	<b>\$ 134,949</b>	<b>\$ 2,522,417</b>	<b>\$ 7,070,195</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,002)	\$ 0	\$ (721,352)	\$ 171	\$ (125,905)	\$ (1,087,625)	\$ (9,902)	\$ (1,956,615)	\$ (2,911,059)
<u>Other Financing Sources (Uses)</u>									
Bonds Issued	\$ 0	\$ 0	\$ 2,311,844	\$ 0	\$ 1,187,712	\$ 3,000,444	\$ 0	\$ 6,500,000	\$ 6,500,000
Notes Issued	0	0	0	0	0	0	0	0	2,000,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,311,844</b>	<b>\$ 0</b>	<b>\$ 1,187,712</b>	<b>\$ 3,000,444</b>	<b>\$ 0</b>	<b>\$ 6,500,000</b>	<b>\$ 8,500,000</b>
Net Change in Fund Balances	\$ (12,002)	\$ 0	\$ 1,590,492	\$ 171	\$ 1,061,807	\$ 1,912,819	\$ (9,902)	\$ 4,543,385	\$ 5,588,941
Fund Balance, July 1, 2006	50,496	0	0	3,212	0	0	51,233	104,941	1,652,165
<b>Fund Balance, June 30, 2007</b>	<b>\$ 38,494</b>	<b>\$ 0</b>	<b>\$ 1,590,492</b>	<b>\$ 3,383</b>	<b>\$ 1,061,807</b>	<b>\$ 1,912,819</b>	<b>\$ 41,331</b>	<b>\$ 4,648,326</b>	<b>\$ 7,241,106</b>

## Exhibit G-3

Bedford County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual and Budget  
 Special Purpose Fund  
 For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 216,472	\$ 200,000	\$ 200,000	\$ 16,472
Charges for Current Services	4,300	3,000	3,000	1,300
Other Local Revenues	74,175	0	0	74,175
Other Governments and Citizens Groups	44,645	0	44,645	0
Total Revenues	<u>\$ 339,592</u>	<u>\$ 203,000</u>	<u>\$ 247,645</u>	<u>\$ 91,947</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Rabies and Animal Control	\$ 110,291	\$ 84,450	\$ 84,450	\$ (25,841)
<u>Other Operations</u>				
Employee Benefits	7,741	12,500	12,500	4,759
Miscellaneous	151,578	3,000	151,763	185
<u>Principal on Debt</u>				
General Government	108,110	0	193,103	84,993
<u>Interest on Debt</u>				
General Government	8,235	0	27,390	19,155
<u>Other Debt Service</u>				
General Government	0	220,493	0	0
Total Expenditures	<u>\$ 385,955</u>	<u>\$ 320,443</u>	<u>\$ 469,206</u>	<u>\$ 83,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (46,363)</u>	<u>\$ (117,443)</u>	<u>\$ (221,561)</u>	<u>\$ 175,198</u>
Net Change in Fund Balance	\$ (46,363)	\$ (117,443)	\$ (221,561)	\$ 175,198
Fund Balance, July 1, 2006	<u>285,126</u>	<u>261,898</u>	<u>261,898</u>	<u>23,228</u>
Fund Balance, June 30, 2007	<u>\$ 238,763</u>	<u>\$ 144,455</u>	<u>\$ 40,337</u>	<u>\$ 198,426</u>

Exhibit G-4

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,450	\$ 16,500	\$ 16,500	\$ (6,050)
Other Local Revenues	2,140	0	10,000	(7,860)
Total Revenues	<u>\$ 12,590</u>	<u>\$ 16,500</u>	<u>\$ 26,500</u>	<u>\$ (13,910)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 26,572	\$ 30,500	\$ 40,500	\$ 13,928
Other Operations				
Miscellaneous	117	500	500	383
Total Expenditures	<u>\$ 26,689</u>	<u>\$ 31,000</u>	<u>\$ 41,000</u>	<u>\$ 14,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,099)</u>	<u>\$ (14,500)</u>	<u>\$ (14,500)</u>	<u>\$ 401</u>
Net Change in Fund Balance	\$ (14,099)	\$ (14,500)	\$ (14,500)	\$ 401
Fund Balance, July 1, 2006	<u>19,490</u>	<u>18,072</u>	<u>18,072</u>	<u>1,418</u>
Fund Balance, June 30, 2007	<u>\$ 5,391</u>	<u>\$ 3,572</u>	<u>\$ 3,572</u>	<u>\$ 1,819</u>

Exhibit G-5

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Agriculture Center Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 9,075	\$ 4,000	\$ 4,000	\$ 5,075
Total Revenues	<u>\$ 9,075</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 5,075</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,075</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 5,075</u>
Net Change in Fund Balance	\$ 9,075	\$ 4,000	\$ 4,000	\$ 5,075
Fund Balance, July 1, 2006	<u>29,344</u>	<u>32,464</u>	<u>32,464</u>	<u>(3,120)</u>
Fund Balance, June 30, 2007	<u>\$ 38,419</u>	<u>\$ 36,464</u>	<u>\$ 36,464</u>	<u>\$ 1,955</u>

Exhibit G-6

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 461,411	\$ 488,317	\$ 488,317	\$ (26,906)
Charges for Current Services	1,116	0	0	1,116
Other Local Revenues	10,783	20,000	20,000	(9,217)
State of Tennessee	2,086,459	2,087,000	2,087,000	(541)
Other Governments and Citizens Groups	50,041	72,500	72,500	(22,459)
<b>Total Revenues</b>	<b>\$ 2,609,810</b>	<b>\$ 2,667,817</b>	<b>\$ 2,667,817</b>	<b>\$ (58,007)</b>
<u>Expenditures</u>				
<u>Other Operations</u>				
Contributions to Other Agencies	\$ 7,000	\$ 7,000	\$ 7,000	\$ 0
<u>Highways</u>				
Administration	171,118	185,528	190,528	19,410
Highway and Bridge Maintenance	1,304,490	1,327,414	1,399,314	94,824
Operation and Maintenance of Equipment	366,314	394,485	426,985	60,671
Litter and Trash Collection	49,991	52,000	54,500	4,509
Other Charges	119,689	143,015	141,115	21,426
Employee Benefits	267,685	307,209	307,209	39,524
Capital Outlay	984,904	567,500	1,207,500	222,596
<b>Total Expenditures</b>	<b>\$ 3,271,191</b>	<b>\$ 2,984,151</b>	<b>\$ 3,734,151</b>	<b>\$ 462,960</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (661,381)	\$ (316,334)	\$ (1,066,334)	\$ 404,953
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 2,000,000	\$ 0	\$ 2,000,000	\$ 0
Insurance Recovery	0	6,000	6,000	(6,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,000,000</b>	<b>\$ 6,000</b>	<b>\$ 2,006,000</b>	<b>\$ (6,000)</b>
Net Change in Fund Balance	\$ 1,338,619	\$ (310,334)	\$ 939,666	\$ 398,953
Fund Balance, July 1, 2006	961,619	867,388	867,388	94,231
<b>Fund Balance, June 30, 2007</b>	<b>\$ 2,300,238</b>	<b>\$ 557,054</b>	<b>\$ 1,807,054</b>	<b>\$ 493,184</b>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,878,655	\$ 5,327,448	\$ 5,967,448	\$ (88,793)
Other Local Revenues	1,001,938	200,000	200,000	801,938
State of Tennessee	27,420	2,600	2,600	24,820
Total Revenues	<u>\$ 6,908,013</u>	<u>\$ 5,530,048</u>	<u>\$ 6,170,048</u>	<u>\$ 737,965</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Miscellaneous	\$ 0	\$ 0	\$ 20,000	\$ 20,000
<u>Principal on Debt</u>				
General Government	161,143	287,372	457,625	296,482
Highways and Streets	419,393	399,725	419,595	202
Education	2,615,678	0	1,842,797	(772,881)
<u>Interest on Debt</u>				
General Government	91,776	0	66,638	(25,138)
Highways and Streets	15,727	34,905	15,035	(692)
Education	1,348,216	3,474,650	2,146,626	798,410
<u>Other Debt Service</u>				
General Government	81,601	73,000	79,400	(2,201)
Education	27,592	0	26,514	(1,078)
<u>Capital Projects - Donated</u>				
Capital Projects Donated to School Department	4,210,000	0	1,010,000	(3,200,000)
Total Expenditures	<u>\$ 8,971,126</u>	<u>\$ 4,269,652</u>	<u>\$ 6,084,230</u>	<u>\$ (2,886,896)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,063,113)</u>	<u>\$ 1,260,396</u>	<u>\$ 85,818</u>	<u>\$ (2,148,931)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 133,734	\$ 133,734	\$ (133,734)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 133,734</u>	<u>\$ 133,734</u>	<u>\$ (133,734)</u>
Net Change in Fund Balance	<u>\$ (2,063,113)</u>	<u>\$ 1,394,130</u>	<u>\$ 219,552</u>	<u>\$ (2,282,665)</u>
Fund Balance, July 1, 2006	<u>6,548,740</u>	<u>6,144,541</u>	<u>6,144,541</u>	<u>404,199</u>
Fund Balance, June 30, 2007	<u>\$ 4,485,627</u>	<u>\$ 7,538,671</u>	<u>\$ 6,364,093</u>	<u>\$ (1,878,466)</u>

# Fiduciary Funds

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

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

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

Exhibit I-1

Bedford County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,339,425	\$ 1,339,425
Accounts Receivable	0	651	651
Due from Other Governments	562,864	0	562,864
Total Assets	<u>\$ 562,864</u>	<u>\$ 1,340,076</u>	<u>\$ 1,902,940</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 562,864	\$ 0	\$ 562,864
Due to Litigants, Heirs, and Others	0	1,340,076	1,340,076
Total Liabilities	<u>\$ 562,864</u>	<u>\$ 1,340,076</u>	<u>\$ 1,902,940</u>

Exhibit I-2

Bedford County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,283,221	\$ 3,283,221	\$ 0
Due from Other Governments	564,604	562,864	564,604	562,864
<b>Total Assets</b>	<b>\$ 564,604</b>	<b>\$ 3,846,085</b>	<b>\$ 3,847,825</b>	<b>\$ 562,864</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 564,604	\$ 3,846,085	\$ 3,847,825	\$ 562,864
<b>Total Liabilities</b>	<b>\$ 564,604</b>	<b>\$ 3,846,085</b>	<b>\$ 3,847,825</b>	<b>\$ 562,864</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,303,811	\$ 10,977,586	\$ 11,941,972	\$ 1,339,425
Accounts Receivable	0	651	0	651
<b>Total Assets</b>	<b>\$ 2,303,811</b>	<b>\$ 10,978,237</b>	<b>\$ 11,941,972</b>	<b>\$ 1,340,076</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,303,811	\$ 10,978,237	\$ 11,941,972	\$ 1,340,076
<b>Total Liabilities</b>	<b>\$ 2,303,811</b>	<b>\$ 10,978,237</b>	<b>\$ 11,941,972</b>	<b>\$ 1,340,076</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,283,221	\$ 3,283,221	\$ 0
Cash	2,303,811	10,977,586	11,941,972	1,339,425
Accounts Receivable	0	651	0	651
Due from Other Governments	564,604	562,864	564,604	562,864
<b>Total Assets</b>	<b>\$ 2,868,415</b>	<b>\$ 14,824,322</b>	<b>\$ 15,789,797</b>	<b>\$ 1,902,940</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 564,604	\$ 3,846,085	\$ 3,847,825	\$ 562,864
Due to Litigants, Heirs, and Others	2,303,811	10,978,237	11,941,972	1,340,076
<b>Total Liabilities</b>	<b>\$ 2,868,415</b>	<b>\$ 14,824,322</b>	<b>\$ 15,789,797</b>	<b>\$ 1,902,940</b>

# Bedford County School Department

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

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

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

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

Extended School Program Fund – The Extended School Program Fund is used to account for the School Age Care Program.

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

Exhibit J-1

Bedford County, Tennessee  
Statement of Activities  
Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 29,655,703	\$ 421,684	\$ 3,269,445	\$ 47,886,090	\$ 21,921,516
Support Services	13,023,873	155,447	0	0	(12,868,426)
Operation of Non-Instructional Services	3,437,879	1,257,601	1,873,058	0	(307,220)
Total Governmental Activities	<u>\$ 46,117,455</u>	<u>\$ 1,834,732</u>	<u>\$ 5,142,503</u>	<u>\$ 47,886,090</u>	<u>\$ 8,745,870</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 7,929,745
Local Option Sales Taxes					1,886,835
Other Local Taxes					6,330
Grants and Contributions Not Restricted to Specific Programs					29,178,157
Unrestricted Investment Earnings					131,081
Miscellaneous					1,245
Total General Revenues					<u>\$ 39,133,393</u>
Change in Net Assets					\$ 47,879,263
Net Assets, July 1, 2006					<u>63,749,506</u>
Net Assets, June 30, 2007					<u>\$ 111,628,769</u>

Exhibit J-2

Bedford County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Bedford County School Department  
June 30, 2007

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 300	\$ 0	\$ 6,237	\$ 6,537
Equity in Pooled Cash and Investments	7,036,992	43,564,726	2,135,153	52,736,871
Accounts Receivable	21,415	0	19,139	40,554
Due from Other Governments	1,130,006	0	8,521	1,138,527
Due from Other Funds	67,195	0	0	67,195
Property Taxes Receivable	8,172,072	0	0	8,172,072
Allowance for Uncollectible Property Taxes	(308,678)	0	0	(308,678)
<b>Total Assets</b>	<b>\$ 16,119,302</b>	<b>\$ 43,564,726</b>	<b>\$ 2,169,050</b>	<b>\$ 61,853,078</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 13,560	\$ 4,700	\$ 6,341	\$ 24,601
Accrued Payroll	1,832	0	0	1,832
Payroll Deductions Payable	355,681	0	61,333	417,014
Contracts Payable	0	1,490,442	0	1,490,442
Retainage Payable	0	156,906	0	156,906
Due to Other Funds	0	0	67,195	67,195
Deferred Revenue - Current Property Taxes	7,555,975	0	0	7,555,975
Deferred Revenue - Delinquent Property Taxes	260,929	0	0	260,929
Other Deferred Revenues	165,687	0	0	165,687
<b>Total Liabilities</b>	<b>\$ 8,353,664</b>	<b>\$ 1,652,048</b>	<b>\$ 134,869</b>	<b>\$ 10,140,581</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 1,321,977	\$ 16,222,121	\$ 553,708	\$ 18,097,806
Reserved for Career Ladder Program	11,173	0	0	11,173
Reserved for Basic Education Program	1,306,006	0	0	1,306,006
Reserved for Title I Grants to Local Education Agencies	0	0	60,225	60,225
Reserved for Innovative Education Program Strategies	0	0	2,537	2,537
Reserved for Special Education - Grants to States	0	0	72,461	72,461
Other Federal Reserves	0	0	108,299	108,299
Unreserved, Reported In:				
General Fund	5,126,482	0	0	5,126,482
Special Revenue Funds	0	0	1,236,951	1,236,951
Capital Projects Funds	0	25,690,557	0	25,690,557
<b>Total Fund Balances</b>	<b>\$ 7,765,638</b>	<b>\$ 41,912,678</b>	<b>\$ 2,034,181</b>	<b>\$ 51,712,497</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,119,302</b>	<b>\$ 43,564,726</b>	<b>\$ 2,169,050</b>	<b>\$ 61,853,078</b>

Exhibit J-3

Bedford County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Bedford County School Department  
June 30, 2007

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)	\$	51,712,497
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$	2,785,691
Add: construction in progress		6,680,092
Add: buildings and improvements net of accumulated depreciation		46,288,868
Add: other capital assets net of accumulated depreciation		<u>3,737,152</u>
		59,491,803
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: capital lease payable		(2,147)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		
		<u>426,616</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>111,628,769</u></u>

Exhibit J-4

Bedford County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 10,006,667	\$ 0	\$ 0	\$ 10,006,667
Licenses and Permits	2,241	0	0	2,241
Charges for Current Services	128,738	0	1,667,135	1,795,873
Other Local Revenues	89,850	65,640	65,908	221,398
State of Tennessee	28,619,676	0	0	28,619,676
Federal Government	280,984	0	5,175,674	5,456,658
Other Governments and Citizens Groups	0	47,886,090	0	47,886,090
<b>Total Revenues</b>	<b>\$ 39,128,156</b>	<b>\$ 47,951,730</b>	<b>\$ 6,908,717</b>	<b>\$ 93,988,603</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 25,308,403	\$ 0	\$ 2,339,885	\$ 27,648,288
Support Services	12,096,074	1,733	1,047,272	13,145,079
Operation of Non-Instructional Services	97,227	0	3,251,965	3,349,192
Capital Outlay	490,529	0	0	490,529
Debt Service:				
Principal on Debt	3,615	0	0	3,615
Interest on Debt	93	0	0	93
Capital Projects	0	6,818,110	0	6,818,110
<b>Total Expenditures</b>	<b>\$ 37,995,941</b>	<b>\$ 6,819,843</b>	<b>\$ 6,639,122</b>	<b>\$ 51,454,906</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,132,215	\$ 41,131,887	\$ 269,595	\$ 42,533,697
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 18,185	\$ 0	\$ 0	\$ 18,185
Transfers Out	0	0	(18,185)	(18,185)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 18,185</b>	<b>\$ 0</b>	<b>\$ (18,185)</b>	<b>\$ 0</b>
Net Change in Fund Balances				
Fund Balance, July 1, 2006	\$ 6,615,238	780,791	1,782,771	9,178,800
<b>Fund Balance, June 30, 2007</b>	<b>\$ 7,765,638</b>	<b>\$ 41,912,678</b>	<b>\$ 2,034,181</b>	<b>\$ 51,712,497</b>

Exhibit J-5

Bedford County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

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)		\$ 42,533,697
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these 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	\$ 7,388,708	
Less: current year depreciation expense	<u>(1,899,714)</u>	5,488,994
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(77,617)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 426,616	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(496,042)</u>	(69,426)
(4) The issuance of long-term debt (e.g., 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. This amount is the effect of these differences in the treatment of long-term debt.		
Add: principal payments on capital lease		<u>3,615</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 47,879,263</u>

Exhibit J-6

Bedford County, Tennessee  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 Discretely Presented Bedford County School Department  
 June 30, 2007

	<u>Special Revenue Funds</u>			
	School Federal Projects	Central Cafeteria	Extended School Program	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 5,637	\$ 600	\$ 6,237
Equity in Pooled Cash and Investments	483,752	1,453,150	198,251	2,135,153
Accounts Receivable	0	7,685	11,454	19,139
Due from Other Governments	0	8,521	0	8,521
<b>Total Assets</b>	<b>\$ 483,752</b>	<b>\$ 1,474,993</b>	<b>\$ 210,305</b>	<b>\$ 2,169,050</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 6,341	\$ 0	\$ 6,341
Payroll Deductions Payable	53,959	7,374	0	61,333
Due to Other Funds	34,986	30,908	1,301	67,195
<b>Total Liabilities</b>	<b>\$ 88,945</b>	<b>\$ 44,623</b>	<b>\$ 1,301</b>	<b>\$ 134,869</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 151,285	\$ 400,042	\$ 2,381	\$ 553,708
Reserved for Title I Grants to Local Education Agencies	60,225	0	0	60,225
Reserved for Innovative Education Program Strategies	2,537	0	0	2,537
Reserved for Special Education - Grants to States	72,461	0	0	72,461
Other Federal Reserves	108,299	0	0	108,299
Unreserved	0	1,030,328	206,623	1,236,951
<b>Total Fund Balances</b>	<b>\$ 394,807</b>	<b>\$ 1,430,370</b>	<b>\$ 209,004</b>	<b>\$ 2,034,181</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 483,752</b>	<b>\$ 1,474,993</b>	<b>\$ 210,305</b>	<b>\$ 2,169,050</b>

Exhibit J-7

Bedford County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Extended School Program	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 1,250,536	\$ 416,599	\$ 1,667,135
Other Local Revenues	0	65,441	467	65,908
Federal Government	3,454,184	1,721,490	0	5,175,674
<b>Total Revenues</b>	<b>\$ 3,454,184</b>	<b>\$ 3,037,467</b>	<b>\$ 417,066</b>	<b>\$ 6,908,717</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 2,339,885	\$ 0	\$ 0	\$ 2,339,885
Support Services	1,021,472	23,000	2,800	1,047,272
Operation of Non-Instructional Services	0	2,862,912	389,053	3,251,965
<b>Total Expenditures</b>	<b>\$ 3,361,357</b>	<b>\$ 2,885,912</b>	<b>\$ 391,853</b>	<b>\$ 6,639,122</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 92,827	\$ 151,555	\$ 25,213	\$ 269,595
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (18,185)	\$ 0	\$ 0	\$ (18,185)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (18,185)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (18,185)</b>
Net Change in Fund Balances	\$ 74,642	\$ 151,555	\$ 25,213	\$ 251,410
Fund Balance, July 1, 2006	320,165	1,278,815	183,791	1,782,771
<b>Fund Balance, June 30, 2007</b>	<b>\$ 394,807</b>	<b>\$ 1,430,370</b>	<b>\$ 209,004</b>	<b>\$ 2,034,181</b>

Exhibit J-8

Bedford County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Bedford County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 10,006,667	\$ 0	\$ 0	\$ 10,006,667	\$ 9,465,488	\$ 9,465,488	\$ 541,179
Licenses and Permits	2,241	0	0	2,241	3,000	3,000	(759)
Charges for Current Services	128,738	0	0	128,738	68,000	69,260	59,478
Other Local Revenues	89,850	0	0	89,850	28,274	23,682	66,168
State of Tennessee	28,619,676	0	0	28,619,676	28,278,491	28,823,573	(203,897)
Federal Government	280,984	0	0	280,984	305,000	297,233	(16,249)
<b>Total Revenues</b>	<b>\$ 39,128,156</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 39,128,156</b>	<b>\$ 38,148,253</b>	<b>\$ 38,682,236</b>	<b>\$ 445,920</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 21,300,373	\$ (667,998)	\$ 538,491	\$ 21,170,866	\$ 22,025,795	\$ 22,416,989	\$ 1,246,123
Alternative Instruction Program	301,198	0	13,419	314,617	0	359,486	44,869
Special Education Program	2,441,745	(530)	50,119	2,491,334	2,487,108	2,557,948	66,614
Vocational Education Program	1,078,838	(4,917)	530	1,074,451	1,154,452	1,134,163	59,712
Adult Education Program	186,249	(26,056)	9,411	169,604	157,953	177,198	7,594
<b>Support Services</b>							
Attendance	84,780	0	0	84,780	85,243	85,521	741
Health Services	207,985	(1,118)	52	206,919	214,416	214,416	7,497
Other Student Support	791,825	(13,300)	0	778,525	923,552	927,360	148,835
Regular Instruction Program	1,036,913	(69,020)	7,966	975,859	1,109,859	1,123,976	148,117
Alternative Instruction Program	60,505	0	0	60,505	0	60,508	3
Special Education Program	232,609	(9,568)	12,487	235,528	193,526	288,523	52,995
Vocational Education Program	22,650	0	0	22,650	24,385	24,385	1,735
Adult Programs	101,811	0	0	101,811	107,981	109,049	7,238
Board of Education	519,002	(125)	0	518,877	634,821	641,721	122,844
Director of Schools	180,750	0	0	180,750	277,276	277,819	97,069

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,971,051	\$ (87,311)	\$ 6,352	\$ 1,890,092	\$ 2,082,961	\$ 2,040,110	\$ 150,018
Fiscal Services	241,932	(27,074)	13,245	228,103	272,717	236,020	7,917
Human Services/Personnel	93,548	0	942	94,490	0	94,555	65
Operation of Plant	3,282,480	(475)	52,911	3,334,916	3,579,082	3,579,082	244,166
Maintenance of Plant	1,067,542	(79,183)	88,219	1,076,578	1,146,396	1,146,396	69,818
Transportation	1,954,610	(62,522)	100,950	1,993,038	2,035,203	2,035,203	42,165
Central and Other	246,081	0	0	246,081	267,198	247,533	1,452
<u>Operation of Non-Instructional Services</u>							
Food Service	47,637	0	0	47,637	38,925	38,925	(8,712)
Community Services	49,590	0	4,655	54,245	0	86,500	32,255
<u>Capital Outlay</u>							
Regular Capital Outlay	490,529	(239,753)	422,228	673,004	807,751	852,751	179,747
<u>Principal on Debt</u>							
Education	3,615	0	0	3,615	4,900	4,900	1,285
<u>Interest on Debt</u>							
Education	93	0	0	93	100	100	7
Total Expenditures	\$ 37,995,941	\$ (1,288,950)	\$ 1,321,977	\$ 38,028,968	\$ 39,631,600	\$ 40,761,137	\$ 2,732,169
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,132,215	\$ 1,288,950	\$ (1,321,977)	\$ 1,099,188	\$ (1,483,347)	\$ (2,078,901)	\$ 3,178,089
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 18,185	\$ 0	\$ 0	\$ 18,185	\$ 8,000	\$ 8,000	\$ 10,185
Total Other Financing Sources (Uses)	\$ 18,185	\$ 0	\$ 0	\$ 18,185	\$ 8,000	\$ 8,000	\$ 10,185
Net Change in Fund Balance	\$ 1,150,400	\$ 1,288,950	\$ (1,321,977)	\$ 1,117,373	\$ (1,475,347)	\$ (2,070,901)	\$ 3,188,274
Fund Balance, July 1, 2006	6,615,238	(1,288,950)	0	5,326,288	3,477,436	3,477,436	1,848,852
Fund Balance, June 30, 2007	\$ 7,765,638	\$ 0	\$ (1,321,977)	\$ 6,443,661	\$ 2,002,089	\$ 1,406,535	\$ 5,037,126

Exhibit J-9

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Bedford County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,454,184	\$ 0	\$ 0	\$ 3,454,184	\$ 3,817,562	\$ 3,817,562	\$ (363,378)
Total Revenues	\$ 3,454,184	\$ 0	\$ 0	\$ 3,454,184	\$ 3,817,562	\$ 3,817,562	\$ (363,378)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,420,503	\$ (23,559)	\$ 86,715	\$ 1,483,659	\$ 1,749,176	\$ 1,768,572	\$ 284,913
Special Education Program	812,779	(3,241)	210	809,748	963,099	876,954	67,206
Vocational Education Program	106,603	(2,794)	26,047	129,856	128,092	126,742	(3,114)
<u>Support Services</u>							
Health Services	188,327	0	0	188,327	170,127	193,927	5,600
Other Student Support	51,799	(3,192)	2,939	51,546	97,289	75,561	24,015
Regular Instruction Program	301,222	(61,518)	34,650	274,354	451,895	457,070	182,716
Special Education Program	286,281	(17,068)	724	269,937	264,238	289,985	20,048
Vocational Education Program	1,079	0	0	1,079	1,300	1,079	0
Transportation	192,764	0	0	192,764	179,868	215,196	22,432
Total Expenditures	\$ 3,361,357	\$ (111,372)	\$ 151,285	\$ 3,401,270	\$ 4,005,084	\$ 4,005,086	\$ 603,816
Excess (Deficiency) of Revenues Over Expenditures	\$ 92,827	\$ 111,372	\$ (151,285)	\$ 52,914	\$ (187,522)	\$ (187,524)	\$ 240,438
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (18,185)	\$ 0	\$ 0	\$ (18,185)	\$ (22,937)	\$ (22,937)	\$ 4,752
Total Other Financing Sources (Uses)	\$ (18,185)	\$ 0	\$ 0	\$ (18,185)	\$ (22,937)	\$ (22,937)	\$ 4,752
Net Change in Fund Balance	\$ 74,642	\$ 111,372	\$ (151,285)	\$ 34,729	\$ (210,459)	\$ (210,461)	\$ 245,190
Fund Balance, July 1, 2006	320,165	(111,372)	0	208,793	320,165	320,165	(111,372)
Fund Balance, June 30, 2007	\$ 394,807	\$ 0	\$ (151,285)	\$ 243,522	\$ 109,706	\$ 109,704	\$ 133,818

Exhibit J-10

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Bedford County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,250,536	\$ 0	\$ 0	\$ 1,250,536	\$ 1,431,674	\$ 1,431,674	\$ (181,138)
Other Local Revenues	65,441	0	0	65,441	32,380	32,380	33,061
Federal Government	1,721,490	0	0	1,721,490	1,374,500	1,374,500	346,990
<b>Total Revenues</b>	<b>\$ 3,037,467</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,037,467</b>	<b>\$ 2,838,554</b>	<b>\$ 2,838,554</b>	<b>\$ 198,913</b>
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 23,000	\$ 0	\$ 0	\$ 23,000	\$ 23,000	\$ 23,000	\$ 0
<u>Operation of Non-Instructional Services</u>							
Food Service	2,862,912	(88,258)	400,042	3,174,696	2,799,313	3,544,313	369,617
<b>Total Expenditures</b>	<b>\$ 2,885,912</b>	<b>\$ (88,258)</b>	<b>\$ 400,042</b>	<b>\$ 3,197,696</b>	<b>\$ 2,822,313</b>	<b>\$ 3,567,313</b>	<b>\$ 369,617</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 151,555	\$ 88,258	\$ (400,042)	\$ (160,229)	\$ 16,241	\$ (728,759)	\$ 568,530
Net Change in Fund Balance	\$ 151,555	\$ 88,258	\$ (400,042)	\$ (160,229)	\$ 16,241	\$ (728,759)	\$ 568,530
Fund Balance, July 1, 2006	1,278,815	(88,258)	0	1,190,557	903,754	903,754	286,803
<b>Fund Balance, June 30, 2007</b>	<b>\$ 1,430,370</b>	<b>\$ 0</b>	<b>\$ (400,042)</b>	<b>\$ 1,030,328</b>	<b>\$ 919,995</b>	<b>\$ 174,995</b>	<b>\$ 855,333</b>

Exhibit J-11

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Bedford County School Department  
Extended School Program Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 416,599	\$ 0	\$ 0	\$ 416,599	\$ 416,903	\$ 416,903	\$ (304)
Other Local Revenues	467	0	0	467	300	300	167
Total Revenues	\$ 417,066	\$ 0	\$ 0	\$ 417,066	\$ 417,203	\$ 417,203	\$ (137)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 2,800	\$ 0	\$ 0	\$ 2,800	\$ 2,800	\$ 2,800	\$ 0
<u>Operation of Non-Instructional Services</u>							
Community Services	389,053	(2,785)	2,381	388,649	436,991	441,491	52,842
Total Expenditures	\$ 391,853	\$ (2,785)	\$ 2,381	\$ 391,449	\$ 439,791	\$ 444,291	\$ 52,842
Excess (Deficiency) of Revenues Over Expenditures	\$ 25,213	\$ 2,785	\$ (2,381)	\$ 25,617	\$ (22,588)	\$ (27,088)	\$ 52,705
Net Change in Fund Balance	\$ 25,213	\$ 2,785	\$ (2,381)	\$ 25,617	\$ (22,588)	\$ (27,088)	\$ 52,705
Fund Balance, July 1, 2006	183,791	(2,785)	0	181,006	119,432	119,432	61,574
Fund Balance, June 30, 2007	\$ 209,004	\$ 0	\$ (2,381)	\$ 206,623	\$ 96,844	\$ 92,344	\$ 114,279

# Bedford County Solid Waste Authority

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This section presents fund financial statements for the Bedford County Solid Waste Authority, a discretely presented component unit. The Solid Waste Authority uses a Special Revenue Fund.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is the authority's only operating fund. It accounts for all financial resources of the authority.

Exhibit K-1

Bedford County, Tennessee  
Balance Sheet - Governmental Fund  
Discretely Presented Bedford County Solid Waste Authority  
June 30, 2007

	<u>Solid Waste/ Sanitation Fund</u>
<u>ASSETS</u>	
Cash	\$ <u>65,768</u>
Total Assets	\$ <u><u>65,768</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ <u>3,925</u>
Total Liabilities	\$ <u><u>3,925</u></u>
<u>FUND BALANCE</u>	
Fund Balance:	
Unreserved	\$ <u>61,843</u>
Total Fund Balance	\$ <u><u>61,843</u></u>
Total Liabilities and Fund Balance	\$ <u><u>65,768</u></u>

Exhibit K-2

Bedford County, Tennessee  
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets  
Discretely Presented Bedford County Solid Waste Authority  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit K-1)		\$	61,843
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	10,200	
Add: buildings and improvements net of accumulated depreciation		203,329	
Add: other capital assets net of accumulated depreciation		<u>464,190</u>	677,719
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable			<u>(7,878)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>731,684</u></u>

Exhibit K-3

Bedford County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Governmental Fund  
Discretely Presented Bedford County Solid Waste Authority  
For the Year Ended June 30, 2007

	Solid Waste/ Sanitation Fund
<hr/>	
<u>Revenues and Other Sources</u>	
Other Local Revenues	\$ 19,385
State of Tennessee	49,108
Other Governments and Citizens Groups	900,000
Total Revenues	<u>\$ 968,493</u>
 <u>Expenditures and Other Uses</u>	
<u>Public Health and Welfare</u>	
Convenience Centers	\$ 974,768
Total Expenditures	<u>\$ 974,768</u>
 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	 <u>\$ (6,275)</u>
 Fund Balance, July 1, 2006	 <u>\$ 68,118</u>
 Fund Balance, June 30, 2007	 <u><u>\$ 61,843</u></u>

Exhibit K-4

Bedford County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of the Governmental Fund to the Statement of Activities  
Discretely Presented Bedford County Solid Waste Authority  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit K-3)		\$	(6,275)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these 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	\$	110,847	
Less: current year depreciation expense		<u>(40,810)</u>	70,037
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Loss: loss on disposal of capital assets			(10,815)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences			<u>(348)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>52,599</u></u>

Exhibit K-5

Bedford County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Bedford County Solid Waste Authority  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 19,385	\$ 13,000	\$ 19,266	\$ 119
State of Tennessee	49,108	32,000	49,111	(3)
Other Governments and Citizens Groups	900,000	900,000	900,000	0
Total Revenues	<u>\$ 968,493</u>	<u>\$ 945,000</u>	<u>\$ 968,377</u>	<u>\$ 116</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 974,768	\$ 995,475	\$ 1,001,310	\$ 26,542
Total Expenditures	<u>\$ 974,768</u>	<u>\$ 995,475</u>	<u>\$ 1,001,310</u>	<u>\$ 26,542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,275)</u>	<u>\$ (50,475)</u>	<u>\$ (32,933)</u>	<u>\$ 26,658</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 76,280	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 76,280</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (6,275)	\$ 25,805	\$ (32,933)	\$ 26,658
Fund Balance, July 1, 2006	68,118	30,980	89,718	(21,600)
Fund Balance, June 30, 2007	<u>\$ 61,843</u>	<u>\$ 56,785</u>	<u>\$ 56,785</u>	<u>\$ 5,058</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit L-1

Bedford County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds  
Primary Government and Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Highway Paving	\$ 2,000,000	2.83	% 5-13-03	5-13-08	\$ 842,609	\$ 0	\$ 419,393	\$ 423,216
Workhouse and Agriculture Center	870,000	2.75	8-1-03	8-1-10	643,848	0	124,286	519,562
EMS License Station	114,000	3.07	9-7-05	9-7-08	114,000	0	36,857	77,143
School Portable Buildings	720,000	4	5-19-06	5-19-11	720,000	0	133,678	586,322
Highway Paving	2,000,000	4.14	6-15-07	6-15-12	0	2,000,000	0	2,000,000
Total Payable through General Debt Service Fund					<u>\$ 2,320,457</u>	<u>\$ 2,000,000</u>	<u>\$ 714,214</u>	<u>\$ 3,606,243</u>
<u>Payable through Special Purpose Fund</u>								
Fire Trucks and Equipment	276,100	3.15	5-13-03	5-13-10	\$ 166,355	\$ 0	\$ 38,116	\$ 128,239
Animal Control Center	205,000	2.43	12-29-03	12-29-06	69,994	0	69,994	0
Total Payable through Special Purpose Fund					<u>\$ 236,349</u>	<u>\$ 0</u>	<u>\$ 108,110</u>	<u>\$ 128,239</u>
<u>Payable through Other Capital Projects Fund</u>								
Tennessee Vocational Rehabilitation Center	1,100,000	3.75	2-3-05	1-1-15	\$ 1,007,000	\$ 0	\$ 96,000	\$ 911,000
Total Payable through Other Capital Projects Fund					<u>\$ 1,007,000</u>	<u>\$ 0</u>	<u>\$ 96,000</u>	<u>\$ 911,000</u>
Total Notes Payable					<u>\$ 3,563,806</u>	<u>\$ 2,000,000</u>	<u>\$ 918,324</u>	<u>\$ 4,645,482</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School	8,000,000	variable	5-23-1997	5-25-17	\$ 5,375,000	\$ 0	\$ 374,000	\$ 5,001,000
School	3,500,000	variable	1-27-1999	5-29-09	1,253,000	0	398,000	855,000
Total Other Loans Payable					<u>\$ 6,628,000</u>	<u>\$ 0</u>	<u>\$ 772,000</u>	<u>\$ 5,856,000</u>

(Continued)

Exhibit L-1

Bedford County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Capital Lease, and Bonds (Cont.)

Primary Government and Discretely Presented Bedford County School Department (Cont.)

Description of Indebtedness (Cont.)	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT (Cont.)</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School	\$ 9,000,000	4.3 to 4.95 %	12-1-1995	4-1-08	\$ 950,000	\$ 0	\$ 465,000	\$ 485,000
General Obligation Refunding	7,225,000	3.7 to 4.8	4-1-1998	4-1-14	4,390,000	0	465,000	3,925,000
General Obligation School Refunding	5,130,000	2 to 4.55	1-15-02	4-1-16	5,040,000	0	25,000	5,015,000
School	14,000,000	2 to 4	6-12-03	6-30-23	12,845,000	0	590,000	12,255,000
School	4,290,000	3.25 to 4.3	4-15-05	4-25-25	4,290,000	0	165,000	4,125,000
General Obligation	6,500,000	3.75	12-14-06	6-30-27	0	6,500,000	0	6,500,000
School	44,000,000	4 to 5	6-14-07	4-1-37	0	44,000,000	0	44,000,000
Total Bonds Payable					<u>\$ 27,515,000</u>	<u>\$ 50,500,000</u>	<u>\$ 1,710,000</u>	<u>\$ 76,305,000</u>
<u>DISCRETELY PRESENTED BEDFORD COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASE</u>								
<u>Payable through General Purpose School Fund</u>								
Copier	\$ 17,520	2.97	1-23-03	1-23-08	\$ 5,762	\$ 0	\$ 3,615	\$ 2,147
Total Capital Lease					<u>\$ 5,762</u>	<u>\$ 0</u>	<u>\$ 3,615</u>	<u>\$ 2,147</u>

Exhibit L-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 1,990,000	\$ 2,584,233	\$ 4,574,233
2009	2,895,000	2,919,421	5,814,421
2010	2,995,000	2,815,183	5,810,183
2011	3,120,000	2,704,575	5,824,575
2012	3,240,000	2,589,737	5,829,737
2013	3,365,000	2,467,759	5,832,759
2014	3,485,000	2,341,211	5,826,211
2015	2,950,000	2,208,659	5,158,659
2016	3,070,000	2,102,822	5,172,822
2017	2,435,000	1,982,992	4,417,992
2018	2,520,000	1,891,517	4,411,517
2019	2,630,000	1,807,161	4,437,161
2020	2,725,000	1,717,975	4,442,975
2021	2,840,000	1,622,794	4,462,794
2022	2,960,000	1,520,343	4,480,343
2023	3,080,000	1,409,894	4,489,894
2024	2,175,000	1,294,673	3,469,673
2025	2,265,000	1,215,761	3,480,761
2026	2,045,000	1,135,275	3,180,275
2027	2,130,000	1,055,025	3,185,025
2028	1,745,000	971,275	2,716,275
2029	1,825,000	884,025	2,709,025
2030	1,905,000	801,900	2,706,900
2031	1,990,000	716,175	2,706,175
2032	2,075,000	626,625	2,701,625
2033	2,170,000	533,250	2,703,250
2034	2,265,000	435,600	2,700,600
2035	2,365,000	333,675	2,698,675
2036	2,470,000	227,250	2,697,250
2037	2,580,000	116,100	2,696,100
<b>Total</b>	<b>\$ 76,305,000</b>	<b>\$ 45,032,885</b>	<b>\$ 121,337,885</b>

Exhibit L-3

Bedford County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Other Special Revenue	General	Operations	\$ 230,000
Other Special Revenue	Nursing Home	Transfer memorial gifts remaining after sale of hospital	<u>74,000</u>
Total Transfers Primary Government			<u>\$ 304,000</u>
<u>DISCRETELY PRESENTED BEDFORD COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 18,185</u>
Total Transfers Discretely Presented Bedford County School Department			<u>\$ 18,185</u>

Exhibit L-4

Bedford County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government, Discretely Presented Bedford County School Department, and  
Discretely Presented Bedford County Solid Waste Authority  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
<u>County Mayor:</u>				
Jimmy Woodson (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 12,296	\$ 50,000	RLI Insurance Company
Eugene Ray (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	61,480	50,000	RLI Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u> , and County Commission	84,000 (1)	100,000	Ohio Casualty Insurance Company
Superintendent of Schools	State Board of Education and County Commission	89,741	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	60,569 (5)	991,900	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,069	10,000	RLI Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	58,069	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	77,472 (2)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	63,876 (3)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	58,069	25,000	"
<u>Sheriff:</u>				
Clay Parker (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	11,709	25,000	"
Randall Boyce (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	49,771 (4)	25,000	"
<u>Other Bonds</u>				
Employee Fidelity - General Government and Discretely Presented Solid Waste Authority			150,000	Tennessee Risk Management Trust
Employee Blanket Bond - Discretely Presented School Department			150,000	"

- (1) Includes salary of \$13,800 paid by the Solid Waste Authority, discretely presented component unit.
- (2) Includes additional ten percent of clerk salary for overseeing more than one court and \$13,596 received as administrator of the county's driving school
- (3) Includes additional ten percent of clerk salary for overseeing more than one court.
- (4) Includes a salary reduction of \$8,783 because the sheriff does not have the appropriate Certified Law Enforcement Officer Training, per TCA 8-8-102. His salary is reduced 15 percent in the first year. Further reductions will occur in subsequent years
- (5) Includes level three training incentive pay of \$2,500.

Exhibit L-5

Bedford County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2007

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 7,416,444	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	281,271
Trustee's Collections - Prior Year	303,080	0	0	0	0	0	0	12,899
Circuit/Clerk & Master Collections - Prior Years	180,562	0	0	0	0	0	0	6,028
Interest and Penalty	58,557	0	0	0	0	0	0	2,231
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	0	98
Payments in-Lieu-of Taxes - Local Utilities	45,885	0	0	0	0	0	0	1,685
Payments in-Lieu-of Taxes - Other	84,318	0	0	0	0	0	0	3,114
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	216,472	0	0	0	0	0
Local Amusement Tax	13,707	0	0	0	0	0	0	0
Litigation Tax - General	168,463	0	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	61,632	0	0	0	0	0	0	0
Business Tax	297,586	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	154,085
Adequate Facilities/Development Tax	0	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	133,593	0	0	0	0	0	0	0
Wholesale Beer Tax	165,798	0	0	0	0	0	0	0
Interstate Telecommunications Tax	3,781	0	0	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 8,933,406</b>	<b>\$ 0</b>	<b>\$ 216,472</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 461,411</b>
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 18,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>								
Beer Permits	2,748	0	0	0	0	0	0	0
Building Permits	217,531	0	0	0	0	0	0	0
Other Permits	59,897	0	0	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 298,936</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>

(Continued)

Exhibit L-5

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 11,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	5,734	0	0	0	0	0	0	0
Drug Control Fines	513	0	0	0	0	0	0	0
Jail Fees	623	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	91	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	59,103	0	0	0	0	0	0	0
Officers Costs	64,319	0	0	0	0	0	0	0
Game and Fish Fines	540	0	0	0	0	0	0	0
Drug Control Fines	1,078	0	0	10,450	0	0	0	0
Jail Fees	45,546	0	0	0	0	0	0	0
DUI Treatment Fines	13,596	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,988	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	33,205	0	0	0	0	0	0	0
Jail Fees	269,256	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	2,737	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	4,540	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	136	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	1,047	0	0	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 521,872</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,450</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 1,026,493	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	2,805	0	0	0	0	0	0	0
Other General Service Charges	12,301	0	0	0	0	0	0	1,116
<u>Fees</u>								
Copy Fees	821	0	0	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 24,434	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	621,858	0
Data Processing Fee - Register	23,143	0	0	0	0	0	0	0
Probation Fees	437,199	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	1,611	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,300	0	0	0	0	0	0	0
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	4,300	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 1,530,107</b>	<b>\$ 0</b>	<b>\$ 4,300</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 621,858</b>	<b>\$ 1,116</b>
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 409	\$ 65,132	\$ 0	\$ 0	\$ 367,457	\$ 0	\$ 0
Lease/Rentals	12,044	0	600	0	8,237	301,873	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0	2,422
Commissary Sales	13,104	0	0	0	0	0	0	0
Sale of Gasoline	116	0	0	0	0	0	0	5,688
Sale of Maps	80	0	0	0	0	0	0	0
Sale of Animals/Livestock	0	0	5,358	0	0	0	0	0
Miscellaneous Refunds	27,707	0	3,085	1,950	0	0	0	518
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	0	2,155
Contributions & Gifts	22,500	0	0	190	838	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	13,735	0	0	0	0	995,413	0	0
<b>Total Other Local Revenues</b>	<b>\$ 89,286</b>	<b>\$ 409</b>	<b>\$ 74,175</b>	<b>\$ 2,140</b>	<b>\$ 9,075</b>	<b>\$ 1,664,743</b>	<b>\$ 0</b>	<b>\$ 10,783</b>
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 199,790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Clerk and Master	131,561	0	0	0	0	0	0	0
Register	151,827	0	0	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>								
<u>Excess Fees (Cont.)</u>								
Trustee	\$ 422,370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees-In-Lieu of Salary</u>								
Circuit Court Clerk	136,514	0	0	0	0	0	0	0
General Sessions Court Clerk	320,642	0	0	0	0	0	0	0
Juvenile Court Clerk	344	0	0	0	0	0	0	0
Sheriff	25,614	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,388,662	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	12,460	0	0	0	0	0	0	0
<u>Health and Welfare Grants</u>								
Health Department Programs	258,943	0	0	0	0	0	0	0
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	0	183,468
Litter Program	0	0	0	0	0	0	0	31,418
<u>Other State Revenues</u>								
Income Tax	203,813	0	0	0	0	0	0	0
Beer Tax	18,753	0	0	0	0	0	0	0
Alcoholic Beverage Tax	52,466	0	0	0	0	0	0	0
Mixed Drink Tax	5,651	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	239,926	0	0	0	0	0	0	9,140
Contracted Prisoner Boarding	793,978	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	1,832,198
Petroleum Special Tax	0	0	0	0	0	0	0	30,235
Registrar's Salary Supplement	12,285	0	0	0	0	0	0	0
Other State Revenues	150,800	0	0	0	0	0	0	0
Total State of Tennessee	\$ 1,758,075	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,086,459

(Continued)

Exhibit L-5

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

	Special Revenue Funds							
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Agriculture Center	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	27,702	0	0	0	0	0	0	0
Homeland Security Grants	188,969	0	0	0	0	0	0	0
Other Federal through State	141,126	0	0	0	0	0	0	0
Total Federal Government	<u>\$ 357,797</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	49,966
Contributions	0	0	44,645	0	0	0	0	0
Contracted Services	0	0	0	0	0	0	0	75
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,645</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,041</u>
Total	<u>\$ 14,878,141</u>	<u>\$ 409</u>	<u>\$ 339,592</u>	<u>\$ 12,590</u>	<u>\$ 9,075</u>	<u>\$ 1,664,743</u>	<u>\$ 621,858</u>	<u>\$ 2,609,810</u>

(Continued)

Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds						Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	HUD Grant Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 847,601	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,545,316
Trustee's Collections - Prior Year	38,248	0	0	0	0	0	0	354,227
Circuit/Clerk & Master Collections - Prior Years	12,921	0	0	0	0	0	0	199,511
Interest and Penalty	6,692	0	0	0	0	0	0	67,480
Payments in-Lieu-of Taxes - T.V.A.	292	0	0	0	0	0	0	390
Payments in-Lieu-of Taxes - Local Utilities	5,148	0	0	0	0	0	0	52,718
Payments in-Lieu-of Taxes - Other	9,344	0	0	0	0	0	0	96,776
<u>County Local Option Taxes</u>								
Local Option Sales Tax	4,868,255	0	0	0	0	0	0	5,084,727
Local Amusement Tax	0	0	0	0	0	0	0	13,707
Litigation Tax - General	0	0	0	0	0	0	0	168,463
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	61,632
Business Tax	0	0	0	0	0	0	0	297,586
Mineral Severance Tax	0	0	0	0	0	0	0	154,085
Adequate Facilities/Development Tax	90,154	0	0	0	0	0	0	90,154
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	0	0	0	0	0	0	133,593
Wholesale Beer Tax	0	0	0	0	0	0	0	165,798
Interstate Telecommunications Tax	0	0	0	0	0	0	0	3,781
Total Local Taxes	\$ 5,878,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,489,944
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,760
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	0	2,748
Building Permits	0	0	0	0	0	0	0	217,531
Other Permits	0	0	0	0	0	0	0	59,897
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 298,936

(Continued)

Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds						Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	HUD Grant Projects	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,820
Officers Costs	0	0	0	0	0	0	0	5,734
Drug Control Fines	0	0	0	0	0	0	0	513
Jail Fees	0	0	0	0	0	0	0	623
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	91
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	0	59,103
Officers Costs	0	0	0	0	0	0	0	64,319
Game and Fish Fines	0	0	0	0	0	0	0	540
Drug Control Fines	0	0	0	0	0	0	0	11,528
Jail Fees	0	0	0	0	0	0	0	45,546
DUI Treatment Fines	0	0	0	0	0	0	0	13,596
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	7,988
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	33,205
Jail Fees	0	0	0	0	0	0	0	269,256
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	2,737
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	4,540
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	0	0	0	0	0	0	0	136
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	1,047
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 532,322</b>
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,026,493
Work Release Charges for Board	0	0	0	0	0	0	0	2,805
Other General Service Charges	0	0	0	0	0	0	0	13,417
<u>Fees</u>								
Copy Fees	0	0	0	0	0	0	0	821

(Continued)

Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds						Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	HUD Grant Projects	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,434
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	621,858
Data Processing Fee - Register	0	0	0	0	0	0	0	23,143
Probation Fees	0	0	0	0	0	0	0	437,199
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	1,611
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	1,300
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	0	0	0	0	0	4,300
<b>Total Charges for Current Services</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,157,381</b>
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 997,826	\$ 0	\$ 0	\$ 52,493	\$ 173	\$ 33,757	\$ 2,458	\$ 1,519,705
Lease/Rentals	0	0	0	0	0	0	122,589	445,343
Sale of Materials and Supplies	0	0	0	0	0	0	0	2,422
Commissary Sales	0	0	0	0	0	0	0	13,104
Sale of Gasoline	0	0	0	0	0	0	0	5,804
Sale of Maps	0	0	0	0	0	0	0	80
Sale of Animals/Livestock	0	0	0	0	0	0	0	5,358
Miscellaneous Refunds	4,112	0	0	0	0	0	0	37,372
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	0	2,155
Contributions & Gifts	0	0	0	0	0	0	0	23,528
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	1,009,148
<b>Total Other Local Revenues</b>	<b>\$ 1,001,938</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 52,493</b>	<b>\$ 173</b>	<b>\$ 33,757</b>	<b>\$ 125,047</b>	<b>\$ 3,064,019</b>
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,790
Clerk and Master	0	0	0	0	0	0	0	131,561
Register	0	0	0	0	0	0	0	151,827

(Continued)

Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds						Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Sanitation Projects	Nursing Home Projects	HUD Grant Projects	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Excess Fees (Cont.)</u>								
Trustee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 422,370
<u>Fees-In-Lieu of Salary</u>								
Circuit Court Clerk	0	0	0	0	0	0	0	136,514
General Sessions Court Clerk	0	0	0	0	0	0	0	320,642
Juvenile Court Clerk	0	0	0	0	0	0	0	344
Sheriff	0	0	0	0	0	0	0	25,614
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,388,662
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
State Reappraisal Grant	0	0	0	0	0	0	0	12,460
<u>Health and Welfare Grants</u>								
Health Department Programs	0	13,132	0	0	0	0	0	272,075
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	0	0	0	183,468
Litter Program	0	0	0	0	0	0	0	31,418
<u>Other State Revenues</u>								
Income Tax	0	0	0	0	0	0	0	203,813
Beer Tax	0	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	0	0	52,466
Mixed Drink Tax	0	0	0	0	0	0	0	5,651
State Revenue Sharing - T.V.A.	27,420	0	0	0	0	0	0	276,486
Contracted Prisoner Boarding	0	0	0	0	0	0	0	793,978
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	1,832,198
Petroleum Special Tax	0	0	0	0	0	0	0	30,235
Registrar's Salary Supplement	0	0	0	0	0	0	0	12,285
Other State Revenues	0	0	0	0	0	0	0	150,800
Total State of Tennessee	\$ 27,420	\$ 13,132	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,885,086

(Continued)

Exhibit L-5

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

	Debt Service Fund		Capital Projects Funds					Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Sanitation Projects	Nursing Home Projects	HUD Grant Projects	Other Capital Projects	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 341,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 341,200
Civil Defense Reimbursement	0	0	0	0	0	0	0	27,702
Homeland Security Grants	0	0	0	0	0	0	0	188,969
Other Federal through State	0	0	0	0	0	0	0	141,126
Total Federal Government	\$ 0	\$ 0	\$ 341,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 698,997
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,966
Contributions	0	0	0	0	0	0	0	44,645
Contracted Services	0	0	0	0	0	0	0	75
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,686
Total	\$ 6,908,013	\$ 13,132	\$ 341,200	\$ 52,493	\$ 173	\$ 33,757	\$ 125,047	\$ 27,610,033

Exhibit L-6

Bedford County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,487,071	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,487,071
Trustee's Collections - Prior Year	281,046	0	0	0	0	281,046
Circuit/Clerk & Master Collections - Prior Years	168,253	0	0	0	0	168,253
Interest and Penalty	58,202	0	0	0	0	58,202
Payments in-Lieu-of Taxes - Local Utilities	45,922	0	0	0	0	45,922
Payments in-Lieu-of Taxes - Other	70,797	0	0	0	0	70,797
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,889,046	0	0	0	0	1,889,046
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	6,330	0	0	0	0	6,330
<b>Total Local Taxes</b>	<b>\$ 10,006,667</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,006,667</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 2,241	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,241
<b>Total Licenses and Permits</b>	<b>\$ 2,241</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,241</b>
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	\$ 5,040	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,040
Tuition - Other	30	0	0	416,599	0	416,629
Lunch Payments - Children	0	0	759,821	0	0	759,821
Lunch Payments - Adults	0	0	123,905	0	0	123,905
Income from Breakfast	0	0	87,430	0	0	87,430
A la carte Sales	0	0	279,380	0	0	279,380
Receipts from Individual Schools	123,653	0	0	0	0	123,653
<u>Other Charges for Services</u>						
Other Charges for Services	15	0	0	0	0	15
<b>Total Charges for Current Services</b>	<b>\$ 128,738</b>	<b>\$ 0</b>	<b>\$ 1,250,536</b>	<b>\$ 416,599</b>	<b>\$ 0</b>	<b>\$ 1,795,873</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 65,441	\$ 0	\$ 65,640	\$ 131,081
Lease/Rentals	7,065	0	0	0	0	7,065
Refund of Telecommunication & Internet Fees (E-Rate)	31,794	0	0	0	0	31,794

(Continued)

Exhibit L-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Extended School Program	Education Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Miscellaneous Refunds	\$ 36,245	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,245
<u>Nonrecurring Items</u>						
Contributions and Gifts	14,746	0	0	467	0	15,213
Total Other Local Revenues	\$ 89,850	\$ 0	\$ 65,441	\$ 467	\$ 65,640	\$ 221,398
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 27,343,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,343,301
School Food Service	39,027	0	0	0	0	39,027
Driver Education	15,692	0	0	0	0	15,692
Other State Education Funds	279,131	0	0	0	0	279,131
Career Ladder Program	379,375	0	0	0	0	379,375
Career Ladder - Extended Contract	195,989	0	0	0	0	195,989
<u>Other State Revenues</u>						
Mixed Drink Tax	5,586	0	0	0	0	5,586
State Revenue Sharing - T.V.A.	242,210	0	0	0	0	242,210
Other State Revenues	119,365	0	0	0	0	119,365
Total State of Tennessee	\$ 28,619,676	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,619,676
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,309,322	\$ 0	\$ 0	\$ 1,309,322
Breakfast	0	0	412,168	0	0	412,168
Adult Education State Grant Program	165,849	0	0	0	0	165,849
Vocational Education - Basic Grants to States	0	129,861	0	0	0	129,861
Title I Grants to Local Education Agencies	0	1,333,522	0	0	0	1,333,522
Special Education - Grants to States	58,738	1,448,013	0	0	0	1,506,751
Special Education Preschool Grants	0	48,007	0	0	0	48,007
Eisenhower Professional Development State Grants	0	325,365	0	0	0	325,365
Other Federal through State	56,397	169,416	0	0	0	225,813
Total Federal Government	\$ 280,984	\$ 3,454,184	\$ 1,721,490	\$ 0	\$ 0	\$ 5,456,658
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,886,090	\$ 47,886,090
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,886,090	\$ 47,886,090
Total	\$ 39,128,156	\$ 3,454,184	\$ 3,037,467	\$ 417,066	\$ 47,951,730	\$ 93,988,603

ExhibitL-7

Bedford County, Tennessee  
Schedule of Detailed Revenues -  
Governmental Fund Type  
Discretely Presented Bedford County Solid Waste Authority  
For the Year Ended June 30, 2007

	Solid Waste / Sanitation
<hr/>	
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Sale of Recycled Materials	\$ 16,218
<u>Nonrecurring Items</u>	
Sale of Equipment	<u>3,167</u>
Total Other Local Revenues	<u>\$ 19,385</u>
<u>State of Tennessee</u>	
<u>General Government Grants</u>	
Solid Waste Grants	\$ 29,499
<u>Other State Revenues</u>	
Other State Revenues	<u>19,609</u>
Total State of Tennessee	<u>\$ 49,108</u>
<u>Other Governments and Citizens Groups</u>	
<u>Other Governments</u>	
Contributions	<u>\$ 900,000</u>
Total Other Governments and Citizens Groups	<u>\$ 900,000</u>
Total	<u><u>\$ 968,493</u></u>

## Exhibit L-8

Bedford County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$ 45,325	
Advertising	4,249	
Total County Commission		\$ 49,574

Board of Equalization

Board and Committee Members Fees	\$ 1,300	
Total Board of Equalization		1,300

Beer Board

Board and Committee Members Fees	\$ 400	
Advertising	34	
Total Beer Board		434

Budget and Finance Committee

Board and Committee Members Fees	\$ 6,225	
Total Budget and Finance Committee		6,225

Other Boards and Committees

Board and Committee Members Fees	\$ 12,375	
Total Other Boards and Committees		12,375

County Mayor/Executive

County Official/Administrative Officer	\$ 73,776	
Supervisor/Director	3,837	
Secretary(ies)	2,875	
Clerical Personnel	68,500	
Part-time Personnel	1,625	
Overtime Pay	272	
Other Salaries and Wages	6,988	
Communication	4,596	
Data Processing Services	6,639	
Maintenance Agreements	640	
Postal Charges	1,907	
Travel	675	
Other Contracted Services	20,625	
Office Supplies	5,468	
Other Charges	786	
Data Processing Equipment	1,245	
Furniture and Fixtures	11,953	
Office Equipment	6,904	
Total County Mayor/Executive		219,311

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$ 38,723	
Total County Attorney		\$ 38,723

Election Commission

County Official/Administrative Officer	\$ 52,262	
Deputy(ies)	26,002	
Custodial Personnel	9,800	
Part-time Personnel	8,724	
Overtime Pay	1,866	
Election Commission	3,473	
Election Workers	15,847	
Communication	1,515	
Data Processing Services	2,277	
Dues and Memberships	175	
Postal Charges	5,669	
Printing, Stationery, and Forms	9,656	
Travel	2,951	
Office Supplies	2,014	
Utilities	24	
Other Supplies and Materials	951	
Office Equipment	141,126	
Total Election Commission		284,332

Register of Deeds

Communication	\$ 2,938	
Maintenance Agreements	1,170	
Postal Charges	1,300	
Office Supplies	9,582	
Other Charges	1,549	
Data Processing Equipment	21,438	
Furniture and Fixtures	5,000	
Office Equipment	5,836	
Total Register of Deeds		48,813

Planning

Part-time Personnel	\$ 11,742
Other Salaries and Wages	29,657
Board and Committee Members Fees	5,815
In-Service Training	55
Communication	1,311

(Continued)

Exhibit L-8

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Contracts with Government Agencies	\$	10,500	
Legal Notices, Recording, and Court Costs		970	
Postal Charges		753	
Travel		4,170	
Office Supplies		1,394	
Data Processing Equipment		17,269	
Office Equipment		562	
Total Planning			\$ 84,198

Codes Compliance

Other Salaries and Wages	\$	71,940	
In-Service Training		125	
Communication		330	
Legal Notices, Recording, and Court Costs		814	
Travel		10,558	
Office Supplies		157	
Total Codes Compliance			83,924

County Buildings

Supervisor/Director	\$	5,966	
Custodial Personnel		23,329	
Communication		5,925	
Maintenance Agreements		3,001	
Maintenance and Repair Services - Buildings		10,882	
Maintenance and Repair Services - Equipment		130	
Custodial Supplies		9,091	
Utilities		34,684	
Other Supplies and Materials		4,745	
Building Improvements		12,333	
Total County Buildings			110,086

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,069	
Deputy(ies)		27,836	
Data Processing Personnel		26,226	
Secretary(ies)		27,587	
Clerical Personnel		25,678	
Part-time Personnel		19,941	
Other Salaries and Wages		8,400	

(Continued)

## Exhibit L-8

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

In-Service Training	\$	1,217	
Communication		2,420	
Data Processing Services		2,186	
Dues and Memberships		1,315	
Maintenance Agreements		995	
Postal Charges		1,311	
Rentals		12,100	
Travel		7,792	
Other Contracted Services		20,704	
Office Supplies		3,086	
Data Processing Equipment		1,843	
Office Equipment		5,729	
Total Property Assessor's Office			\$ 254,435

Reappraisal Program

Clerical Personnel	\$	12,730	
Other Salaries and Wages		37,474	
Data Processing Services		3,948	
Postal Charges		791	
Travel		10,814	
Total Reappraisal Program			65,757

County Trustee's Office

In-Service Training	\$	1,500	
Communication		1,312	
Data Processing Services		11,050	
Maintenance Agreements		7,216	
Postal Charges		5,882	
Office Supplies		3,512	
Premiums on Corporate Surety Bonds		5,558	
Office Equipment		847	
Total County Trustee's Office			36,877

County Clerk's Office

Communication	\$	1,724	
Dues and Memberships		150	
Janitorial Services		365	
Maintenance Agreements		11,796	
Postal Charges		15,505	
Office Supplies		3,784	

(Continued)

## Exhibit L-8

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	348	
Furniture and Fixtures		405	
Office Equipment		4,251	
Total County Clerk's Office			\$ 38,328

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	63,876	
Deputy(ies)		174,823	
Part-time Personnel		10,649	
Other Salaries and Wages		33,402	
Jury and Witness Fees		19,991	
Communication		8,964	
Dues and Memberships		50	
Legal Notices, Recording, and Court Costs		3,179	
Maintenance Agreements		15,834	
Postal Charges		3,260	
Travel		922	
Office Supplies		13,453	
Premiums on Corporate Surety Bonds		348	
Total Circuit Court			348,751

General Sessions Court

Judge(s)	\$	112,881	
Secretary(ies)		31,003	
In-Service Training		361	
Medical Insurance		1,300	
Communication		393	
Dues and Memberships		52	
Postal Charges		150	
Rentals		3,200	
Total General Sessions Court			149,340

Chancery Court

Communication	\$	800	
Maintenance Agreements		2,390	
Postal Charges		2,500	
Data Processing Supplies		1,346	
Office Supplies		7,812	
Office Equipment		3,345	
Total Chancery Court			18,193

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Youth Service Officer(s)	\$	42,383	
Social Workers		52,010	
Other Salaries and Wages		440	
Medical Insurance		3,580	
Communication		1,368	
Contracts with Government Agencies		9,675	
Contributions		41,858	
Postal Charges		278	
Rentals		17,200	
Travel		1,052	
Office Supplies		125	
Total Juvenile Court			\$ 169,969

Judicial Commissioners

Deputy(ies)	\$	69,948	
Other Salaries and Wages		29,463	
Communication		107	
Total Judicial Commissioners			99,518

Other Administration of Justice

Probation Officer(s)	\$	5,577	
Guidance Personnel		39,003	
Medical Insurance		600	
Communication		187	
Contracts with Government Agencies		975	
Postal Charges		500	
Rentals		1,600	
Travel		54	
Office Supplies		345	
Total Other Administration of Justice			48,841

Probation Services

County Official/Administrative Officer	\$	44,560	
Clerical Personnel		123,200	
Communication		1,906	
Maintenance Agreements		8,794	
Postal Charges		546	
Printing, Stationery, and Forms		1,426	
Rentals		16,800	
Travel		1,288	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Office Supplies	\$	4,709	
Data Processing Equipment		1,000	
Furniture and Fixtures		398	
Office Equipment		85	
Total Probation Services			\$ 204,712

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,480
Assistant(s)		40,792
Deputy(ies)		561,569
Detective(s)		48,068
Captain(s)		67,288
Lieutenant(s)		15,099
Sergeant(s)		57,033
Data Processing Personnel		34,371
Salary Supplements		700
Dispatchers/Radio Operators		109,853
Secretary(ies)		54,789
Part-time Personnel		27,236
School Resource Officer		136,151
Overtime Pay		31,419
Other Salaries and Wages		39,894
In-Service Training		9,505
Communication		13,441
Dues and Memberships		3,808
Evaluation and Testing		1,615
Maintenance Agreements		1,333
Maintenance and Repair Services - Buildings		967
Maintenance and Repair Services - Equipment		959
Maintenance and Repair Services - Vehicles		18,385
Medical and Dental Services		1,119
Postal Charges		2,904
Tow-in Services		395
Travel		7,457
Other Contracted Services		2,811
Custodial Supplies		823
Gasoline		89,423
Office Supplies		9,608
Tires and Tubes		3,816

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	10,062	
Utilities		15,683	
Other Supplies and Materials		16,527	
Premiums on Corporate Surety Bonds		444	
Other Charges		749	
Building Improvements		1,970	
Communication Equipment		276	
Law Enforcement Equipment		16,419	
Motor Vehicles		69,332	
Office Equipment		7,450	
Total Sheriff's Department			\$ 1,593,023

Traffic Control

Other Salaries and Wages	\$	25,956	
Total Traffic Control			25,956

Jail

Captain(s)	\$	40,304	
Lieutenant(s)		70,860	
Sergeant(s)		90,112	
Data Processing Personnel		76,374	
Medical Personnel		28,744	
Guards		469,952	
Maintenance Personnel		29,702	
Overtime Pay		43,793	
In-Service Training		385	
Communication		21,544	
Maintenance Agreements		9,365	
Maintenance and Repair Services - Buildings		7,534	
Maintenance and Repair Services - Equipment		6,991	
Maintenance and Repair Services - Vehicles		185	
Medical and Dental Services		156,488	
Postal Charges		1,395	
Travel		582	
Other Contracted Services		46,578	
Custodial Supplies		19,754	
Food Supplies		105,834	
Gasoline		1,466	
Office Supplies		6,887	
Prisoners Clothing		6,893	

(Continued)

## Exhibit L-8

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Uniforms	\$	7,066	
Utilities		77,190	
Other Supplies and Materials		3,179	
Office Equipment		2,322	
Other Equipment		3,383	
Total Jail			\$ 1,334,862

Workhouse

Lieutenant(s)	\$	32,923	
Sergeant(s)		112,818	
Guards		281,346	
Maintenance Personnel		32,963	
Overtime Pay		28,699	
In-Service Training		390	
Communication		5,146	
Maintenance Agreements		1,119	
Maintenance and Repair Services - Buildings		4,526	
Maintenance and Repair Services - Equipment		1,037	
Medical and Dental Services		50,584	
Postal Charges		395	
Other Contracted Services		2,244	
Custodial Supplies		16,986	
Food Supplies		74,994	
Office Supplies		3,880	
Prisoners Clothing		1,656	
Uniforms		6,157	
Utilities		28,854	
Other Supplies and Materials		2,066	
Building Improvements		3,533	
Office Equipment		320	
Other Equipment		2,868	
Total Workhouse			695,504

Juvenile Services

County Official/Administrative Officer	\$	16,905	
Lieutenant(s)		31,631	
Sergeant(s)		107,781	
Medical Personnel		1,190	
Guards		176,742	
Overtime Pay		5,285	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

In-Service Training	\$	3,126	
Communication		868	
Maintenance Agreements		965	
Maintenance and Repair Services - Buildings		965	
Maintenance and Repair Services - Equipment		1,016	
Medical and Dental Services		16,555	
Postal Charges		316	
Custodial Supplies		4,384	
Food Supplies		2,665	
Instructional Supplies and Materials		32	
Office Supplies		1,743	
Prisoners Clothing		139	
Uniforms		2,047	
Utilities		7,901	
Other Supplies and Materials		<u>552</u>	
Total Juvenile Services			\$ 382,808

Civil Defense

Contributions	\$	<u>280,581</u>	
Total Civil Defense			280,581

County Coroner/Medical Examiner

Medical Personnel	\$	<u>10,350</u>	
Total County Coroner/Medical Examiner			10,350

Other Public Safety

Dispatchers/Radio Operators	\$	181,064	
Overtime Pay		1,773	
Other Salaries and Wages		<u>18,823</u>	
Total Other Public Safety			201,660

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	272,460	
Communication		8,554	
Janitorial Services		13,095	
Maintenance Agreements		6,788	
Maintenance and Repair Services - Buildings		1,900	
Maintenance and Repair Services - Equipment		769	
Travel		8,341	

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Office Supplies	\$	4,807	
Utilities		12,081	
Total Local Health Center			\$ 328,795

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,541
Captain(s)		139,965
Medical Personnel		421,405
Salary Supplements		8,604
Mechanic(s)		24,548
Part-time Personnel		92,218
Overtime Pay		435,868
Other Salaries and Wages		58,626
In-Service Training		7,312
Advertising		2,836
Communication		12,698
Consultants		3,804
Dues and Memberships		1,739
Evaluation and Testing		1,875
Licenses		1,404
Maintenance Agreements		11,901
Maintenance and Repair Services - Buildings		7,521
Maintenance and Repair Services - Equipment		5,345
Maintenance and Repair Services - Office Equipment		3,096
Maintenance and Repair Services - Vehicles		21,117
Postal Charges		2,987
Printing, Stationery, and Forms		1,593
Travel		1,967
Tuition		8,667
Disposal Fees		6,698
Custodial Supplies		2,786
Data Processing Supplies		2,138
Diesel Fuel		34,637
Drugs and Medical Supplies		43,979
Gasoline		5,090
Natural Gas		4,957
Office Supplies		3,399
Periodicals		256
Uniforms		14,296
Utilities		13,290

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Charges	\$	382	
Building Improvements		2,632	
Communication Equipment		5,968	
Data Processing Equipment		4,799	
Furniture and Fixtures		2,380	
Motor Vehicles		89,912	
Other Equipment		38,871	
Total Ambulance/Emergency Medical Services			\$ 1,604,107

Other Local Health Services

Contracts with Private Agencies	\$	18,953	
Contributions		15,200	
Total Other Local Health Services			34,153

Regional Mental Health Center

Contributions	\$	13,600	
Total Regional Mental Health Center			13,600

Appropriation to State

Contracts with Government Agencies	\$	54,000	
Total Appropriation to State			54,000

General Welfare Assistance

Contracts with Government Agencies	\$	93,462	
Pauper Burials		200	
Total General Welfare Assistance			93,662

Sanitation Management

Contributions	\$	900,000	
Total Sanitation Management			900,000

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$	10,000	
Total Adult Activities			10,000

Senior Citizens Assistance

Contributions	\$	16,000	
Total Senior Citizens Assistance			16,000

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$ 124,906	
Total Libraries		\$ 124,906

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 97,160	
Communication	4,480	
Maintenance Agreements	452	
Maintenance and Repair Services - Buildings	979	
Utilities	5,697	
Total Agriculture Extension Service		108,768

Soil Conservation

Contributions	\$ 32,000	
Total Soil Conservation		32,000

Other Agriculture and Natural Resources

Maintenance Personnel	\$ 20,204	
Communication	645	
Gasoline	1,627	
Utilities	15,566	
Other Supplies and Materials	30,518	
Total Other Agriculture and Natural Resources		68,560

Other Operations

Tourism

Contributions	\$ 4,129	
Total Tourism		4,129

Veterans' Services

Supervisor/Director	\$ 11,139	
Truck Drivers	5,000	
Communication	1,417	
Maintenance and Repair Services - Vehicles	389	
Postal Charges	82	
Gasoline	1,884	
Office Supplies	147	
Office Equipment	853	
Total Veterans' Services		20,911

(Continued)

Exhibit L-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Building and Contents Insurance	\$	133,711	
Workers' Compensation Insurance		<u>164,762</u>	
Total Other Charges	\$		298,473

Contributions to Other Agencies

Contributions	\$	972,900	
Dues and Memberships		<u>7,153</u>	
Total Contributions to Other Agencies			980,053

Employee Benefits

Social Security	\$	535,150	
State Retirement		289,403	
Employee and Dependent Insurance		643,960	
Unemployment Compensation		<u>1,101</u>	
Total Employee Benefits			1,469,614

Miscellaneous

Audit Services	\$	8,657	
Contributions		33,434	
Rentals		23,474	
Transportation - Other than Students		603	
Other Contracted Services		32,676	
Trustee's Commission		195,596	
Other Charges		<u>363,357</u>	
Total Miscellaneous			<u>657,797</u>

Total General Fund \$ 13,718,288

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Legal Services	\$	1,906	
Trustee's Commission		<u>64</u>	
Total Sanitation Management	\$		1,970

Other Operations

Other Charges

Refunds	\$	<u>432</u>	
Total Other Charges			<u>432</u>

Total Solid Waste/Sanitation Fund 2,402

(Continued)

Exhibit L-8

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

Special Purpose Fund

Public Health and Welfare

Rabies and Animal Control

Assistant(s)	\$	19,630	
Supervisor/Director		25,660	
In-Service Training		1,478	
Communication		7,325	
Maintenance and Repair Services - Buildings		1,762	
Maintenance and Repair Services - Office Equipment		4,135	
Maintenance and Repair Services - Vehicles		840	
Permits		365	
Animal Food and Supplies		1,605	
Custodial Supplies		2,184	
Drugs and Medical Supplies		2,745	
Gasoline		3,624	
Natural Gas		1,149	
Office Supplies		1,464	
Uniforms		781	
Utilities		3,788	
Other Charges		31,756	
Total Rabies and Animal Control			\$ 110,291

Other Operations

Employee Benefits

Social Security	\$	3,133	
Employee and Dependent Insurance		4,608	
Total Employee Benefits			7,741

Miscellaneous

Contributions	\$	148,763	
Trustee's Commission		2,815	
Total Miscellaneous			151,578

Principal on Debt

General Government

Principal on Notes	\$	108,110	
Total General Government			108,110

Interest on Debt

General Government

Interest on Notes	\$	8,235	
Total General Government			8,235

Total Special Purpose Fund \$ 385,955

(Continued)

Exhibit L-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Other Supplies and Materials	\$ 1,057	
Other Charges	25,515	
Total Drug Enforcement		\$ 26,572

Other Operations

Miscellaneous

Trustee's Commission	\$ 117	
Total Miscellaneous		117

Total Drug Control Fund \$ 26,689

Other Special Revenue Fund

Public Health and Welfare

Other Public Health and Welfare

Maintenance and Repair Services - Buildings	\$ 81,297	
Utilities	25,390	
Refunds	585,000	
Other Charges	63,161	
Building Improvements	17,769	
Total Other Public Health and Welfare		\$ 772,617

Other Operations

Miscellaneous

Trustee's Commission	\$ 14,847	
Total Miscellaneous		14,847

Total Other Special Revenue Fund 787,464

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 192,677	
Total Register of Deeds		\$ 192,677

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 227,850	
Total County Trustee's Office		227,850

(Continued)

Exhibit L-8

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 287,203	
Total County Clerk's Office		\$ 287,203

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 90	
Total Circuit Court Clerk		90

Chancery Court

Constitutional Officers' Operating Expenses	\$ 153,721	
Total Chancery Court		<u>153,721</u>

Total Constitutional Officers - Fees Fund		\$ 861,541
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Highway/Public Works Fund

Other Operations

Contributions to Other Agencies

Contributions	\$ 7,000	
Total Contributions to Other Agencies		\$ 7,000

Highways

Administration

County Official/Administrative Officer	\$ 70,200	
Assistant(s)	31,592	
Accountants/Bookkeepers	47,700	
Board and Committee Members Fees	4,550	
Data Processing Services	7,928	
Dues and Memberships	3,219	
Legal Notices, Recording, and Court Costs	1,111	
Postal Charges	1,426	
Printing, Stationery, and Forms	963	
Travel	788	
Office Supplies	<u>1,641</u>	
Total Administration		171,118

Highway and Bridge Maintenance

Foremen	\$ 40,486
Equipment Operators	208,975
Truck Drivers	248,141
Laborers	69,918

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Rentals	\$	3,488	
Asphalt - Hot Mix		190,687	
Asphalt - Liquid		171,842	
Crushed Stone		345,208	
Other Road Supplies		3,074	
Pipe		16,055	
Road Signs		5,360	
Small Tools		948	
Wood Products		308	
Total Highway and Bridge Maintenance			\$ 1,304,490

Operation and Maintenance of Equipment

Mechanic(s)	\$	56,078	
Laborers		72,349	
Diesel Fuel		103,430	
Equipment and Machinery Parts		60,870	
Garage Supplies		8,754	
Gasoline		32,722	
Lubricants		10,616	
Tires and Tubes		8,289	
Other Supplies and Materials		13,206	
Total Operation and Maintenance of Equipment			366,314

Litter and Trash Collection

Other Salaries and Wages	\$	32,305	
Other Charges		17,686	
Total Litter and Trash Collection			49,991

Other Charges

Communication	\$	9,254	
Electricity		8,234	
Natural Gas		4,696	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		26,380	
Vehicle and Equipment Insurance		66,564	
Other Charges		4,386	
Total Other Charges			119,689

Employee Benefits

Social Security	\$	65,797	
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(Continued)

Exhibit L-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

State Retirement	\$	43,345	
Employee and Dependent Insurance		100,708	
Unemployment Compensation		6,513	
Uniforms		8,143	
Workers' Compensation Insurance		43,179	
Total Employee Benefits			\$ 267,685

Capital Outlay

Engineering Services	\$	22,064	
Bridge Construction		141,178	
Highway Construction		821,662	
Total Capital Outlay			984,904

Total Highway/Public Works Fund \$ 3,271,191

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	161,143	
Total General Government			\$ 161,143

Highways and Streets

Principal on Notes	\$	419,393	
Total Highways and Streets			419,393

Education

Principal on Bonds	\$	1,710,000	
Principal on Notes		133,678	
Principal on Other Loans		772,000	
Total Education			2,615,678

Interest on Debt

General Government

Interest on Bonds	\$	72,448	
Interest on Notes		19,328	
Total General Government			91,776

Highways and Streets

Interest on Notes	\$	15,727	
Total Highways and Streets			15,727

(Continued)

Exhibit L-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 1,064,379	
Interest on Notes	28,320	
Interest on Other Loans	<u>255,517</u>	
Total Education		\$ 1,348,216

Other Debt Service

General Government

Trustee's Commission	\$ 77,629	
Other Debt Service	<u>3,972</u>	
Total General Government		81,601

Education

Other Debt Service	\$ <u>27,592</u>	
Total Education		27,592

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ <u>4,210,000</u>	
Total Capital Projects Donated to School Department		<u>4,210,000</u>

Total General Debt Service Fund \$ 8,971,126

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Building Improvements	\$ <u>25,134</u>	
Total Public Health and Welfare Projects		<u>\$ 25,134</u>

Total General Capital Projects Fund 25,134

Community Development/Industrial Park Fund

Other Operations

Other Economic and Community Development

Engineering Services	\$ 40,400	
Other Charges	21,970	
Other Construction	<u>278,830</u>	
Total Other Economic and Community Development		<u>\$ 341,200</u>

Total Community Development/Industrial Park Fund 341,200

(Continued)

Exhibit L-8

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

Emergency Management Agency Projects Fund

Capital Projects

Public Safety Projects

Contributions	\$	5,200	
Trustee's Commission		525	
Underwriter's Discount		58,500	
Other Debt Issuance Charges		47,900	
Communication Equipment		428,544	
Land		199,923	
Other Equipment		33,253	
Total Public Safety Projects		<u>773,845</u>	\$ <u>773,845</u>

Total Emergency Management Agency Projects Fund \$ 773,845

Nursing Home Projects Fund

Other Operations

Miscellaneous

Trustee's Commission	\$	2	
Total Miscellaneous		<u>2</u>	\$ <u>2</u>

Total Nursing Home Projects Fund 2

Emergency Management Services Projects Fund

Capital Projects

Public Safety Projects

Consultants	\$	37,751	
Trustee's Commission		338	
Building Improvements		78,578	
Motor Vehicles		39,753	
Other Equipment		3,242	
Total Public Safety Projects		<u>159,662</u>	\$ <u>159,662</u>

Total Emergency Management Services Projects Fund 159,662

Fire Prevention and Control Projects Fund

Capital Projects

Public Safety Projects

Contributions	\$	1,087,625	
Total Public Safety Projects		<u>1,087,625</u>	\$ <u>1,087,625</u>

Total Fire Prevention and Control Projects Fund 1,087,625

(Continued)

Exhibit L-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Underwriter's Discount	\$ 523,994	
Other Debt Issuance Charges	<u>243,515</u>	
Total Education Capital Projects		\$ 767,509
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 43,676,090	
Total Capital Projects Donated to School Department		<u>43,676,090</u>
Total Education Capital Projects Fund		\$ 44,443,599
<u>Other Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Trustee's Commission	\$ 1,274	
Total Miscellaneous		\$ 1,274
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 96,000	
Total General Government		96,000
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 37,675	
Total General Government		<u>37,675</u>
Total Other Capital Projects Fund		<u>134,949</u>
Total Governmental Funds - Primary Government		<u>\$ 74,990,672</u>

Exhibit L-9

Bedford County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Bedford County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 14,610,126	
Career Ladder Program	236,046	
Career Ladder Extended Contracts	152,869	
Clerical Personnel	68,688	
Educational Assistants	783,420	
Other Salaries and Wages	37,593	
Certified Substitute Teachers	234,583	
Social Security	953,676	
State Retirement	951,154	
Life Insurance	14,676	
Medical Insurance	1,364,901	
Unemployment Compensation	22,385	
Employer Medicare	223,037	
Maintenance and Repair Services - Equipment	13,301	
Travel	5,749	
Other Contracted Services	22,334	
Instructional Supplies and Materials	271,009	
Textbooks	428,777	
Other Supplies and Materials	41,216	
Other Charges	109,271	
Regular Instruction Equipment	755,562	
Total Regular Instruction Program		\$ 21,300,373

Alternative Instruction Program

Teachers	\$ 215,715	
Career Ladder Program	1,333	
Social Security	12,960	
State Retirement	13,346	
Medical Insurance	20,316	
Employer Medicare	3,031	
Instructional Supplies and Materials	12,785	
Other Equipment	21,712	
Total Alternative Instruction Program		301,198

Special Education Program

Teachers	\$ 1,770,870
Career Ladder Program	21,873
Career Ladder Extended Contracts	3,128
Homebound Teachers	46,433

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Educational Assistants	\$	80,093	
Other Salaries and Wages		2,669	
Certified Substitute Teachers		28,610	
Social Security		113,714	
State Retirement		113,967	
Life Insurance		1,018	
Medical Insurance		150,844	
Unemployment Compensation		3,900	
Employer Medicare		26,594	
Other Contracted Services		47,403	
Instructional Supplies and Materials		30,629	
Total Special Education Program			\$ 2,441,745

Vocational Education Program

Teachers	\$	837,208	
Career Ladder Program		11,424	
Career Ladder Extended Contracts		5,005	
Certified Substitute Teachers		8,745	
Social Security		51,042	
State Retirement		50,206	
Life Insurance		342	
Medical Insurance		80,051	
Employer Medicare		11,937	
Maintenance and Repair Services - Equipment		3,348	
Instructional Supplies and Materials		11,114	
Vocational Instruction Equipment		8,416	
Total Vocational Education Program			1,078,838

Adult Education Program

Teachers	\$	128,997	
Career Ladder Program		1,000	
Other Salaries and Wages		974	
Social Security		7,479	
State Retirement		5,150	
Medical Insurance		14,921	
Employer Medicare		1,749	
Instructional Supplies and Materials		20,148	
Other Supplies and Materials		679	
Other Equipment		5,152	
Total Adult Education Program			186,249

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	66,394	
Career Ladder Program		1,000	
Social Security		3,858	
State Retirement		4,131	
Medical Insurance		7,347	
Employer Medicare		902	
Travel		436	
Other Supplies and Materials		255	
Other Charges		115	
Attendance Equipment		342	
Total Attendance			\$ 84,780

Health Services

Medical Personnel	\$	166,231	
Other Salaries and Wages		6,799	
Certified Substitute Teachers		1,032	
Social Security		10,792	
State Retirement		7,697	
Life Insurance		74	
Employer Medicare		2,524	
Travel		1,529	
Drugs and Medical Supplies		6,666	
Other Supplies and Materials		2,653	
Health Equipment		1,988	
Total Health Services			207,985

Other Student Support

Career Ladder Program	\$	8,582	
Guidance Personnel		556,899	
Career Ladder Extended Contracts		6,932	
Other Salaries and Wages		58,654	
Social Security		37,209	
State Retirement		38,684	
Life Insurance		315	
Medical Insurance		58,106	
Employer Medicare		8,702	
Evaluation and Testing		17,742	
Total Other Student Support			791,825

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	140,444	
Career Ladder Program		19,949	
Career Ladder Extended Contracts		22,522	
Librarians		547,506	
Materials Supervisor		20,542	
Secretary(ies)		37,415	
Other Salaries and Wages		2,253	
Social Security		47,580	
State Retirement		48,033	
Life Insurance		74	
Medical Insurance		43,736	
Employer Medicare		11,128	
Travel		3,799	
Other Contracted Services		39,500	
Library Books/Media		22,825	
In Service/Staff Development		3,584	
Other Charges		26,023	
Total Regular Instruction Program			\$ 1,036,913

Alternative Instruction Program

Supervisor/Director	\$	52,844	
Career Ladder Program		333	
Social Security		3,297	
State Retirement		3,260	
Employer Medicare		771	
Total Alternative Instruction Program			60,505

Special Education Program

Supervisor/Director	\$	60,841
Career Ladder Program		1,000
Psychological Personnel		42,900
Secretary(ies)		21,024
Other Salaries and Wages		22,503
Social Security		6,325
State Retirement		6,155
Life Insurance		74
Medical Insurance		6,991
Employer Medicare		1,479
Travel		6,709

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	2,380	
In Service/Staff Development		15,814	
Other Charges		9,135	
Other Equipment		29,279	
Total Special Education Program			\$ 232,609

Vocational Education Program

Secretary(ies)	\$	15,903	
Social Security		918	
State Retirement		889	
Life Insurance		19	
Medical Insurance		3,496	
Employer Medicare		215	
Travel		1,210	
Total Vocational Education Program			22,650

Adult Programs

Supervisor/Director	\$	67,417	
Clerical Personnel		20,244	
Social Security		5,406	
State Retirement		5,036	
Life Insurance		37	
Employer Medicare		1,264	
Travel		244	
In Service/Staff Development		2,163	
Total Adult Programs			101,811

Board of Education

Secretary to Board	\$	26,657	
Other Salaries and Wages		817	
Board and Committee Members Fees		21,625	
Social Security		2,835	
State Retirement		1,830	
Life Insurance		185	
Employer Medicare		663	
Audit Services		10,150	
Dues and Memberships		16,174	
Legal Services		4,318	
Travel		10,453	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	\$	237,263	
Workers' Compensation Insurance		174,135	
In Service/Staff Development		7,431	
Criminal Investigation of Applicants - TBI		3,621	
Other Charges		845	
Total Board of Education			\$ 519,002

Director of Schools

County Official/Administrative Officer	\$	89,741	
Clerical Personnel		23,043	
Other Salaries and Wages		1,059	
Social Security		6,998	
State Retirement		6,789	
Life Insurance		56	
Medical Insurance		3,630	
Employer Medicare		1,637	
Communication		29,981	
Dues and Memberships		120	
Postal Charges		7,560	
Travel		1,136	
Other Contracted Services		9,000	
Total Director of Schools			180,750

Office of the Principal

Principals	\$	683,050	
Career Ladder Program		30,917	
Accountants/Bookkeepers		51,310	
Career Ladder Extended Contracts		25,024	
Assistant Principals		548,836	
Secretary(ies)		136,160	
Clerical Personnel		47,838	
Other Salaries and Wages		10,003	
Social Security		90,642	
State Retirement		92,227	
Life Insurance		740	
Medical Insurance		113,702	
Employer Medicare		21,198	
Communication		24,316	
Other Supplies and Materials		14,129	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Administration Equipment	\$ 80,959	
Total Office of the Principal		\$ 1,971,051

Fiscal Services

Supervisor/Director	\$ 68,125	
Accountants/Bookkeepers	87,109	
Other Salaries and Wages	5,854	
In-Service Training	2,213	
Social Security	10,718	
State Retirement	9,828	
Life Insurance	93	
Medical Insurance	12,510	
Employer Medicare	2,507	
Data Processing Services	9,020	
Maintenance and Repair Services - Equipment	463	
Travel	653	
Data Processing Supplies	2,579	
Office Supplies	10,328	
Other Charges	570	
Administration Equipment	19,362	
Total Fiscal Services		241,932

Human Services/Personnel

Supervisor/Director	\$ 48,216	
Clerical Personnel	26,215	
Social Security	4,538	
State Retirement	4,161	
Medical Insurance	3,644	
Employer Medicare	1,061	
Maintenance and Repair Services - Equipment	891	
Travel	2,484	
Office Supplies	1,076	
Other Charges	1,262	
Total Human Services/Personnel		93,548

Operation of Plant

Supervisor/Director	\$ 42,962	
Custodial Personnel	779,037	
Other Salaries and Wages	19,144	

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Social Security	\$	52,509	
State Retirement		36,390	
Life Insurance		1,036	
Medical Insurance		11,110	
Unemployment Compensation		2,667	
Employer Medicare		12,280	
Maintenance and Repair Services - Equipment		495	
Other Contracted Services		247,237	
Custodial Supplies		100,076	
Electricity		1,389,834	
Natural Gas		309,865	
Water and Sewer		122,001	
Other Supplies and Materials		493	
Building and Contents Insurance		140,395	
Other Charges		7,362	
Plant Operation Equipment		7,587	
Total Operation of Plant			\$ 3,282,480

Maintenance of Plant

Secretary(ies)	\$	21,983	
Maintenance Personnel		480,003	
Other Salaries and Wages		10,237	
Social Security		30,455	
State Retirement		26,214	
Life Insurance		167	
Medical Insurance		25,691	
Unemployment Compensation		148	
Employer Medicare		7,122	
Laundry Service		8,821	
Maintenance and Repair Services - Buildings		56,812	
Maintenance and Repair Services - Equipment		116,434	
Maintenance and Repair Services - Vehicles		11,820	
Travel		60	
Other Contracted Services		63,113	
Gasoline		26,281	
Other Supplies and Materials		106,002	
Other Charges		20,572	
Maintenance Equipment		55,607	
Total Maintenance of Plant			1,067,542

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	35,314	
Mechanic(s)		81,002	
Bus Drivers		758,342	
Clerical Personnel		24,294	
Other Salaries and Wages		25,290	
In-Service Training		929	
Social Security		54,795	
State Retirement		47,741	
Medical Insurance		16,561	
Unemployment Compensation		3,335	
Employer Medicare		12,815	
Laundry Service		4,671	
Maintenance and Repair Services - Vehicles		3,281	
Medical and Dental Services		6,056	
Travel		698	
Other Contracted Services		7,280	
Diesel Fuel		223,519	
Garage Supplies		3,745	
Gasoline		24,104	
Lubricants		6,859	
Tires and Tubes		18,279	
Vehicle Parts		54,958	
Other Supplies and Materials		1,444	
Vehicle and Equipment Insurance		100,419	
Other Charges		14,431	
Transportation Equipment		424,448	
Total Transportation			\$ 1,954,610

Central and Other

Data Processing Personnel	\$	209,992	
Other Salaries and Wages		2,705	
Social Security		12,888	
State Retirement		12,548	
Medical Insurance		4,934	
Employer Medicare		3,014	
Total Central and Other			246,081

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	34,211	
Social Security		3,100	
State Retirement		3,321	
Medical Insurance		6,280	
Employer Medicare		725	
Total Food Service			\$ 47,637

Community Services

Bonus Payments	\$	19,633	
Social Security		1,212	
State Retirement		610	
Medical Insurance		264	
Employer Medicare		283	
Travel		926	
Food Supplies		2,998	
Other Charges		6,550	
Other Equipment		17,114	
Total Community Services			49,590

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	320,829	
Other Capital Outlay		169,700	
Total Regular Capital Outlay			490,529

Principal on Debt

Education

Principal on Capital Leases	\$	3,615	
Total Education			3,615

Interest on Debt

Education

Interest on Capital Leases	\$	93	
Total Education			93

Total General Purpose School Fund \$ 37,995,941

(Continued)

Exhibit L-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	797,844	
Educational Assistants		54,721	
Other Salaries and Wages		7,213	
Certified Substitute Teachers		9,150	
Social Security		50,889	
State Retirement		51,997	
Medical Insurance		74,725	
Employer Medicare		11,937	
Maintenance and Repair Services - Equipment		710	
Travel		2,500	
Other Contracted Services		569	
Instructional Supplies and Materials		172,483	
Other Supplies and Materials		12,122	
Other Charges		13,334	
Regular Instruction Equipment		160,309	
Total Regular Instruction Program			\$ 1,420,503

Special Education Program

Teachers	\$	11,754	
Educational Assistants		469,746	
Other Salaries and Wages		17,976	
Certified Substitute Teachers		170	
Social Security		31,620	
State Retirement		24,923	
Medical Insurance		17,845	
Unemployment Compensation		18	
Employer Medicare		7,395	
Contracts with Private Agencies		130,568	
Other Contracted Services		38,065	
Instructional Supplies and Materials		13,608	
Other Supplies and Materials		49,091	
Total Special Education Program			812,779

Vocational Education Program

Clerical Personnel	\$	12,209
Social Security		750
State Retirement		160
Employer Medicare		177
Travel		14,079

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Instructional Supplies and Materials	\$	16,242	
Vocational Instruction Equipment		62,986	
Total Vocational Education Program			\$ 106,603

Support Services

Health Services

Medical Personnel	\$	152,810	
Other Salaries and Wages		1,778	
Social Security		9,957	
State Retirement		10,172	
Medical Insurance		10,507	
Employer Medicare		2,329	
Drugs and Medical Supplies		774	
Total Health Services			188,327

Other Student Support

Consultants	\$	4,717	
Other Contracted Services		26,425	
Other Supplies and Materials		1,377	
In Service/Staff Development		4,574	
Other Charges		14,706	
Total Other Student Support			51,799

Regular Instruction Program

Supervisor/Director	\$	65,169	
Secretary(ies)		15,592	
Clerical Personnel		7,000	
Social Security		4,448	
State Retirement		4,849	
Medical Insurance		7,527	
Employer Medicare		1,040	
Consultants		4,214	
Maintenance and Repair Services - Equipment		1,299	
Travel		13,321	
Instructional Supplies and Materials		30	
Other Supplies and Materials		1,164	
In Service/Staff Development		167,446	
Other Charges		984	
Other Equipment		7,139	
Total Regular Instruction Program			301,222

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	47,217	
Assessment Personnel		79,625	
Clerical Personnel		7,000	
Social Security		10,152	
State Retirement		10,396	
Medical Insurance		10,581	
Employer Medicare		2,372	
Consultants		9,862	
Maintenance and Repair Services - Equipment		300	
Travel		21,406	
Other Contracted Services		51,490	
Other Supplies and Materials		10,651	
In Service/Staff Development		22,114	
Other Charges		1,631	
Regular Instruction Equipment		1,484	
Total Special Education Program			\$ 286,281

Vocational Education Program

Travel	\$	84	
Other Supplies and Materials		295	
In Service/Staff Development		700	
Total Vocational Education Program			1,079

Transportation

Bus Drivers	\$	165,079	
Other Salaries and Wages		2,691	
Social Security		10,261	
State Retirement		7,946	
Medical Insurance		1,022	
Employer Medicare		2,400	
Contracts with Parents		3,365	
Total Transportation			192,764

Total School Federal Projects Fund \$ 3,361,357

Central Cafeteria Fund

Support Services

Board of Education

Workers' Compensation Insurance	\$	23,000	
Total Board of Education			\$ 23,000

(Continued)

Exhibit L-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	19,968	
Accountants/Bookkeepers		25,750	
Cafeteria Personnel		897,075	
Other Salaries and Wages		49,701	
Social Security		60,740	
State Retirement		44,325	
Medical Insurance		27,902	
Unemployment Compensation		5,073	
Employer Medicare		14,206	
Other Fringe Benefits		862	
Communication		3,222	
Maintenance and Repair Services - Equipment		22,126	
Travel		5,985	
Other Contracted Services		23,371	
Food Preparation Supplies		137,915	
Food Supplies		1,214,049	
Office Supplies		9,723	
Other Supplies and Materials		125,732	
In Service/Staff Development		9,387	
Other Charges		2,259	
Food Service Equipment		163,541	
Total Food Service			\$ 2,862,912

Total Central Cafeteria Fund \$ 2,885,912

Extended School Program Fund

Support Services

Board of Education

Workers' Compensation Insurance	\$	2,800	
Total Board of Education			\$ 2,800

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	46,471	
Clerical Personnel		21,107	
Part-time Personnel		242,278	
Other Salaries and Wages		2,923	
Social Security		19,362	
State Retirement		2,698	

(Continued)

Exhibit L-9

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

Extended School Program Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Employer Medicare	\$	4,528	
Communication		3,127	
Maintenance and Repair Services - Equipment		2,050	
Travel		4,278	
Other Contracted Services		450	
Food Supplies		18,030	
Instructional Supplies and Materials		7,968	
Other Supplies and Materials		6,257	
In Service/Staff Development		4,434	
Other Equipment		3,092	
Total Community Services			\$ 389,053

Total Extended School Program Fund \$ 391,853

Education Capital Projects Fund

Support Services

Board of Education

Trustee's Commission	\$	1,733	
Total Board of Education			\$ 1,733

Capital Projects

Education Capital Projects

Building Improvements	\$	6,814,610	
Land		3,500	
Total Education Capital Projects			6,818,110

Total Education Capital Projects Fund 6,819,843

Total Governmental Funds - Bedford County School Department \$ 51,454,906

Exhibit L-10

Bedford County, Tennessee  
Schedule of Detailed Expenditures -  
Governmental Fund Type+A3  
Discretely Presented Bedford County Solid Waste Authority  
For the Year Ended June 30, 2007

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

County Official/Administrative Officer	\$	13,800	
Assistant(s)		7,800	
Accountants/Bookkeepers		1,650	
Foremen		32,915	
Truck Drivers		89,339	
Laborers		6,058	
Secretary(ies)		18,458	
Attendants		140,917	
Board and Committee Members Fees		4,750	
Social Security		23,289	
State Retirement		14,843	
Employee and Dependent Insurance		34,795	
Unemployment Compensation		495	
Communication		6,512	
Contracts with Government Agencies		1,325	
Contracts with Private Agencies		289,699	
Postal Charges		534	
Printing, Stationery, and Forms		916	
Travel		1,625	
Diesel Fuel		62,328	
Equipment and Machinery Parts		14,501	
Gasoline		3,652	
Office Supplies		657	
Tires and Tubes		14,732	
Utilities		11,972	
Other Supplies and Materials		7,298	
Vehicle and Equipment Insurance		36,057	
Workers' Compensation Insurance		11,478	
Other Charges		4,726	
Solid Waste Equipment		6,800	
Other Capital Outlay		110,847	
Total Convenience Centers		<u>110,847</u>	\$ <u>974,768</u>

Total Solid Waste/Sanitation Fund \$ 974,768

Total Governmental Funds - Bedford County Solid Waste Authority \$ 974,768

Exhibit L-11

Bedford County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,283,221
Total Cash Receipts	<u>\$ 3,283,221</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,250,389
Trustee's Commission	32,832
Total Cash Disbursements	<u>\$ 3,283,221</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	 <u>\$ 0</u>

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## **SINGLE AUDIT SECTION**

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

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

March 28, 2008

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

To the Bedford 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 Bedford County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Bedford County's basic financial statements and have issued our report thereon dated March 28, 2008. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Bedford County Nursing Home and the discretely presented Emergency Communications District of Bedford County as described in our report on Bedford County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bedford County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bedford County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bedford County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 7.02, 07.03, 07.04, 07.05, and 07.06.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bedford County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 07.02(E) and 07.04 to be material weaknesses.

## Compliance and Other Matters

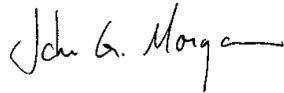
As part of obtaining reasonable assurance about whether Bedford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 07.01.

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

Bedford County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Bedford County's responses and, accordingly, we express no opinion on them.

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

Very truly yours,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd



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

March 28, 2008

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

To the County Mayor and  
Board of County Commissioners:

Compliance

We have audited the compliance of Bedford 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, 2007. Bedford 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 Bedford County's management. Our responsibility is to express an opinion on Bedford 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 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 Bedford 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 of Bedford County's compliance with those requirements.

In our opinion, Bedford 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, 2007.

#### Internal Control Over Compliance

The management of Bedford County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bedford County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bedford County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures 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 Bedford County as of and for the year ended June 30, 2007, and have issued our report thereon dated March 28, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Bedford County's basic financial statements. The accompanying

Schedule of Expenditures of Federal Awards 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.

Bedford County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Bedford County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, superintendent of schools, highway superintendent, County Commission, Board of Education, others within Bedford County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

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

John G. Morgan  
Comptroller of the Treasury

JGM/rd

Bedford County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year-Ended June 30, 2007

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 Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	\$ 412,168
National School Lunch Program	10.555	(2)	1,309,322
Passed-through State Department of Agriculture:			
Food Distribution (Noncash Assistance)	10.550	(2)	112,541
Total U.S. Department of Agriculture			<u>\$ 1,834,031</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-06-12351-00	\$ 341,200
Total U.S. Department of Housing and Urban Development			<u>\$ 341,200</u>
U.S. Department of Education:			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-06-12329-00	\$ 30,616
Passed-through State Department of Labor and Workforce Development:			
Adult Education-State Grant Program	84.002	(3)	165,849
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	1,261,889
Migrant Education - State Grant Program	84.011	N/A	16,578
Special Education Cluster:			
Special Education-Grants to States	84.027	N/A	1,509,409
Special Education - Preschool Grants	84.173	N/A	32,538
Vocational Education-Basic Grants to States	84.048	N/A	112,255
Safe and Drug-Free Schools and Communities-State Grants	84.186	(2)	51,749
State Grants for Innovative Programs	84.298	N/A	16,844
Education Technology State Grants	84.318	(2)	37,121
English Language Acquisition Grants	84.365	N/A	128,280
Improving Teacher Quality State Grants	84.367	N/A	271,617
Emergency Impact Aid	84.938	(2)	17,039
Total U.S. Department of Education			<u>\$ 3,651,784</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 141,126
Total U.S. Department of Election Assistance Commission			<u>\$ 141,126</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	(4)	\$ 8,742
Total U.S. Department of Health and Human Services			<u>\$ 8,742</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-05-025131-00	\$ 188,969
Emergency Management Performance Grants	97.042	Z-07-020611-00	20,369
Total U.S. Department of Homeland Security			<u>\$ 209,338</u>
Total Expenditures of Federal Grants			<u>\$ 6,186,221</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 12,460
Juvenile Justice - State Commission on Children and Youth	N/A	Z-07-036504-00	9,000
Temporary Assistance for Needy Families - State Department of Workforce Development	N/A	(5)	16,234
Lottery for Education: Afterschool Program - State Department of Education	N/A	(2)	52,668
Adult Education - State Department of Labor and Workforce Development	N/A	(6)	55,283
Litter Program - State Department of Transportation	N/A	Z-07-033770-00	31,418
Rural Local Health Services - State Department of Health	N/A	(7)	255,817
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	29,499
Total State Grants			<u>\$ 462,379</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting  
(2) Information not available.  
(3) Z-02-006877-00: \$1,597; Z-05-033670-00: \$101,362; Z-06-027747-00: \$33,620; GG-07-126810-00: \$29,270  
(4) Z-06-027158-00: \$836; Z-07-034198-00: \$7,906  
(5) Z-06-027158-00: \$1,552; Z-07-034198-00: \$14,682  
(6) Z-02-006877-00: \$532; Z-06-027747-00: \$11,207; Z-07-033670-00: \$33,787; GG-07-126810-00: \$9,757  
(7) Z-06-025983-00: \$20,848; Z-07-031545-00: \$234,969

Bedford County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Bedford County, Tennessee, the Bedford County School Department, and the Bedford County Solid Waste Authority for the year ended June 30, 2006, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02 (B)	15	The office had accounting deficiencies
06.05	17	Accrued leave records were not properly maintained
06.07	18	Receivables were not determined and recorded

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.15	22	Duties were not segregated adequately in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**BEDFORD COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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

1. An unqualified opinion was issued on the financial statements of Bedford County.
2. The audit of the financial statements disclosed significant deficiencies in internal control. Two of these conditions were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that is material to the financial statements.
4. The audit disclosed no significant deficiencies 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) and 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. Bedford 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 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 07.01      **EXPENDITURES EXCEEDED APPROPRIATIONS** (Material Noncompliance Under Government Auditing Standards)**

Expenditures exceeded total appropriations approved by the County Commission by \$2,886,896 in the General Debt Service Fund. In a previous fiscal year, the County Commission approved the transfer of funds from the General Debt Service Fund to the Education Capital Projects Fund. However, the funds were not transferred until the current fiscal year. County officials failed to appropriate the funds in the current fiscal year resulting in expenditures of the General Debt Service Fund exceeding appropriations. Section 5-9-401, Tennessee Code Annotated states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

#### **RECOMMENDATION**

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

#### **MANAGEMENT’S RESPONSE – FINANCE DIRECTOR**

Steps are being taken to correct this weakness.

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#### **FINDING 07.02      **THE OFFICE HAD ACCOUNTING DEFICIENCIES** (A., B., C., and D. – Internal Control – Significant Deficiency Under Government Auditing Standards; E. – Internal Control – Material Weakness Under Government Auditing Standards)**

Our audit revealed the following accounting deficiencies:

- A. The office properly processed the Animal Control Department’s payroll in the Special Purpose Fund. However, the employees’ payroll deductions and county matching amounts totaling \$4,608 were erroneously paid from the

General Fund. A receivable and payable have been reflected in the General Fund and the Special Purpose Fund, respectively, to properly present these transactions in the financial statements of this report.

- B. Several revenues and expenditures were coded to accounts that did not reflect the true nature of the transactions. Misclassifying revenues and expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control. Audit adjustments have been provided to management to classify these revenues and expenditures properly in the financial statements of this report.
- C. Certain revenues were posted to a fund that was not a fund being utilized by the county. Management was not aware of this error until we brought it to their attention so corrections could be made.
- D. Fund balance reserves were reflected in the accounting records of the General and General Debt Service funds at June 30, 2007; however, the office could not provide adequate documentation to support the calculation of several reserves. An analysis is necessary for each reservation of fund balance to document the unexpended amount of legally restricted revenues. Audit adjustments have been provided to management to classify these reserves properly in the financial statements of this report.
- E. Several receivables at June 30, 2007, were not determined and recorded on the accounting records of the General (\$761,876) and General Debt Service (\$414,456) funds as required by generally accepted accounting principles. We presented audit adjustments to management that they approved and posted to properly present these receivables in the financial statements of this report.

#### RECOMMENDATION

Officials should properly monitor the financial activity of their funds to ensure that funds are accurately reported. Revenues and expenditures should be coded to accounts and funds that most appropriately reflect the true nature of the transactions. The office should adequately document reservations of fund balances. Receivables should be properly determined and recorded on the accounting records of the county's funds at June 30 each year.

#### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

This weakness shows why the County Financial Management System of 1981 was needed. Since it has been adopted, steps are being taken to correct this weakness.

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**FINDING 07.03      ACCRUED LEAVE RECORDS WERE NOT PROPERLY MAINTAINED**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Records documenting accrued leave balances at June 30, 2007, were not properly maintained or centrally filed. Each county office or department maintained leave records for their respective employees; however, in some offices and departments, these records did not reflect dollar values or accurate hours earned and used. Accounting standards require Bedford County to account for the dollar value of unpaid accrued leave since the county guarantees payment for accrued leave when employees separate from service with the government.

**RECOMMENDATION**

The Finance Department should maintain summary accrued leave information by account function for all county offices and departments. These records should reflect the dollar value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year-end.

**MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

Steps are being taken to correct this weakness.

---

**OFFICE OF HIGHWAY SUPERINTENDENT**

**FINDING 07.04      RECEIVABLES WERE NOT DETERMINED AND RECORDED**

(Internal Control – Material Weakness Under Government Auditing Standards)

Several receivables at June 30, 2007, were not determined and recorded on the accounting records of the Highway/Public Works Fund (\$200,125) as required by generally accepted accounting principles. We presented audit adjustments to management that they approved and posted to properly present these receivables in the financial statements of this report. Subsequent to June 30, 2007, records of the Highway Department were transferred to the Finance Department to comply with provisions of the County Financial Management System of 1981.

**RECOMMENDATION**

Receivables should be properly determined and recorded on the accounting records as required by generally accepted accounting principles.

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**OFFICE OF SOLID WASTE AUTHORITY**

**FINDING 07.05      TIME AND ATTENDANCE RECORDS WERE NOT MAINTAINED**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Time and attendance records were not maintained for some employees of the Solid Waste Authority. Without properly prepared and approved time and attendance records, we could not determine if these employees were paid the correct amounts.

**RECOMMENDATION**

Employees should maintain records documenting employees' time and attendance and should include supervisory approval.

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**OTHER FINDING AND RECOMMENDATION**

**FINDING 07.06      DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds.

**RECOMMENDATION**

To strengthen internal controls over operations, these offices should adequately segregate duties among employees.

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

There were no findings and questioned costs for federal awards.

**BEDFORD COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2007**

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